



## MARIN COUNTY TRANSIT DISTRICT

San Rafael, California

A Component Unit of the County of Marin, California

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2017 and 2016

**MARIN COUNTY TRANSIT DISTRICT**  
(A Component Unit of the County of Marin, California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2017 and 2016

Prepared by the Finance Department

MARIN COUNTY TRANSIT DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

For the Years Ended June 30, 2017 and 2016

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i
Principal Officials.....	ix
Organizational Chart.....	x
Service Area Map .....	xi
GFOA Certificate.....	xii

**FINANCIAL SECTION**

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4

**Basic Financial Statements:**

Balance Sheets.....	11
Statements of Revenues, Expenses and Changes in Net Position .....	12
Statements of Cash Flows.....	13
Notes to Financial Statements .....	15

**Supplementary Information:**

Statement of Fiduciary Net Position – Retirement Plan .....	31
Statement of Changes in Fiduciary Net Position – Retirement Plan .....	31
Budgetary Comparison Schedule – Operations:	
For the Year Ended June 30, 2017 .....	32
Budgetary Comparison Schedule – Capital:	
For the Year Ended June 30, 2017 .....	33
Budgetary Comparison Schedule – Reconciliation to Statements of Revenues, Expenses and Changes in Net Position:	
For the Year Ended June 30, 2017 .....	34

**STATISTICAL SECTION (Unaudited)**

<b>Table of Contents</b> .....	35
--------------------------------	----

**Financial Trends:**

Schedule of Net Position – Last Ten Fiscal Years .....	36
Statements of Revenues, Expenses and Changes in Net Position – Last Ten Fiscal Years.....	37

**Revenue Capacity:**

Passenger and Fare Data – Last Ten Fiscal Years .....	39
Fare Structure as of June 30, 2017 .....	40
Property Tax Revenue – Last Ten Fiscal Years.....	41
Assessed Valuation of Taxable Property in Marin County – Last Ten Fiscal Years.....	42
Direct and Overlapping Property Tax Rates in Marin County – Last Ten Fiscal Years.....	43

MARIN COUNTY TRANSIT DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

For the Years Ended June 30, 2017 and 2016

**Debt Capacity:**

Outstanding Debt Balances – Last Ten Fiscal Years..... 44

**Economic and Demographic Information:**

Economic and Demographic Statistics – Last Ten Fiscal Years..... 45  
Principal Employers – Current Year and Nine Years Ago..... 46

**Operating Information:**

District Profile as of June 30, 2017..... 47  
Non-operating Intergovernmental Revenues by Source – Last Ten  
Fiscal Years..... 48  
Summary of Service Provider Contracts as of June 30, 2017..... 49  
Summary of Capital Assets– Last Ten Fiscal Years ..... 50  
Vehicle Operating Statistics – Last Three Fiscal Years..... 51

**SINGLE AUDIT SECTION**

**Compliance Reports:**

Independent Auditor’s Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with Government  
Auditing Standards, the Transportation Development Act and  
Other State Program Guidelines ..... 52  
Independent Auditor’s Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by the Uniform  
Guidance ..... 54  
Schedule of Findings and Questioned Costs ..... 56  
Schedule of Expenditures of Federal Awards ..... 58  
Notes to Schedule of Expenditures of Federal Awards ..... 59

# **INTRODUCTORY SECTION**



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November 13, 2017

The Board of Directors  
Marin County Transit District

**board of directors**

katie rice  
president  
supervisor district 2

stephanie moulton-peters  
vice president  
city of mill valley

damon connolly  
2nd vice president  
supervisor district 1

judy arnold  
director  
supervisor district 5

kate colin  
director  
city of san rafael

dennis rodoni  
director  
supervisor district 4

kathrin sears  
director  
supervisor district 3

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Marin County Transit District (the District) for the fiscal years ended June 30, 2016 and June 30, 2017.

The District's enabling legislation requires an annual audit of the District's financial statements. This report is published to fulfill that requirement for the fiscal years ended June 30, 2017 and 2016.

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and, (2) the valuation of costs and benefits requires estimates and judgments by management. Management believes internal controls in place are adequate to ensure the financial data provided herein is materially accurate.

Richardson & Company, LLP have issued an unmodified ("clean") opinion on the District's financial statements for the years ended June 30, 2017 and 2016. The independent auditor's report is located at the front of the financial section of this report. This report has been prepared by the Finance Department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial

statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors. Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the District.

In accordance with the above-mentioned guidelines, the accompanying report consists of four sections:

1. The **INTRODUCTORY SECTION** contains this letter of transmittal, a list of principal officials, the District’s organizational chart, and service area map.
2. The **FINANCIAL SECTION** begins with the Independent Auditor’s Reports and Financial Statements. The notes, an integral part of the Financial Statements, are intended to further enhance an understanding of the District’s current financial status.
3. The **STATISTICAL SECTION** provides information that is useful for understanding the District’s financial condition and depicting the past 10 years of history and financial and operational trends of the District.
4. The **COMPLIANCE SECTION** includes the Auditors’ reports required under the federal Single Audit Act, the Public Transportation Modernization Improvement and Services Enhancement Account (PTMISEA) guidelines, and it provides assurance of the District’s compliance with those laws and related regulations.

The following provides an overview of the District’s history, services, local economy, planning initiatives and policies.

## **PROFILE OF THE GOVERNMENT**

### **History**

The Marin County Transit District (“Marin Transit” or the “District”) was formed by a vote of the people of Marin County in 1964 and was given the responsibility for providing local transit service within Marin County. Marin Transit is a component unit of the County of Marin, California. Although Marin Transit has responsibility for local transit services, it does not own any facilities and does not employ its own drivers. Instead, Marin Transit contracts with other providers, including Golden Gate Transit, Marin Airporter, MV Transportation, Michael’s Transportation, and the Senior Coordinating Council (Whistlestop Transportation), for local bus and paratransit services.

Prior to a major fixed route service restructuring by Golden Gate Transit in November 2003, the primary responsibility of Marin County’s transit district was to manage and administer the paratransit contract for both local and regional paratransit services in Marin County. For fixed route services, Marin Transit was historically a

“pass through” agency, providing funds for local services managed by Golden Gate Transit. With the 2003 service restructuring, Marin Transit took on increased responsibility for the planning, outreach, oversight, and management of local fixed route transit services throughout the County.

The passing of Measure A, Marin County’s ½ cent sales tax increase, in 2004 further propelled the responsibility of Marin Transit under a 20-year expenditure plan providing a dedicated local funding source for public transit within the County. This new funding source allowed the District to fund its local big bus fixed route services, expand the rural Stagecoach service, and introduce the community shuttle program.

The Muir Woods Shuttle program was inaugurated in 2005 and became the responsibility of Marin Transit in 2009. Although the County of Marin started the program as a demonstration project, its success in reducing transportation impacts on the National Monument and surrounding areas has led to a formal partnership between the District and the National Park Service.

Internal growth within the District has also occurred as responsibility for local service has increased. Staffing levels prior to the passage of Measure A included one full-time and one part-time employee. With the passage of Measure A, the number of full-time employees grew from 1.5 to 3.5 in 2006 and then to 5 employees in 2008. As of June 30, 2017, the District has 14.5 full time equivalent employees.

## **Services**

### ***Fixed Route***

Marin Transit operates transit service on 28 routes within Marin County. Over 2.9 million trips were made on the local fixed route network in FY 2016/17.

Services are organized within the District based on the assigned program and the typology of the service. The program is typically assigned based on the contractor (although a contractor may operate services in more than one program), and the typology defines the function of that route and its intended market. There are currently six fixed-route programs (Local Fixed Route, Community Shuttles, Supplemental School, Rural Fixed Route, Partnership, and the Muir Woods Shuttle) and seven typologies (Local Trunkline, Local Basic, Local Connector, Supplemental School, Rural, Partnership, and Recreational). Below is a brief summary of each typology.

#### Local Trunkline

- Description: Services that operate along the highest ridership corridors and often the most densely populated areas of the County. These services provide the backbone for the transit system and connect with Local Basic and Local Connector services at key transfer locations. Along Highway 101, Trunkline service supplements the Golden Gate Transit regional services that continue to San Francisco and Sonoma Counties.
- Operational Focus: Capacity, frequency, and speed.
- Routes: 35, 36, 71x
- Program: Local Bus
- Typical Vehicle: 40’ heavy duty or 60’ articulated



### Local Basic

- Description: Services that operate along many of the County's arterial corridors with transit-supportive land use patterns with an emphasis on providing the more extensive coverage of transit services.
- Operational Focus: Frequency, accessibility, and speed.
- Routes: 17, 22, 23, 23x, 29, 49
- Program: Local Bus
- Typical Vehicle: 35' or 40' heavy duty

### Local Connector

- Description: Services to lower density areas with less supportive transit land use patterns or areas where larger bus capacity is not warranted. These services rely on good transfer opportunities to the Local Trunkline and Local Basic Services for travel outside the community.
- Operational Focus: Accessibility.
- Routes: 219, 228, 233, 245, 251, 257
- Program: Community Shuttles
- Typical Vehicle: 24' cutaways

### Supplemental School

- Description: Services that are provided to address the transportation needs of schools, primarily middle and high schools, within the County. These services provide additional capacity on Marin Transit routes for this purpose and are not designed for transfer opportunities.
- Operational Focus: Capacity.
- Routes: 113, 115, 117, 119, 125, 139, 145, 151, 154
- Program: Local Bus
- Typical Vehicle: 35' or 40' heavy duty

### Rural

- Description: Services to the rural areas of West Marin that provide community mobility and reduce congestion in the rural areas. Topography is challenging on these routes and requires specific attributes for the fleet used to deliver these services.
- Operational Focus: Accessibility
- Routes: 61, 68
- Program: Rural and Recreational
- Typical Vehicle: 28'-32' cutaways

### Recreational

- Description: Services that support recreational or tourist-based travel within the County. Major attractions include the Muir Woods National Monument within the Golden Gate National Recreational Area.
- Operational Focus: Accessibility
- Routes: 66/66F

- Program: Rural and Recreational
- Typical Vehicle: 35' heavy duty

#### Partnership

- Description: Services that are provided in partnership to address specific needs within a certain community or certain rider type, such as students.
- Operational Focus: Depends on partnership goals
- Routes: 122
- Program: Partnership
- Typical Vehicle: 35' heavy duty

#### ***Yellow Bus***

Marin Transit provides yellow school bus service to two schools in the Ross Valley School District: White Hill Middle School and Hidden Valley Elementary School. In FY 2016/17, this service carried over 136,000 passengers. Marin Transit handles all logistics of the program including contract management, website development, pass sales and production, customer service, and daily monitoring of the buses via GPS technology. Staff at White Hill Middle School and Hidden Valley Elementary School support the program by distributing passes and managing student loading on the buses in the afternoon. Marin Transit also provide planning and management support to Mill Valley School District and a Joint Powers Authority for Reed Union School District.

#### ***Demand Response***

In addition to fixed-route services, the District provides a suite of programs named “Marin Access” to serve the aging and disabled population in Marin County. A total of four programs provide a variety of mobility options to these users and all services are coordinated by a team of Travel Navigators. These four programs include local paratransit, dial-a-ride, volunteer driver, and subsidized taxi (Catch-A-Ride). Travel Navigators provide trip planning and technical assistance to riders to empower the user to select from available travel options to best meet their mobility need.

#### **LOCAL ECONOMY**

The District operates within Marin County, one of the nine counties in the San Francisco-Oakland Bay Area. The county includes 11 incorporated cities and towns: Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, and Tiburon.

The local economy in 2017 continues to be strong after a period of economic recovery starting in 2011. The County’s unemployment rate has dropped from 7.9% in 2010 to 3.1% in June 2017 and continues to be lower than the state of California’s average of 5.1%. Contractors have reported increasing difficulties hiring and retaining drivers and other front line staff. These challenges may be increasing due to the low unemployment rates.

A significant portion of the District's operating funds are derived from sales tax revenues. Marin County six had years of sales tax growth averaging, 5.2% per year, that ended in in fiscal year 2016. In fiscal year 2017, taxable sales increased by less than 1% in Marin County. The District projects an additional year of no growth in taxable sales tax revenue in fiscal year 2018 before growing again at a modest 2.2% per year.

## **LONG TERM PLANNING AND MAJOR INITIATIVES**

### Short Range Transit Plan

The District's Short Range Transit Plan (SRTP) is the primary service and financial planning document for the District and includes ten years of financial projections for operations and capital programs. The 2016-2025 SRTP was adopted by the Board of Directors on July 27, 2015. The District is completing an update to Marin Transit's Short Range Transit Plan (SRTP), which is expected to be adopted in November 2017.

### Operating Plan

Successful contract renegotiations with Golden Gate Bridge Highway & Transportation District (GGBHTD) in 2015 resulted in a new operations contract that was reflected in the FY2015/16 Budget. This contract provides a reduction in the costs of Local Fixed Route service and provides additional revenues for Local Paratransit. The remaining fixed route service contracts will expire June 30, 2018, and the District will competitively bid the services in the upcoming fiscal year. A new competitively bid Local Paratransit contract was effective January 1, 2016 and has also resulted in lower purchased transportation costs.

With these cost savings, the District has restored reserves and implemented a 19% service expansion on June 12, 2016 as approved by the Board of Directors on March 28, 2016 and outlined in the District's SRTP. Even with this service expansion, FY 2016/17 had revenue surplus from increasing property tax, lower fuel costs, lower contract service rates, and carryforward of prior year Measure A funds. The District identified unfunded needs in the adopted SRTP that will be the basis for prioritizing expenditures.

### Capital Plan

The District's Capital Improvement and Funding Plan has expanded as the District has taken increasing responsibility for transit service in Marin County. The District's primary capital responsibilities and priorities are to:

- (1) Maintain a sufficient fleet of clean fueled vehicles for local transit service,
- (2) Improve and maintain the amenities and accessibility of Marin County bus stops,
- (3) Improve major bus transfer locations,
- (4) Provide passenger information, and Improvement Program, and
- (5) Provide needed operations equipment and infrastructure.

The District's baseline capital resources limit the Capital Plan to primarily maintaining a state of good repair for existing assets and making the minimal level of investment required to maintain and operate the local bus system. The 10-year Capital Plan includes expenditures of \$69 million of which 78% is for purchasing transit

vehicles. Other major capital expenditures included in the funded plan are major vehicle repairs, bus stop improvements, and small capital.

To ensure stable operations and allow for future expansion, the District needs to find a permanent location for contract maintenance and transit vehicle parking. In fiscal year 2017, the District added \$1.8 million to a capital reserve to give a total balance of \$4.7 million.

## **RELEVANT FINANCIAL POLICIES**

### Budget Process

Marin Transit's budget uses full accrual basis of accounting to record annual revenue and expenses consistent with Generally Accepted Accounting Principles (GAAP) for special districts and the District's annual audited financial reports. All known revenues and expenditures are recorded in the period they are earned or expended.

The Marin Transit Board of Directors adopts an annual budget for the District's fiscal year starting July 1 and ending June 30. Under the direction of the Director of Finance, staff develops a balanced budget for the Board of Directors that provides sufficient and sustainable funding for local transit service needs using the following guidelines:

- (1) Maintain adopted reserve levels;
- (2) Preserve a balance of revenues and expenditures over a ten-year horizon;
- (3) Provide for SRTP-adopted service levels; and
- (4) Allow for innovative growth.

### Reserve Policy

Marin Transit's Board-adopted policy designates an Emergency Reserve equivalent to two months of operating expenses and a Contingency Reserve equivalent to an additional two to four months. When the emergency reserve is fully funded and the reserve is funded with the equivalent of at least two months of operations funds, the District may fund a capital reserve through the budgeting process. The reserve is design to reduce the District's future needs for borrowing or bonding for large capital projects.

If the reserve balance exceeds six months of operating expenditures for a prolonged period, the policy advises the Board to consider options such as, but not limited to, expanding transit service or decreasing fares in an effort to provide the optimal level of transit service and benefits to Marin County residents.

Consistent with the FY2016/17 budget, the District added \$1.8 million to the capital reserve in FY2016/17, for a total capital reserve of \$4.7 million. The District also maintained a FY2016/17 Marin Transit had the equivalent of 6.5 months operating expenses in the combined Emergency and Contingency Reserves.

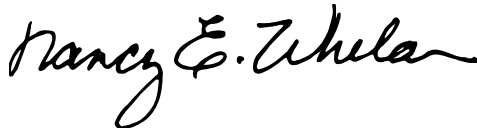
## AWARDS AND ACKNOWLEDGEMENTS

We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Reports (CAFR) for the fiscal years ended June 30, 2015 and June 30, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state or local government financial reports. This was the first year the District issued a CAFR and received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements.

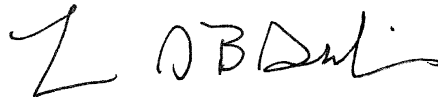
A Certificate of Achievement is valid for a period of only one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report required the dedicated efforts of the District's staff. We also gratefully recognize Richardson & Company, LLP for their timely audit and expertise on the preparation of this CAFR. Finally, we would like to thank the Board of Directors for its commitment and support in the development of a strong financial system.

Respectfully Submitted,



Nancy Whelan  
General Manager



Lauren Gradia  
Director of Finance and Capital Programs

# MARIN COUNTY TRANSIT DISTRICT INTRODUCTORY SECTION

## PRINCIPAL OFFICIALS

**Damon Connolly** District 1

**Katie Rice** District 2

**Kathrin Sears** District 3

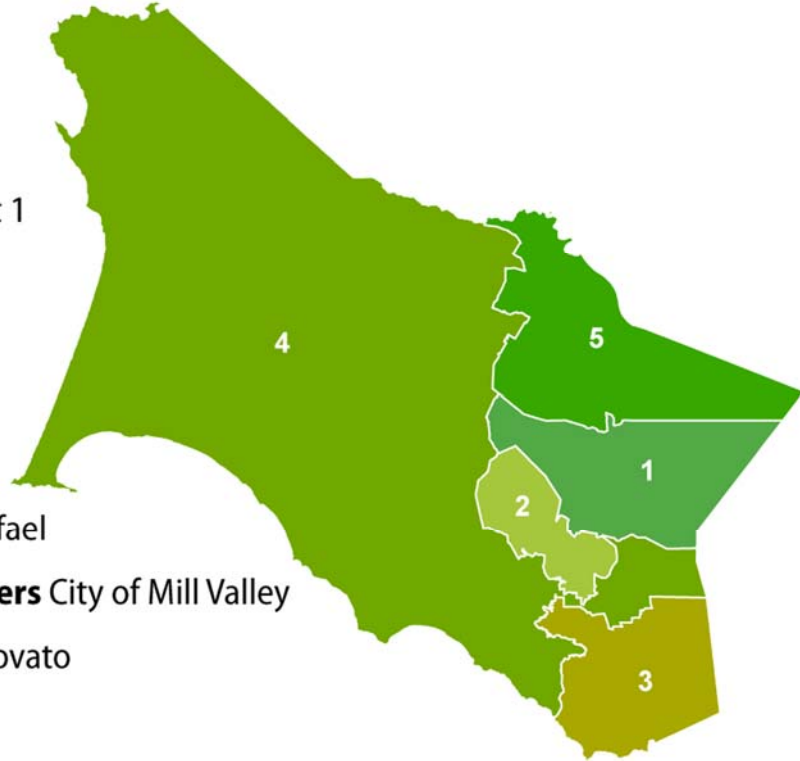
**Dennis Rodoni** District 4

**Judy Arnold** District 5

**Kate Colin** City of San Rafael

**Stephanie Moulton-Peters** City of Mill Valley

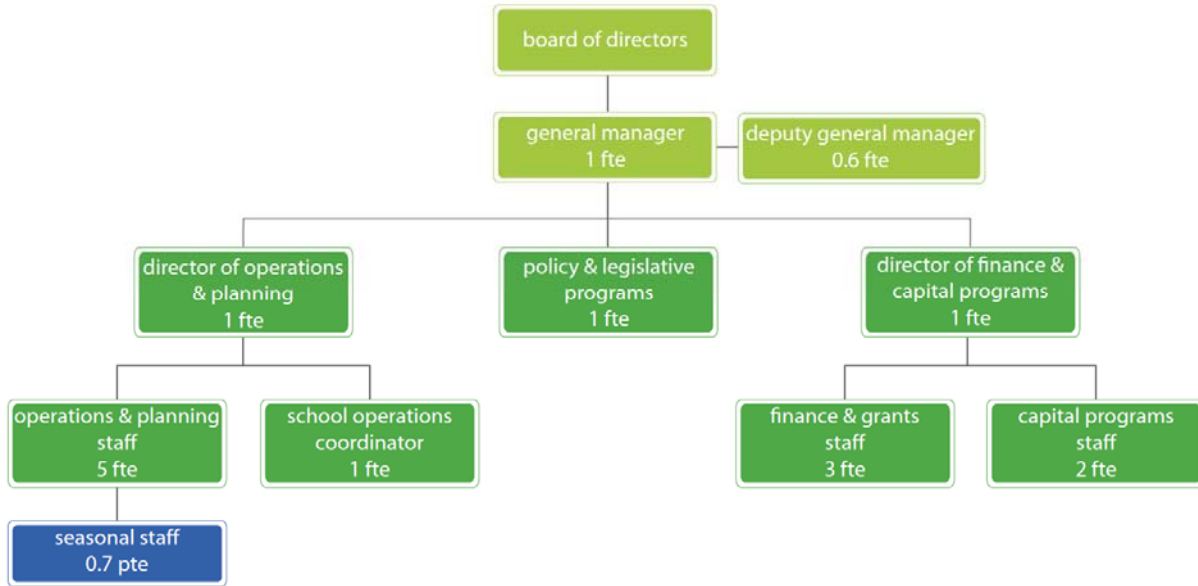
**Eric Lucan (alt)** City of Novato



Board Member	District or City	Current Term Ends
Damon Connolly	District 1	January 1, 2019
Katie Rice	District 2	January 1, 2021
Kathrin Sears	District 3	January 1, 2021
Dennis Rodoni	District 4	January 1, 2021
Judy Arnold	District 5	January 1, 2019
Stephanie Moulton-Peters	City of Mill Valley	December 2018
Kate Colin	City of San Rafael	November 2017
Eric Lucan (City Alternate)	City of Novato	November 2019

# MARIN COUNTY TRANSIT DISTRICT INTRODUCTORY SECTION

## ORGANIZATIONAL CHART

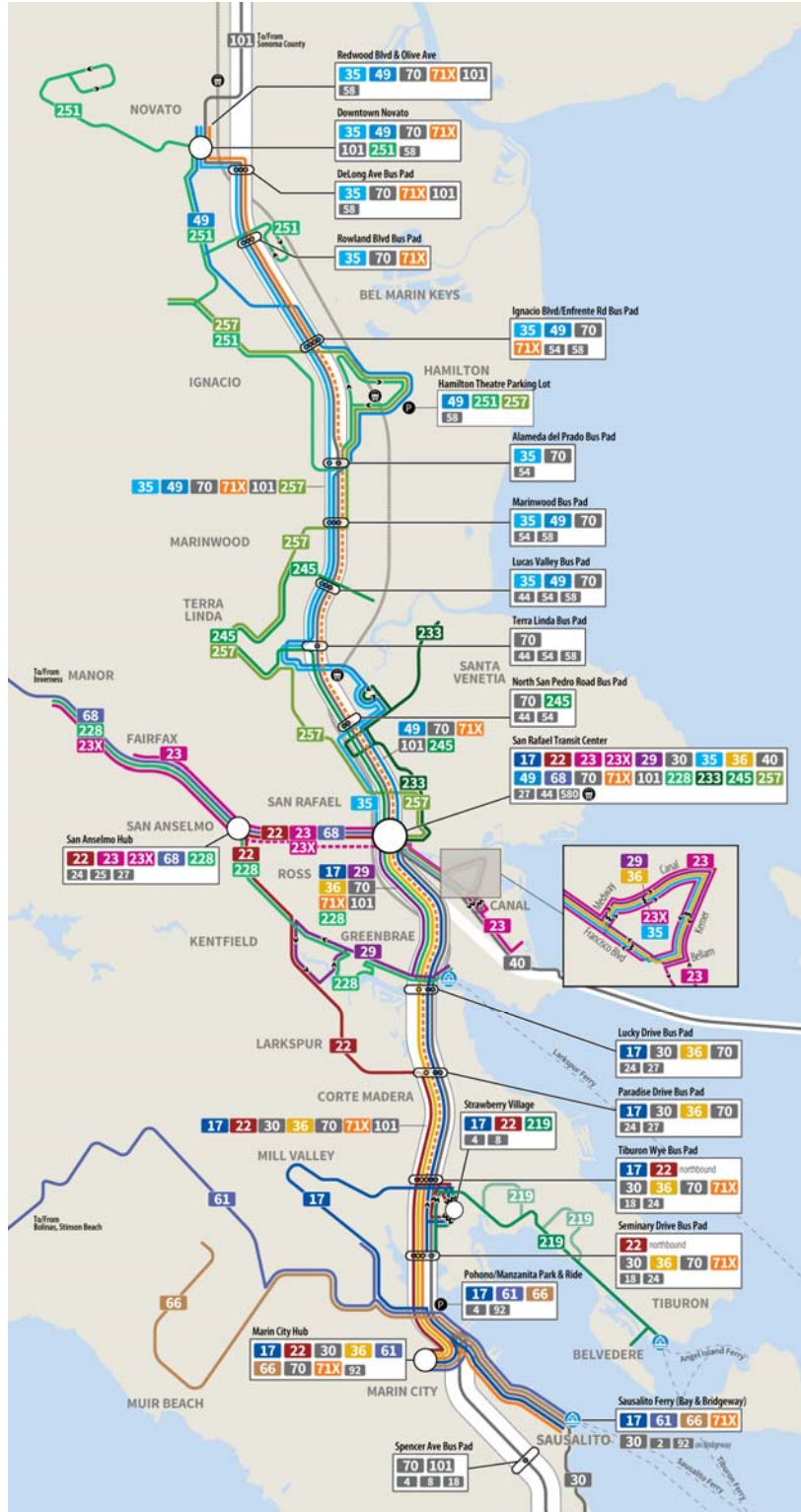


**Note:**

- Total authorized FTE 16.3
- Vacancies at 6/30/17 equal 1 FTE

# MARIN COUNTY TRANSIT DISTRICT INTRODUCTORY SECTION

## SERVICE AREA MAP







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Marin Transit  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**FINANCIAL SECTION**



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Sacramento, California 95825  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Marin County Transit District  
San Rafael, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Marin County Transit District, a component unit of the County of Marin, California (the District), as of and for the years ending June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors  
Marin County Transit District

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2017 and 2016, and changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Statement of Fiduciary Net Position – Retirement Plan, Statement of Changes in Fiduciary Net Position – Retirement Plan and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Fiduciary Net Position – Retirement Plan, Statement of Changes in Fiduciary Net Position – Retirement Plan and Budgetary Comparison Schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly

To the Board of Directors  
Marin County Transit District

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters, the Transportation Development Act and other state program guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

November 13, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Marin County Transit District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2017 and June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to vii of this report.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2017 and 2016 by \$40,284,000 and \$34,895,000 (net position), respectively. Of this amount, \$20,850,000 and \$19,166,000, respectively, is net investment in capital assets, and \$19,402,000 and \$15,422,000, respectively, is unrestricted. At June 30, 2017, \$32,000 was restricted under grant agreements.
- The District's total net position increased for the year ended June 30, 2017 by \$5,389,000 compared to the year ended June 30, 2016. The District's total net position increased for the year ended June 30, 2016 by \$14,383,000 compared to the year ended June 30, 2015. The increases are due to lower operation costs for service relative to increased intergovernmental operating revenue including Federal, State and local Measure A sales tax. The significantly higher increase for the year end June 30, 2016 is the result of a large number of bus purchases.
- The District claimed \$13,216,547 in Measure A funds in fiscal year 2017, plus \$85,000 in pass-through Measure A interest plus recognition of \$6,555 in prior year revenue, for a total of \$13,308,102 recognized in fiscal year 2017. The District claimed \$11,602,421 in fiscal year 2016 from the Transportation Authority of Marin as part of the voter approved Measure A sales tax, plus \$85,000 in pass-through Measure A interest, and recognition of \$6,555 in prior year revenue, for a total of \$11,693,976 recognized in fiscal year 2016.
- The District's emergency reserve and contingency reserve are fully-funded, with a total value equivalent to six months operating funds. The District also added \$1,800,000 to a capital reserve, for a total capital reserve of \$4,700,000.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: (1) government-wide financial statements and (2) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support to the basic financial statements.

#### **Government-wide Financial Statements**

Marin County Transit District is a single-purpose entity that is required to account for its activity as a proprietary fund type under governmental accounting standards. Accordingly, the District presents only government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, similar to a private-sector business.

The *balance sheet* presents information on all of the District's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues and expenses and changes in net position* presents information showing how the District's net position changed during the fiscal year. All changes in net position are recognized on the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The basic financial statements can be found on pages 11 - 30 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide statements. The notes to the financial statements can be found on pages 15 - 30 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERALL FINANCIAL ANALYSIS

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole.

#### Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets exceeded liabilities by \$40,284,026 and \$34,895,111 at June 30, 2017 and 2016, respectively.

	<b>2017</b>	<b>2016</b>	<b>2017 - 2016 Increase (Decrease)</b>	<b>2015</b>	<b>2016 - 2015 Increase (Decrease)</b>
Cash	\$ 15,068,929	\$ 12,041,572	\$ 3,027,357	\$ 7,463,165	\$ 4,578,407
Receivables	8,059,567	6,227,682	1,831,885	6,690,672	(462,990)
Prepaid expenses	148,269	20,696	127,573	42,336	(21,640)
Restricted cash and receivables	31,624	307,037	(275,413)		307,037
Capital assets	<u>20,849,921</u>	<u>19,166,232</u>	<u>1,683,689</u>	<u>8,665,148</u>	<u>10,501,084</u>
Total assets	44,158,310	37,763,219	6,395,091	22,861,321	14,901,898
Current liabilities	3,847,040	2,853,909	993,131	2,337,367	516,542
Noncurrent liabilities	<u>27,244</u>	<u>14,199</u>	<u>13,045</u>	<u>11,580</u>	<u>2,619</u>
Total liabilities	<u>3,874,284</u>	<u>2,868,108</u>	<u>1,006,176</u>	<u>2,348,947</u>	<u>519,161</u>
Net investment in capital assets	20,849,921	19,166,232	1,683,689	8,665,148	10,501,084
Restricted net position	31,624	307,037	(275,413)	-	307,037
Unrestricted net position	<u>19,402,481</u>	<u>15,421,842</u>	<u>3,980,639</u>	<u>11,847,226</u>	<u>3,574,616</u>
Total net position	<u>\$ 40,284,026</u>	<u>\$ 34,895,111</u>	<u>\$ 5,388,915</u>	<u>\$ 20,512,374</u>	<u>\$ 14,382,737</u>

A substantial portion of the District's total net position reflects investment in capital assets. These capital assets are used to provide bus services to Marin County residents and visitors. Consequently, these assets are not available for future spending. An additional portion of the District's net position represents resources that are subject to external restrictions imposed by grantors, contributors, or laws or regulations of other governments or constraints imposed by laws through constitutional provisions or enabling legislation, that restrict the use of net position. The remainder of the District's net position is unrestricted, and represents the District's reserve account. This reserve continues to meet the requirements of the Board adopted reserve policy.

At the end of fiscal year 2017, the District is able to report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Revenues and Expenses

Changes in the Districts Revenues and Expenses were as follows:

	2017	2016	2017 - 2016 Increase (Decrease)	2015	2016 - 2015 Increase (Decrease)
Operating revenues:					
Transit fares	\$ 3,528,289	\$ 3,586,587	\$ (58,298)	\$ 3,669,514	\$ (82,927)
Contractual compensation	1,765,230	2,028,796	(263,566)	1,950,099	78,697
Special fares and school bus service revenue	414,244	380,798	33,446	-	380,798
Total operating revenues	5,707,763	5,996,181	(288,418)	5,619,613	376,568
Operating expenses					
Purchased transportation services	21,422,651	20,461,632	961,019	21,888,029	(1,426,397)
Depreciation	2,387,889	1,753,960	633,929	917,002	836,958
Salary and benefits	1,973,470	1,631,669	341,801	1,327,913	303,756
Fuel	1,818,940	1,619,444	199,496	1,291,857	327,587
Professional services	1,177,446	1,003,065	174,381	554,304	448,761
General & administrative	383,926	397,707	(13,781)	340,118	57,589
Leases and rentals	96,668	94,469	2,199	92,236	2,233
Maintenance and facility costs	136,111	232,303	(96,192)	511,953	(279,650)
Total operating expenses	29,397,101	27,194,249	2,202,852	26,923,412	270,837
Operating Loss	(23,689,338)	(21,198,068)	(2,491,270)	(21,303,799)	105,731
Nonoperating revenues (expenses):					
Intergovernmental	20,529,158	19,069,595	1,459,563	19,097,503	(27,908)
Property taxes	4,111,657	3,848,219	263,438	3,611,357	236,862
Advertising and rentals	397,790	386,914	10,876	283,443	103,471
Gain on disposal of capital assets	1,102	88,571	(87,469)	-	88,571
Other revenues(expenses)	(33,032)	(70,956)	37,924	11,950	(82,906)
Total nonoperating revenues	25,006,675	23,322,343	1,684,332	23,004,253	318,090
Income Before Capital Contributions	1,317,337	2,124,275	(806,938)	1,700,454	423,821
Capital contributions (grants):					
Intergovernmental	4,038,739	12,250,751	(8,212,012)	2,374,093	9,876,658
Other revenue	32,839	7,711	25,128	-	7,711
Total capital contributions (grants)	4,071,578	12,258,462	(8,186,884)	2,374,093	9,884,369
Change in Net Position	5,388,915	14,382,737	(8,993,822)	4,074,547	10,308,190
Net Position at Beginning of Year	34,895,111	20,512,374	14,382,737	16,437,827	4,074,547
Net Position at End of Year	\$ 40,284,026	\$ 34,895,111	\$ 5,388,915	\$ 20,512,374	\$ 14,382,737



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Revenues

Operating revenues decreased to \$5.7 million in the fiscal year ended June 30, 2017 as compared to \$6.0 million in the fiscal year ended June 30, 2016. This decrease is primarily attributable to a drop in contractual compensation from GGBHTD for regional paratransit due to the corresponding drop in associated expenses.

The District has seen growth in nonoperating revenues for the fiscal years ended June 30, 2016 and June 30, 2015. The significant increase in the fiscal year ended June 30, 2017 is primarily due to claiming \$1.2 million of additional local Measure A sales tax funding for service expansions that started in June 2016. The increase in the fiscal year ended June 30, 2016 is primarily due to increased property taxes, advertising and lease revenue.

The majority of construction and vehicle acquisitions are funded with capital contributions from other governmental units such as federal, state, and local agencies. Therefore, capital contribution revenue is tied to the District's capital purchases, which naturally fluctuate over time. In the fiscal year ended June 20, 2016, the District procured and received a large number of vehicles, resulting in large spike in capital contributions.

### Expenses

Operating expenses increased in fiscal year ended June 30, 2017 due to expanded transit service. Depreciation also increase due to the purchase of additional vehicles in the prior year. During the fiscal year ended June 30, 2016, operating expenses were stable with a 1% increase over the prior year.

In the fiscal year ended June 30, 2017, Marin Transit operated 14% more hours of fixed route service. As a result, purchased transportation, fuel and other related expenses increased significantly.

In the fiscal year ended June 30, 2016, newly negotiated purchased transportation contracts included the shift of fuel and professional services from the purchased transportation category to their natural categories. Depreciation expenses increased significantly and is tied to the larger number of capital assets owned by the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

Summary of Capital Assets (net of depreciation):

	<u>Balance at</u> <u>June 30, 2017</u>	<u>Balance at</u> <u>June 30, 2016</u>	<u>Balance at</u> <u>June 30, 2015</u>	<u>Balance at</u> <u>June 30, 2014</u>
Nondepreciable:				
Work in progress	\$ 3,610,173	\$ 1,746,405	\$ 2,176,497	\$ 1,024,112
Capital assets, being depreciated:				
Revenue vehicles	13,922,452	14,256,941	4,399,104	4,149,606
Facilities & stops	2,649,945	2,725,709	1,463,946	1,463,729
Communication and data equipment	522,064	286,197	427,533	491,287
Fare revenue collection equipment	134,881	137,372	181,258	52,506
Furniture and fixtures	<u>10,406</u>	<u>13,608</u>	<u>16,810</u>	<u>20,012</u>
Capital assets, net	<u>\$ 20,849,921</u>	<u>\$ 19,166,232</u>	<u>\$ 8,665,148</u>	<u>\$ 7,201,252</u>

The District's investment in capital assets amounts to \$20,849,921 and \$19,166,232 as of June 30, 2017 and June 30, 2016, respectively (net of accumulated depreciation). This investment in capital assets includes vehicles, facilities and stops, communication and data equipment, fare revenue collection equipment, and furniture and fixtures. The total increase in capital assets for fiscal year 2017 and 2016 was approximately 8% and 121%, respectively.

The most significant addition to the District's capital costs in the year end June 30, 2017 was in the facility and stop improvements due to the work in progress on a transit center renovation in downtown Novato. In the fiscal year ended June 30, 2016, the District completed the purchase of thirty-three revenue vehicles, for a total cost of over \$10 million. In addition, the District exercised an option to assume ownership of seventeen vehicles from the Golden Gate Bridge Highway & Transportation District. Additional information about the District's capital assets can be found in Note C at page 21.

#### Debt Administration

Pursuant to the enabling legislation (Marin County Transit District Act of 1964, § 70225), the District has the authority to issue debt. Currently, the District has no outstanding debt.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Steady economic recovery combined with significant new service contracts have improved Marin Transit's financial outlook, and allowed Marin Transit to expand fixed route transit service hours by 19% in June 2016. The associated increase in expenses was anticipated and within the District's available intergovernmental revenue. The District is now monitoring the service changes implemented in June 2016. Ridership declines on ADA paratransit and low fuel prices provided the District with additional savings compared to the adopted budget.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Current operation contracts for over 50% of the District's fixed route service will expire on June 30, 2017. The District is re-bidding these service contracts and the results of the bid process may significantly affect the District's financial outlook and budget for Fiscal Year July 1, 2018- June 30, 2019. Contractors have had increasing difficulties hiring and retaining drivers and support staff in Marin County. The County is experiencing low unemployment (3.2%) and continues to have high housing costs.

The District does not own its own parking and maintenance facility. Marin Transit has identified this an ongoing challenge for contract operations and a risk for future operations contracts. To reduce this risk and challenge, Marin Transit has been working to purchase a facility and has established a capital reserve and received a \$4.4 million discretionary grant for this purpose.

The District continues to fully funded reserve, and has increased transit service to ensure the District continues to provide the highest levels of local bus service possible while ensuring financial stability.

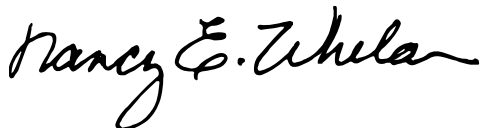
The District is completing an update to Marin Transit's Short Range Transit Plan (SRTP), which is expected to be adopted in November 2017. The 2018-2028 SRTP provides a framework for service and capital planning for the next ten years. Financial projections are updated and a financially constrained plan and priorities for services and projects are established for potential future new revenues. The SRTP financial plan guides financial decision-making for the agency and is the basis for analyzing longer range financial impacts of changes in costs and revenues. The SRTP is updated every two to four years. As outlined in the District's Short Range Transit Plan (SRTP), the District will continue to evaluate all services provided with an emphasis on continuing to improve the efficiency and convenience of the transit system for riders.

### REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to our office at 711 Grand Avenue, Suite 110, San Rafael, California 94901.

Respectfully submitted,



Nancy Whelan  
General Manager

## MARIN COUNTY TRANSIT DISTRICT

## BALANCE SHEETS

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 15,068,929	\$ 12,041,572
Accounts receivable:		
State grants	2,858,866	2,514,982
Transportation Authority of Marin	3,834,054	2,151,955
Federal grants	703,008	740,236
Golden Gate Bridge Highway and Transit District	515,456	648,891
Other receivables	148,183	171,618
Prepaid expenses	148,269	20,696
TOTAL CURRENT ASSETS	<u>23,276,765</u>	<u>18,289,950</u>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	31,624	286,432
Restricted accounts receivable		20,605
Capital assets:		
Not depreciated	3,610,173	1,746,405
Depreciated, net	17,239,748	17,419,827
Total capital assets	<u>20,849,921</u>	<u>19,166,232</u>
TOTAL NONCURRENT ASSETS	<u>20,881,545</u>	<u>19,473,269</u>
TOTAL ASSETS	<u>\$ 44,158,310</u>	<u>\$ 37,763,219</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,951,084	\$ 1,066,597
Accrued payroll and benefits	79,767	66,024
Due to other governments	1,491,850	1,453,043
Unearned revenue	251,884	207,596
Compensated absences - current portion	72,455	60,649
TOTAL CURRENT LIABILITIES	<u>3,847,040</u>	<u>2,853,909</u>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences - noncurrent portion	27,244	14,199
TOTAL NONCURRENT LIABILITIES	<u>27,244</u>	<u>14,199</u>
TOTAL LIABILITIES	<u>3,874,284</u>	<u>2,868,108</u>
<b>NET POSITION</b>		
Net investment in capital assets	20,849,921	19,166,232
Restricted for LCTOP approved operating costs		275,413
Restricted for bus acquisitions	31,624	31,624
Unrestricted	19,402,481	15,421,842
TOTAL NET POSITION	<u>40,284,026</u>	<u>34,895,111</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 44,158,310</u>	<u>\$ 37,763,219</u>

The accompanying notes are an integral part of these financial statements.

MARIN COUNTY TRANSIT DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION

For the Years Ended June 30, 2017 and 2016

	2017	2016
<b>OPERATING REVENUES</b>		
Transit fares	\$ 3,528,289	\$ 3,586,587
Contractual compensation	1,765,230	2,028,796
Special fares	269,244	250,798
School bus service revenues	145,000	130,000
TOTAL OPERATING REVENUES	5,707,763	5,996,181
<b>OPERATING EXPENSES</b>		
Purchased transportation services	21,422,651	20,461,632
Depreciation	2,387,889	1,753,960
Salaries and benefits	1,973,470	1,631,669
Fuel	1,818,940	1,619,444
Professional services	1,177,446	1,003,065
General and administrative	199,985	179,181
Utilities	116,578	106,949
Marketing	114,823	127,154
Leases and rentals	96,668	94,469
Other services	51,035	61,792
Casualty and liability costs	18,083	29,580
Maintenance costs	10,448	15,961
Capital costs	9,085	109,393
TOTAL OPERATING EXPENSES	29,397,101	27,194,249
OPERATING LOSS	(23,689,338)	(21,198,068)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental revenue	20,529,158	19,069,595
Property tax revenue	4,111,657	3,848,219
Advertising	245,018	229,202
Rental income	152,772	157,712
Interest income	51,968	14,044
Gain on disposal of capital assets	1,102	88,571
Pass through of Measure A to Golden Gate Transit	(85,000)	(85,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	25,006,675	23,322,343
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,317,337	2,124,275
<b>CAPITAL CONTRIBUTIONS</b>		
Intergovernmental revenue	4,038,739	12,250,751
Other revenue	32,839	7,711
TOTAL CAPITAL CONTRIBUTIONS	4,071,578	12,258,462
CHANGE IN NET POSITION	5,388,915	14,382,737
Net position at beginning of year	34,895,111	20,512,374
NET POSITION AT END OF YEAR	\$ 40,284,026	\$ 34,895,111

The accompanying notes are an integral part of these financial statements.

## MARIN COUNTY TRANSIT DISTRICT

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 3,831,917	\$ 4,291,481
Cash receipts from contracts	1,910,230	2,028,796
Cash receipts from rent and leases	152,772	157,712
Cash paid for purchased transportation services	(21,341,809)	(19,101,179)
Cash paid to suppliers for goods and services	(3,811,906)	(4,114,982)
Cash paid to employees for services	(1,934,876)	(1,597,526)
NET CASH USED FOR OPERATING ACTIVITIES	<u>(21,193,672)</u>	<u>(18,335,698)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	4,111,657	3,848,219
Intergovernmental revenues received	19,828,168	19,933,562
NET CASH PROVIDED BY NONCAPITAL FINANCIAL ACTIVITIES	<u>23,939,825</u>	<u>23,781,781</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	26,902	66,189
Acquisition of capital assets	(3,157,884)	(10,660,280)
Capital contribution revenues received	3,105,410	9,998,803
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(25,572)</u>	<u>(595,288)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	51,968	14,044
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>51,968</u>	<u>14,044</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,772,549	4,864,839
Cash and cash equivalents at beginning of year	<u>12,328,004</u>	<u>7,463,165</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 15,100,553</u>	<u>\$ 12,328,004</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents:	\$ 15,068,929	\$ 12,041,572
Restricted cash and cash equivalents	<u>31,624</u>	<u>286,432</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 15,100,553</u>	<u>\$ 12,328,004</u>

(Continued)

MARIN COUNTY TRANSIT DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
For the Years Ended June 30, 2017 and 2016

	2017	2016
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Net loss from operations	\$ (23,689,338)	\$ (21,198,068)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	2,387,889	1,753,960
Rent and lease receipts	152,772	157,712
(Increase) decrease in accounts receivable	(16,459)	147,903
(Increase) decrease in prepaid expenses	(127,573)	21,640
Increase (decrease) in accounts payable	(29,207)	(392,630)
Increase (decrease) in accrued payroll and benefits	13,743	6,332
Increase (decrease) in due to other governments	38,807	963,449
Increase (decrease) in unearned revenues	50,843	176,193
Increase (decrease) in compensated absences	24,851	27,811
	\$ (21,193,672)	\$ (18,335,698)
NET CASH USED FOR OPERATING ACTIVITIES		
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Donated capital assets		\$ 1,743,150

The accompanying notes are an integral part of these financial statements.



MARIN COUNTY TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Marin County Transit District (the District) is a special district created by the authority of the Marin County Transit District Act of 1964. The District's purpose is to develop, finance, organize, and provide local Marin County transit service. Revenues are derived principally from property taxes, aid from other governmental entities, transportation contract revenue, and transit fare revenue.

The District is governed by a seven-member Board of Directors comprised of the members of the Board of Supervisors of the County of Marin (the County) and two members chosen from city council persons or mayors of cities within the county. The District is a component unit of the County because the County controls the District's Board of Directors and may impose its will on the District.

The District contracts with four transit providers to operate transit services in Marin County:

Golden Gate Bridge Highway and Transportation District (Golden Gate): Since 1971, the District has contracted with Golden Gate to provide local transit services. In May of 2015, the District and Golden Gate entered into an agreement for transit services for the period July 1, 2015 through June 30, 2020 that contains options to extend the contract for two additional one-year periods. The contract specifies a rate per revenue hour and range of minimum and maximum revenue hours to be incurred each fiscal year for the term of the agreement and the two option years. The contract provides for a 2.7% increase in the rate per revenue hour annually. Fuel, capital costs, customer service as well as San Rafael Transit Center security, maintenance, and utilities are separately compensated under the agreement in addition to the rate per revenue hour. The District sets the fare structure and rates, and establishes the service levels and the frequency of local transit services. Golden Gate collects passenger fares for the District's routes and the District's portion of State funding and applies them toward the District's obligation to Golden Gate.

Under the terms of the yearly agreements in place for the years ended June 30, 2017 and 2016, Golden Gate operated seven local fixed routes. The total cost of local bus transit service under these agreements during the years ending June 30, 2017 and 2016 was \$10,370,761 and \$10,994,562, respectively. Related fare, revenue, advertising revenue, TDA revenue, STA revenue and other revenue earned for the fiscal year ending June 30, 2017 and 2016 was \$6,720,505 and \$7,346,861, respectively. Golden Gate was compensated for operating costs based on revenue hours incurred multiplied by a rate per hour specified in the contract as well as the District's share of capital costs of Golden Gate buses used. The agreement allowed the District the option of assuming ownership of revenue vehicles purchased with the District's capital contribution to Golden Gate. Ownership of all seventeen buses for which this provision applied was assumed during the year ended June 30, 2016. The remaining capital costs paid by the District to Golden Gate are related to the use of Golden Gate assets, including vehicles, facilities and other assets, for which ownership may not be assumed by the District.

Under the local paratransit agreement, the District contracts for local and inter-county (regional) paratransit service on behalf of Golden Gate. With the implementation of the Americans with Disabilities Act (ADA), Golden Gate was required to provide complementary local and inter-county paratransit services. Golden Gate contracted with the District to be the primary public entity responsible to provide these inter-county paratransit services. The District, in turn, contracted with Marin Senior Coordinating Council to provide the actual services, with the understanding that the District would be adequately compensated by Golden Gate.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marin Senior Coordinating Council, Inc.: The District has contracted with Marin Senior Coordinating Council, Inc, (MSCC, also known as “Whistlestop Wheels”) since 2009 to provide local paratransit services. The contract was competitively bid most recently on January 1, 2016. Paratransit services consist of demand responsive services for the disabled, which meets the requirements of the Americans with Disabilities Act and other federal provisions. Under the contract, MSCC provides the paratransit services and collects all the fare revenues. MSCC bills the District monthly for the net cost of services on an agreed-upon hourly basis. The District receives reimbursement from Golden Gate for the actual cost of the inter-county (regional) portion of this service and a portion of the local paratransit services.

MV Transportation, Inc.: In November 2011, operation of the Muir Woods Shuttle, along with the rural transit service on the West Marin Stagecoach was awarded to MV Transportation, Inc. for a three-year term with two optional one-year extensions. MV Transportation, Inc. now operates turn-key service on the Muir Woods Shuttle along with two rural routes established by the District and paid for in part by Federal Section 5311 Rural funding. MV Transportation also provides ten school routes and four local fixed routes. Fare revenue on the service is collected through the District's GFI fare box system and is deposited directly into the District's account. The National Park Service pays for 50% of the Muir Woods Shuttle program.

Marin Airporter: The District contracts with a Marin County private company, Marin Airporter, to provide a local shuttle service on six routes called the Community Shuttle program and one local fixed route. Marin Airporter has operated this service since 2006, and won a competitive bid process for a new contract for the period July 1, 2013 through June 30, 2016 with up to two extensions through June 30, 2018. Fare revenue on this service is collected through the District's GFI fare box system and is deposited directly into the District's account.

Joint Ventures: The District participates in two joint ventures. One joint venture is for risk management as disclosed in Note J. The second joint venture is the Marin Emergency Radio Authority (the Authority). The Authority is responsible for acquiring, constructing, and improving and operating a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. The District is responsible for 1.18% share of the annual contributions to the Authority for operations, which also covers debt payments. The amount of the contribution is disclosed in Note L. The District is not directly responsible for liabilities of the Authority and only has a residual equity interest in the Authority that would result in the District's proportional share of residual assets being distributed to the District, if any, if the members vote to terminate the Authority. The Authority issues separate financial statements, which are available at: Marin Emergency Radio Authority, c/o Novato Fire Protection District, 95 Rowland Way, Novato, California 94945 or [www.meraonline.org/contact](http://www.meraonline.org/contact).

Basis of Presentation: The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements in its accounting and financial reporting. The more significant of the District's accounting policies are described below.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District's resources are allocated to and accounted for in these financial statements as an enterprise fund type of the proprietary fund group. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the balance sheet. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned. Transportation Development Act (TDA) revenues are recorded when all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for transportation services, contractual compensation and advertising. Operating expenses include the cost of purchased transportation services, contract labor, fuel, depreciation, professional services, leases and rentals, general and administrative, direct labor, marketing, utilities and other operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: The District defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments, including the investment in the County of Marin investment pool. For the purposes of reporting cash flows, the District considers all cash and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Additionally, one contractor who provides transportation services offsets certain types of revenue and expenses against monthly transportation service charges. Only the actual cash transactions are shown on the statement of cash flows.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets: Restricted assets consisted the following at June 30:

	June 30, 2017	June 30, 2016
Unexpended cash proceeds from FTA funded bus sales	\$ 31,624	\$ 11,019
Unexpended LCTOP grant proceeds		275,413
Restricted cash and investments	31,624	286,432
Proceeds receivable from FTA funded bus sales		20,605
	\$ 31,624	\$ 307,037

The proceeds from FTA funded bus sales are required to be spent on future bus acquisitions. The proceeds receivable from the FTA funded bus sales at June 30, 2016 were received during the year ended June 30, 2017. The unexpended Low Carbon Transit Operations Program (LCTOP) grant proceeds at June 30, 2016 were spent during the year ended June 30, 2017.

Prepaid Expenses: Prepaid expenses are costs paid as of the balance sheet date that are related to future accounting periods. Prepaid expenses at June 30, 2017 and 2016 consisted mainly of prepaid software maintenance costs.

Capital Assets: Capital assets are valued at historical cost. Donated capital assets are reported at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The District's policy defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Provision is made for depreciation on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Revenue vehicles	3-12 years
Facilities and stops	5-30 years
Communication and data equipment	3-5 years
Fare revenue collection equipment	5 years
Furniture and fixtures	8 years
Non-revenue vehicles	2 years

Maintenance and repairs are expensed as operating expenses when incurred. Betterments that increase the useful lives or capacity of existing capital assets are capitalized when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the capital asset accounts in the year of sale or retirement and the resulting gain or loss is included in nonoperating revenues (expenses).

Occasionally the District reimburses other organizations for the purchases of vehicles, facilities and other assets. For the reimbursements in which the District does not own the assets, the transaction is recorded as capital costs within operating expenses on the statement of revenues, expenses and changes in fund net position.

Unearned Revenue: Unearned revenue at June 30, 2017 and 2016 consisted mainly of bus passes sold in advance of services.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: At June 30, 2017 and 2016, the District's employment policy allows employees to accumulate earned, but unused vacation leave time. Vacation accrues at a rate of 80 hours per year until the third consecutive year of employment when an additional 40 hours are earned. Administrative leave and sick leave is provided to employees, but is not payable at separation or retirement and is not accrued as part of compensated absences. The current portion of the long-term liability is estimated based on historical trends.

Property Taxes: The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Property taxes are due the following November 1 and March 1 and become delinquent December 10 and April 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

In 1993, the District entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. The Teeter Plan calls for the County to advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent secured property tax receivables and actual proceeds collected. The other receivables line on the balance sheet refers mainly to unsecured property taxes.

Measure A: Marin County voters passed a ½ cent sales tax measure (Measure A) in 2004 to provide local funding and investment for transportation infrastructure and programs. The tax went into effect on April 1, 2005 and lasts for a period of 20 years. Under the sales tax expenditure plan, fifty-five percent (55%) of Measure A is available for Local Transit service. The Transportation Authority of Marin (TAM) is the transportation sales tax authority in Marin County. TAM makes Measure A funding available to the District based on projections, and adjusts future years balances to account for actual receipts. The District requests Measure A funds on a reimbursement basis and does not carry an unspent balance of these funds.

Measure B: In 2010, Marin's voters approved Measure B, the Vehicle Registration Fee Initiative that collects \$10 annually for each vehicle registered in Marin for the purpose of improving transportation within the County. The TAM board adopted the Measure B Expenditure Plan on July 28, 2011 and is effective for 10 years. The Measure B Expenditure Plan designates 35% of the funds generated to be used to fund senior and disabled transportation services in Marin, and Marin Transit is the designated agency to manage this component. The District requests Measure B funds on a reimbursement basis and does not carry an unspent balance of these funds.

Net Position: Net position is categorized as the net investment in capital assets, restricted and unrestricted as follows:

Net investment in capital assets - The net investment in capital assets groups all capital assets into one category of net position, which is reduced by accumulated depreciation.

Restricted net position - Restrictions of net position represent amounts that are legally restricted for specific uses. The amount reported as restricted for capital additions represents a gain on sale of FTA funded buses that must be used for future bus acquisitions.

Unrestricted net position - Unrestricted net position represents amounts not restricted for any other project or purpose.

The District's Board of Directors approved a reserve policy for unrestricted net position allowing for a minimum of two months and maximum of six months of operating expenses to be reserved. An emergency reserve of

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

two months of operating expenses and contingency reserve of more than two months but less than four months of operating expenses were approved under the policy. The emergency reserve is available for one-time, unanticipated expenditures or to offset unanticipated revenue fluctuations. The contingency reserve is available to maintain current transit service levels during revenue declines or slower than anticipated revenue growth. During the year ended June 30, 2017, a capital reserve was approved by the Board of Directors. Reserves were as follows at June 30:

	June 30, 2017	June 30, 2016
Emergency reserve	\$ 4,886,753	\$ 4,188,952
Contingency reserve	9,773,507	8,377,903
Capital reserve	4,742,221	2,854,987
	\$ 19,402,481	\$ 15,421,842

The Board approves the reserves subject to adjustments based on the final audited balances.

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain amounts in 2016 have been reclassified to conform to the 2017 financial statement presentation. The reclassifications had no effect on total net position or change in net position.

NOTE B – CASH AND CASH EQUIVALENTS

The District's cash and investments consisted of the following at June 30:

	June 30, 2017	June 30, 2016
Cash on hand	\$ 205	\$ 25
Bank deposits	1,409,634	3,149,055
County of Marin investment pool	13,690,714	9,178,924
	\$ 15,100,553	\$ 12,328,004

Investment in the County of Marin Investment Pool: The District's Financial Management Policies indicates the District will invest excess funds in the County of Marin investment pool. The County pool is monitored and reviewed by a Treasury Oversight Committee (Committee). The Committee and County board of Supervisors review and approve the County's investment policy yearly. The County's pool is not registered by the Securities and Exchange Commission. Interest earned on the pool is allocated to participants quarterly using the average daily cash balance of each fund. Investments held in the County's investment pool are available on demand to the District and are stated at amortized cost, which approximates fair value. The investment in the County pool is withdrawn on the amortized cost basis, which is different than the fair value of the District's investment in the pool. More information about the County pool can be found in the notes to the County's basic financial statements at <https://www.marincounty.org>.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2017 and 2016, the weighted average maturity of the investments contained in the County's investment pool was approximately 231 and 204 days, respectively.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County pool has maintained the highest rating of AAA by Fitch Ratings, a nationally recognized statistical rating organization, since 1994.

Custodial credit risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool). At June 30, 2017 and 2016, the carrying amount of the District's deposits was \$1,409,634 and \$3,149,055 and the balance in the financial institutions was \$1,600,673 and \$3,152,529, respectively. Of the balances in financial institutions, \$250,000 at June 30, 2017 and 2016 was covered by federal depository insurance and the remaining amount at was secured by a pledge of securities by the financial institution, but not in the name of the District.

NOTE C – CAPITAL ASSETS

Capital asset activity was as follows for the years ended June 30:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Nondepreciable:					
Work in progress	\$ 1,746,405	\$ 2,804,403		\$ (940,635)	\$ 3,610,173
Capital assets, being depreciated:					
Revenue vehicles	17,466,010	977,254	\$ (104,897)	770,454	19,108,821
Facilities and stops	2,913,267	11,723		18,536	2,943,526
Communication and data equipment	1,251,626	268,958		113,709	1,634,293
Fare revenue collection equipment	412,356	9,240		37,936	459,532
Furniture and fixtures	88,351				88,351
Non-revenue vehicles	6,300				6,300
Total capital assets being depreciated	<u>22,137,910</u>	<u>1,267,175</u>	<u>(104,897)</u>	<u>940,635</u>	<u>24,240,823</u>
Less accumulated depreciation:					
Revenue vehicles	(3,209,069)	(2,082,197)	104,897		(5,186,369)
Facilities and stops	(187,558)	(106,023)			(293,581)
Communication and data equipment	(965,429)	(146,800)			(1,112,229)
Fare revenue collection equipment	(274,984)	(49,667)			(324,651)
Furniture	(74,743)	(3,202)			(77,945)
Non-revenue vehicles	(6,300)				(6,300)
Total accumulated depreciation	<u>(4,718,083)</u>	<u>(2,387,889)</u>	<u>104,897</u>		<u>(7,001,075)</u>
Total capital assets being being depreciated, net	<u>17,419,827</u>	<u>(1,120,714)</u>		<u>940,635</u>	<u>17,239,748</u>
Capital assets, net	<u>\$ 19,166,232</u>	<u>\$ 1,683,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,849,921</u>

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE C – CAPITAL ASSETS (Continued)

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Nondepreciable:					
Work in Progress	\$ 2,176,497	\$ 1,273,653		\$ (1,703,745)	\$ 1,746,405
Capital assets, being depreciated:					
Revenue vehicles	7,597,033	10,945,746	\$ (1,460,016)	383,247	17,466,010
Facilities and stops	1,553,706	39,063		1,320,498	2,913,267
Communication and data equipment	1,251,626				1,251,626
Fare revenue collection equipment	412,356				412,356
Furniture and fixtures	88,351				88,351
Non-revenue vehicles	6,300				6,300
Total capital assets being depreciated	<u>10,909,372</u>	<u>10,984,809</u>	<u>(1,460,016)</u>	<u>1,703,745</u>	<u>22,137,910</u>
Less accumulated depreciation:					
Revenue vehicles	(3,197,929)	(1,467,738)	1,456,598		(3,209,069)
Facilities and stops	(89,760)	(97,798)			(187,558)
Communication and data equipment	(824,093)	(141,336)			(965,429)
Fare revenue collection equipment	(231,098)	(43,886)			(274,984)
Furniture	(71,541)	(3,202)			(74,743)
Non-revenue vehicles	(6,300)				(6,300)
Total accumulated depreciation	<u>(4,420,721)</u>	<u>(1,753,960)</u>	<u>1,456,598</u>		<u>(4,718,083)</u>
Total capital assets being depreciated, net	<u>6,488,651</u>	<u>9,230,849</u>	<u>(3,418)</u>	<u>1,703,745</u>	<u>17,419,827</u>
Capital assets, net	<u>\$ 8,665,148</u>	<u>\$ 10,504,502</u>	<u>\$ (3,418)</u>	<u>\$ -</u>	<u>\$ 19,166,232</u>

NOTE D – COMPENSATED ABSENCES

Compensated absences activity was as follows for the year ended June 30:

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017	One Year
Compensated absences	<u>\$ 74,848</u>	<u>\$ 81,396</u>	<u>\$ (56,545)</u>	<u>\$ 99,699</u>	<u>\$ 72,455</u>
	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016	One Year
Compensated absences	<u>\$ 47,037</u>	<u>\$ 69,067</u>	<u>\$ (41,256)</u>	<u>\$ 74,848</u>	<u>\$ 60,649</u>



MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE E – INTERGOVERNMENTAL REVENUE

The following is the detail of intergovernmental revenues for the year ended June 30:

	2017		
	Non-operating	Capital	Total
Federal revenue:			
Federal Transit Administration			
Section 5307 (ADA Set-Aside)	\$ 627,012		\$ 627,012
Section 5307 (Vehicle Purchase)		\$ 797,041	797,041
FTA Section 5307 (STIP)	123,080		123,080
Section 5309 (State of Good Repair)		14,629	14,629
Section 5310 (Mobility Management)	49,157		49,157
Section 5311 grant (Stagecoach operating)	206,437		206,437
Section 5316 JARC (Mobility Tech)		20,233	20,233
Section 5317 (New Freedom Cycle 4 Funding)	59,661		59,661
Section 5320 (Transit in the Parks)		10,976	10,976
United States Department of the Interior - National Parks Service	89,009		89,009
Total federal revenue	<u>1,154,356</u>	<u>842,879</u>	<u>1,997,235</u>
State revenue:			
Transportation Development Act	4,440,516		4,440,516
State Transit Assistance			
STA (Fixed Route Service Operations)	800,000		800,000
STA lifeline	502,218		502,218
Operating	221,043		221,043
Paratransit	53,429		53,429
STIP		(17,248)	(17,248)
Active Transportation Program		729,307	729,307
Home Owner Property Tax Relief	18,953		18,953
Public Transportation Modernization, Improvement and Service Enhancement Account		1,798,723	1,798,723
Caltrans	320		320
Total state revenue	<u>6,036,479</u>	<u>2,510,782</u>	<u>8,547,261</u>
Local revenue:			
Measure A			
Strategy 1.1 (Local)	9,024,035		9,024,035
Strategy 1.2 (Rural)	1,061,315		1,061,315
Strategy 1.3 (Special)	2,180,396		2,180,396
Strategy 1.4 (Capital)	276,805	680,551	957,356
Interest	85,000		85,000
Measure B	627,198		627,198
Miscellaneous	83,574	4,527	88,101
Total local revenue	<u>13,338,323</u>	<u>685,078</u>	<u>14,023,401</u>
Total intergovernmental revenue	<u>\$ 20,529,158</u>	<u>\$ 4,038,739</u>	<u>\$ 24,567,897</u>

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE E – INTERGOVERNMENTAL REVENUE (Continued)

	2016		Total
	Non-operating	Capital	
Federal revenue:			
Federal Transit Administration:			
Section 5304 (Planning Grants)	\$ 17,875		\$ 17,875
Section 5307 (ADA Set-Aside)	461,944		461,944
Section 5307 (Vehicle Purchase)		\$ 7,486,526	7,486,526
Section 5309 (State of Good Repair)		30,050	30,050
Section 5310 (Mobility Management)	137,113		137,113
Section 5311 grant (Stagecoach operating)	200,063		200,063
Section 5311 grant (RTAP Scholarships)	1,303		1,303
Section 5316 JARC (Mobility Tech)	1,400		1,400
Section 5317 (New Freedom Cycle 4 Funding)	81,735		81,735
Section 5339 (Vehicle Purchase)		138,800	138,800
United States Department of the Interior - National			
Parks Service	150,865		150,865
Total federal revenue	<u>1,052,298</u>	<u>7,655,376</u>	<u>8,707,674</u>
State revenue:			
Transportation Development Act	4,562,778		4,562,778
State Transit Assistance			
Operating	1,253,362		1,253,362
Paratransit	62,772		62,772
Home Owner Property Tax Relief	19,138		19,138
Public Transportation Modernization, Improvement and Service Enhancement Account		2,186,858	2,186,858
Low Carbon Transit Operations Program	275,413	45,699	321,112
Caltrans	283		283
	<u>6,173,746</u>	<u>2,232,557</u>	<u>8,406,303</u>
Local revenue:			
Measure A			
Strategy 1.1 (Local)	7,558,832		7,575,766
Strategy 1.2 (Rural)	888,950		888,950
Strategy 1.3 (Special)	2,203,546		2,203,546
Strategy 1.4 (Capital)	346,792	610,856	940,714
Measure A Interest			
Interest	85,000		85,000
Measure B	730,335		730,335
Buses donated by Golden Gate		1,743,150	1,743,150
Miscellaneous	30,096	8,812	38,908
Total local revenue	<u>11,843,551</u>	<u>2,362,818</u>	<u>14,206,369</u>
Total intergovernmental revenue	<u>\$ 19,069,595</u>	<u>\$ 12,250,751</u>	<u>\$ 31,320,346</u>

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE F – OPERATING LEASE

The District leases its office space under a non-cancellable operating lease. In July 2012, the District entered into a three-year lease, with one three-year option to renew at market rates. In June 2015, the District exercised its option to renew the lease for three additional years to October 31, 2018. As of June 30, 2017, future minimum lease payments under the operating lease were as follows:

Fiscal Year Ending June 30:	
2018	\$ 98,832
2019	33,184
Total minimum lease commitments	\$ 132,016

Lease expense for the years ended June 30, 2017 and 2016 totaled \$96,668 and \$94,469, respectively.

NOTE G – RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS

The District contributes to the Marin County Transit District Governmental 401(a) single employer defined contribution pension plan (the Plan), for its employees who have attained twenty-one years of age and have more than 1,000 hours of service. The Plan is administered by the Marin County Transit District.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the District’s Board of Directors. For each employee in the pension plan at the end of the plan year, the District is required to contribute 10% to 15% of annual salary, exclusive of overtime, to an individual employee account. Employees are not permitted to make contributions to the Plan. For the years ended June 30, 2017 and 2016, the District recognized pension expense of \$196,355 and \$175,923, respectively.

Employees are fully vested in employer contributions after six months of service. Non-vested District contributions are forfeited upon termination. Such forfeitures are first used to pay plan administrative expenses and any remaining forfeitures are used to reduce the required employer contribution. There were no forfeitures during the years ended June 30, 2017 and 2016.

The District provides a Section 457 deferred compensation plan (Section 457 Plan) to its employees. Employees are allowed to contribute to the Section 457 plan, but the District does not contribute to the Section 457 plan. The District does not currently provide other postemployment benefits (OPEB) to employees.

The District also contracted with the County and an independent entity called Local Government Services (LGS) for staffing until all contract employees were hired by the District during the year ended June 30, 2014. Pension and OPEB benefits were available to County and LGS contract employees. The District does not currently have a contract with the County that defines responsibility for any unfunded retirement and OPEB benefits for County employees used by the District that may be payable upon separation. However, all former County employees retired or left the County’s and District’s service and the District does not believe a separation liability is applicable to the District. The contract with LGS stated that LGS is responsible for retirement and OPEB benefits for its employees used by the District.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE H – COMMITMENTS AND CONTINGENCIES

Commitments: The District had the following contract commitments as of June 30:

Contractor	Purpose	2017	2016
Golden Gate Bridge Highway and Transportation District	Local fixed route service	\$ 21,943,672	\$ 30,975,606
Whistlestop	Paratransit service	14,985,688	19,523,387
Gillig	Hybrid buses	7,355,696	
Marin Airporter	Shuttle	4,501,200	8,871,600
MV Transportation, Inc.	Rural and seasonal transit service	3,006,153	5,946,568
Thompson Builders	RG TIP construction	1,994,366	
BYD	Electric buses	1,368,590	
Michael's Transportation Services	Yellow bus service	624,456	607,435
MV Transportation, Inc.	Catch a ride	418,850	415,250
Trapeze TripSpark	Paratransit scheduling software	304,807	
Farber specialty vehicles	Mobile information kiosk	297,501	
Whistlestop	Traditional volunteer driver program	289,230	492,806
Dikita	Passenger Ride Check	234,174	
Blink Tag	Website redesign	108,903	
Creative Bus Sales	Paratransit and stage replacements		712,313
Mark Thomas	Redesign downtown Novato		374,427
Syncromatics	Hardware extension of all fixed route vehicles		147,914
		\$ 57,433,286	\$ 68,067,306

Contingencies: The District receives grants from federal and state agencies that are subject to compliance audits by the awarding agency. No such audits occurred during the year and the District's management does not believe that any such audits would result in material disallowed costs. However, it is possible that ineligible costs could be identified during any such audits in the future.

Marin Transit contracted with Local Government Services (LGS, a Joint Powers Authority) for employees from May 1, 2010 through October 15, 2013. The contract required LGS to take responsibility for any pension benefits of LGS employees used by Marin Transit and LGS made contributions to the California Public Employees Retirement System (CalPERS) on their behalf. In June 2017, Marin Transit was made aware that CalPERS found that LGS incorrectly enrolled six of the individuals employed by LGS and used by Marin Transit into CalPERS membership. Due to this determination, it is unknown whether the employees will be allowed to retain CalPERS service credits and the status of previously made pension contributions/responsibility for any unfunded pension liability for the employees is in question. Marin Transit is working with LGS and CalPERS to explore options for retaining CalPERS service credits and other alternatives for the six current and/or former employees. The ultimate resolution of this matter is currently unknown.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

The District is a party to claims arising in the normal course of business. The District’s management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact of the financial position of the District.

The Cities of San Rafael and Novato notified the District that they will be filing a lawsuit against the State of California, County of Marin and all other taxing agencies that receive property taxes from the San Rafael and Novato Redevelopment Project Area. This includes the District. The notification indicated they expect a resolution of this lawsuit through a stipulated judgment with the State of California with no fiscal impact to the District.

Concentrations: A significant portion of the District’s contracted transit services are provided by three transit contractors. A change in these relationships could have a significant impact on the District.

The District receives a substantial percentage of its revenue from sales tax, fuel tax and property tax, including Transportation Development Act, State Transit Assistance and Measure A revenue. A significant change in these revenue sources could have a significant impact on the District’s operations.

NOTE I – OTHER STATE GRANTS

PTMISEA: In November 2006, California Voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.25 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety of modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

As of June 30, 2017 and 2016, the District was awarded \$4,781,755 from the State’s PTMISEA account for the projects listed in the tables below. The tables below disclose the PTMISEA amounts received, expended and unexpended for each approved project that was verified during the course of the audit as of June 30:

Project Name	Grant Amount	Received through June 30, 2017	Expended through June 30, 2017	Unexpended at June 30, 2017
Local bus stop revitalization	\$ 400,000	\$ 247,311	\$ 249,301	\$ 150,699
Bus stop improvements	1,993,340	96,954	1,859,009	134,331
Purchase fourteen buses	1,157,651	1,157,651	1,157,651	
Purchase four thirty foot vehicles	300,000	300,000	300,000	
Paratransit vehicles	271,810	243,787	243,787	28,023
Paratransit vehicles expansion	547,687	547,687	547,687	
Stage upgrade to XHF	111,267	111,267	111,267	
	<u>\$ 4,781,755</u>	<u>\$ 2,704,657</u>	<u>\$ 4,468,702</u>	<u>\$ 313,053</u>

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE I – OTHER STATE GRANTS (Continued)

Project Name	Grant Amount	Received through June 30, 2016	Expended through June 30, 2016	Unexpended at June 30, 2016
Local bus stop revitalization	\$ 400,000	\$ 247,181	\$ 247,251	\$ 152,749
Bus stop improvements	1,993,340	41,915	62,337	1,931,003
Purchase fourteen buses	1,157,651	1,916	1,157,651	
Purchase four thirty foot vehicles	271,810	256,411	243,787	28,023
Paratransit vehicles	300,000		300,000	
Paratransit vehicles expansion	547,687	540,192	547,687	
Stage upgrade to XHF	111,267		111,267	
	<u>\$ 4,781,755</u>	<u>\$ 1,087,615</u>	<u>\$ 2,669,980</u>	<u>\$ 2,111,775</u>

LCTOP: The Low Carbon Transit Operations Program (LCTOP) was established by the California Legislature in 2014 by Senate Bill 862. The LCTOP provides funds to transit agencies to reduce greenhouse gas emission and improve mobility through operating and capital grants. Projects approved for LCTOP will support bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

As of June 30, 2017, LCTOP funds of \$321,112 were allocated to the District. Of this amount, \$275,413 was received for transit operations on Route 23 and was spent during the year ended June 30, 2017. The remaining \$45,699 was allocated to the District for the purchase of four 30-foot buses and was during the year ended June 30, 2016. Expenses for the transit operations and bus purchases above were verified during the course of the June 30, 2017 and 2016 audits.

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees, and errors and omissions, and natural disaster. The risk of loss is managed by requiring contract operators to indemnify and hold harmless the District as well as maintain minimum specified levels of coverage. Additional coverage is provided by the County for errors and omissions, injuries to employees, and natural disaster. The District's insurance coverage is carried through CSAC (California State Association of Counties) Excess Insurance Authority (CSAC) in pooled programs and through a commercial insurance carrier.

CSAC is a public entity risk pool currently operating as a common risk management and insurance program for counties located throughout California. The purpose of CSAC is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group. The District's general liability insurance limit through CSAC was \$25,000,000 with a \$25,000 deductible at June 30, 2017 and 2016. The District's claims have not exceeded the maximum insurance coverage and there have been no reductions in insurance limits during the past three fiscal years.

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE J – RISK MANAGEMENT (Continued)

The District is not directly responsible for liabilities of CSAC and only has a residual equity interest in CSAC that would result in the District's proportional share of residual assets being distributed to the District or its proportional share of additional premiums being required to be paid to CSAC if assets are not adequate to satisfy liabilities, if any, if the members vote to terminate CSAC. The financial statements of CSAC are available at CSAC's office at: 75 Iron Point Circle, Folsom, California 95630 or at [www.csac-eia.org](http://www.csac-eia.org).

NOTE K – Transportation Development Act Compliance Requirements

Transit operators are required to either meet a Transportation Development Act (TDA) funding limit of 50% of total expenses or maintain a minimum required fare revenue to operating expenses ratio in order to be eligible for TDA funding. The District's direct allocation of State Transit Assistance revenue meets the 50% expenditure limitation under TDA Section 99268, thereby making the District exempt from fare revenue ratio requirements.

NOTE L – RELATED PARTY TRANSACTIONS

The District's Board of Directors include members of the governing bodies of the County of Marin (the County), the City of Novato, the City of Mill Valley and City of San Rafael (the Cities). The District has various transactions with the County, Cities and other agencies that have City and County governing body representatives on their governing bodies.

Receivables from Golden Gate Bridge and Highway District (Golden Gate) and Transportation Authority of Marin (TAM) are listed on the face of the balance sheet. TDA and STA revenues listed in Note E are received from Golden Gate as well as various FTA and State grants. Measure A and Measure B revenues listed in Note E are received from TAM.

The following table represents revenues, expenses, accounts payable and unearned revenue to related agencies not separately reported in the balance sheet, statement of revenues, expenses and changes in net position or Note E:

MARIN COUNTY TRANSIT DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2017 and 2016

NOTE L – RELATED PARTY TRANSACTIONS (Continued)

	<u>2017</u>	<u>2016</u>
Revenues from related parties:		
Golden Gate Bridge Highway and Transit District:		
Fares	\$ 1,841,252	\$ 2,055,265
Paratransit contribution	1,016,178	1,055,428
Advertising	237,395	229,202
Other revenues	<u>160,395</u>	<u>157,712</u>
Total revenues from related parties not separately reported	<u>\$ 3,255,220</u>	<u>\$ 3,497,607</u>
Expenses to related parties:		
Golden Gate Bridge Highway and Transit District - transit contract		
Local transit service operations	\$ 10,266,187	\$ 10,854,348
Vehicle repairs	83,914	33,712
Capital costs	20,660	106,502
County of Marin - fuel	763,645	691,975
Marin Emergency Radio Authority - emergency radio system payments	46,138	45,341
County of Marin - other expenses	34,049	27,824
Metropolitan Transportation Commission - clipper	<u>13,812</u>	<u>5,411</u>
Total expenses to related parties	<u>\$ 11,228,405</u>	<u>\$ 11,765,113</u>
Accounts payable to related parties:		
Golden Gate Bridge Highway and Transit District:		
Transit contract	\$ 1,417,870	\$ 1,451,710
County of Marin - miscellaneous	<u>73,980</u>	<u>1,333</u>
Total accounts payable to related parties	<u>\$ 1,491,850</u>	<u>\$ 1,453,043</u>
Unearned revenue from related parties:		
Transportation Authority of Marin - Measure A	<u>\$ 10,379</u>	<u>\$ 16,934</u>
Total unearned revenue from related parties	<u>\$ 10,379</u>	<u>\$ 16,934</u>

NOTE M – SUBSEQUENT EVENTS

In September 2016, the District was awarded a \$4.4 million grant from the United States Department of Transportation to purchase land. The land is part of a project to build a new transit operations and maintenance facility to house up to one hundred of the District's buses. The total project is expected to cost \$15 million. The District is in the process of trying to locate a suitable site for the facility.



## SUPPLEMENTARY INFORMATION

MARIN COUNTY TRANSIT DISTRICT

SUPPLEMENTARY INFORMATION

STATEMENT OF FIDUCIARY NET POSITION - RETIREMENT PLAN

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 52,523	\$ 6,305
Contributions receivable - employer	8,167	7,338
Investments:		
Fixed income	38,145	29,059
Target date funds	134,964	109,263
Stock mutual funds	434,621	300,104
Total Investments	<u>607,730</u>	<u>438,426</u>
TOTAL ASSETS	<u>668,420</u>	<u>452,069</u>
TOTAL NET POSITION RESTRICTED FOR RETIREMENT BENEFITS	<u>\$ 668,420</u>	<u>\$ 452,069</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - RETIREMENT PLAN

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ADDITIONS		
Contributions - employer	\$ 196,355	\$ 175,923
Increase (decrease) in investments**	66,088	442
TOTAL ADDITIONS	<u>262,443</u>	<u>176,365</u>
DEDUCTIONS		
Withdrawals	46,092	
TOTAL DEDUCTIONS	<u>46,092</u>	
NET INCREASE IN NET POSITION	216,351	176,365
Net position restricted for retirement benefits - beginning of year	<u>452,069</u>	<u>275,704</u>
NET POSITION RESTRICTED FOR RETIREMENT BENEFITS - END OF YEAR	<u>\$ 668,420</u>	<u>\$ 452,069</u>

Number of Participants in Retirement Plan:

Active	17	15
Retiree	15	14

\*\*Includes plan administrative fee of .70% to .95% for mutual funds.

MARIN COUNTY TRANSIT DISTRICT

BUDGETARY COMPARISON SCHEDULE – OPERATIONS

For the Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Fares	\$ 4,026,199	\$ 4,026,199	\$ 3,942,533	\$ (83,666)
Advertising and other revenues	356,838	356,838	397,790	40,952
Fees for service	2,102,372	2,102,372	1,837,559	(264,813)
Interest	8,910	8,910	51,968	43,058
Measure A	12,873,329	12,873,329	12,265,745	(607,584)
Measure A interest	85,000	85,000	85,000	
Measure B	917,386	917,386	627,198	(290,188)
Property taxes	3,986,849	3,986,849	4,086,532	99,683
Redevelopment area (RDA) fees	33,959	33,959	57,964	24,005
State Transit Assistance (STA)	1,666,660	1,666,660	1,576,690	(89,970)
Transit Development Act (TDA)	4,640,233	4,640,233	4,440,516	(199,717)
Other state revenue	294,947	294,947	19,273	(275,674)
FTA funds	1,435,140	1,435,140	1,065,347	(369,793)
National Park Service grant	176,690	176,690	89,009	(87,681)
Cost center transfers			(73,692)	(73,692)
Total revenues	<u>32,604,512</u>	<u>32,604,512</u>	<u>30,469,432</u>	<u>(2,135,080)</u>
<b>EXPENDITURES</b>				
Salaries and Benefits	2,243,260	2,243,260	2,082,294	(160,966)
Consultant Services	545,014	520,014	325,848	(194,166)
Professional Services-Legal	105,000	105,000	27,403	(77,597)
Security and Maintenance	242,570	242,570	268,349	25,779
Customer Service	760,154	760,154	559,208	(200,946)
Indirect County Overhead	5,000	5,000	2,009	(2,991)
Mobility Management Support Programs	49,270	49,270	4,770	(44,500)
Office Supplies	145,620	170,620	170,781	161
General Insurance	25,036	25,036	22,324	(2,712)
Contract Service Operation	22,319,868	22,410,118	21,417,881	(992,237)
Membership & Prof Development	57,927	57,927	25,322	(32,605)
Mileage and Travel	22,430	22,430	15,883	(6,547)
Marketing	229,773	229,773	114,823	(114,950)
Communication	149,940	149,940	139,935	(10,005)
Fuel	2,574,660	2,574,660	1,818,940	(755,720)
Misc Services	19,000	19,000	4,898	(14,102)
Vehicle Leases & Vehicle Parking		25,000	23,983	(1,017)
Office - Rental and Overhead	98,000	98,000	96,668	(1,332)
Partner Agency Pass Through	85,000	85,000	85,000	
Cost Center Transfers	(357,002)	(357,002)	(442,113)	(85,111)
Total expenditures	<u>29,320,520</u>	<u>29,435,770</u>	<u>26,764,206</u>	<u>(2,671,564)</u>
Excess of revenues over (under) expenditures	<u>\$ 3,283,992</u>	<u>\$ 3,168,742</u>	<u>\$ 3,705,226</u>	<u>\$ 536,484</u>

MARIN COUNTY TRANSIT DISTRICT

BUDGETARY COMPARISON SCHEDULE – CAPITAL PROGRAM

For the Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Fee for Service	\$ 21,220	\$ 327,587	\$ 4,527	\$ (323,060)
Measure A Sales Tax	1,038,320	1,038,320	290,647	(747,673)
Measure A Sales Tax - Capitalized	1,914,902	2,783,637	666,710	(2,116,927)
Proposition 1B	2,839,397	3,212,975	2,528,030	(684,945)
STIP Program			(17,248)	(17,248)
FTA 5309 State of Good Repair	512,805	519,711	14,629	(505,082)
FTA 5307 Urbanized Area Formula	2,971,561	2,897,974	797,041	(2,100,933)
FTA 5316 JARC	286,600	288,435	20,233	(268,202)
FTA 5339 Discretionary	542,729	542,729		(542,729)
FTA 5320 Transit in the Parks			10,976	10,976
GGBHTD Payment for Local Paratransit	5,320	5,320	5,550	230
GGBHTD Payment for Local Paratransit			5,695	5,695
Sale of Assets			1,102	1,102
Property Tax Transfer			73,692	73,692
Total revenues	<u>10,132,854</u>	<u>11,616,688</u>	<u>4,401,584</u>	<u>(7,215,104)</u>
<b>EXPENDITURES</b>				
<i>Vehicles</i>				
Purchase One Shuttle (replacement)	122,000	119,451	106,332	(13,119)
Purchase Two 29ft XHF Vehicles (replacements)	944,000	944,000	718,165	(225,835)
Purchase 10 40ft Hybrid Vehicles (replacements)	500,000	500,000	12,244	(487,756)
Purchase Two Electric Vehicles (replacements)	1,527,000	1,662,022	35,730	(1,626,292)
<i>Facilities &amp; Stops</i>				
Bus Stop Improvements SGR	641,006	649,637	33,927	(615,710)
Bus Stop Inventory Update	100,000	100,000	10,018	(89,982)
Downtown Novato Stop Construction (NC)	3,205,000	4,637,663	2,597,988	(2,039,675)
Muir Woods Infrastructure Improvements	542,729	542,729	10,976	(531,753)
Operations Facility	164,292	164,292	65,686	(98,606)
<i>Technology Projects</i>				
AVL Expansion	150,000	150,000	134,872	(15,128)
Security Cameras	100,000	99,765	99,236	(529)
On Board Equipment 2016	180,638	165,957	6,471	(159,486)
On Board Equipment 2015	187,739	117,915	52,686	(65,229)
Mobility Management Technology Backbone	358,250	360,544	25,291	(335,253)
MERA	28,000	28,000	27,314	(686)
Radio Communication Upgrade	348,000	348,000	3,083	(344,917)
Yellow Bus Technology Project	31,200	23,713	7,545	(16,168)
<i>Ongoing Capital Expenses</i>				
Golden Gate Capital Costs (GG)	150,000	150,000	20,660	(129,340)
Bus Stop Maintenance (BM)	100,000	100,000	33,792	(66,208)
Major Vehicle Repairs (VR)	303,000	303,000	122,345	(180,655)
Infrastructure Support (IF)	250,000	250,000	222,760	(27,240)
Capital Planning	200,000	200,000	54,463	(145,537)
Total expenditures	<u>10,132,854</u>	<u>11,616,688</u>	<u>4,401,584</u>	<u>(7,215,104)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARIN COUNTY TRANSIT DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
RECONCILIATION TO STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2017

Excess of revenues over (under) expenditures - budgetary basis (operations)	\$ 3,705,226
Excess of revenues over (under) expenditures - budgetary basis (capital program)	-
Amounts not budgeted:	
Capital asset additions	4,071,578
Net book value of capital asset disposals	
Depreciation expense	<u>(2,387,889)</u>
Increase (decrease) in net position	<u><u>\$ 5,388,915</u></u>

**STATISTICAL SECTION (Unaudited)**

## Statistical Section

This section of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall health.

<u>CONTENTS</u>	<u>Pages</u>
<u>Financial Trends</u>	36-38
This segment contains trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	39-43
This segment includes information to help the reader assess the District's most significant own-source revenues: passenger fares and property taxes.	
<u>Debt Capacity</u>	44
This segment presents information intended to assist the reader in understanding and assessing the District's current level of outstanding debt and its ability to issue additional debt in the future.	
<u>Economic and Demographic Information</u>	45-46
This segment depicts county-wide demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<u>Operating Information</u>	47-51
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**FINANCIAL TRENDS**

**SCHEDULE OF NET POSITION  
LAST TEN FISCAL YEARS**

	<b>2008*</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Net investment in capital assets	\$ 646,702	\$ 1,751,461	\$ 2,520,630	\$ 2,249,366	\$ 3,595,152	\$ 6,113,707	\$ 7,201,252	\$ 8,665,148	\$ 19,166,232	\$ 20,849,921
Restricted net position									307,027	31,624
Unrestricted net position	5,975,069	9,427,959	7,821,246	7,376,283	5,794,532	7,341,199	9,236,575	11,847,226	15,421,852	19,402,481
Total net position	<u>\$ 6,621,771</u>	<u>\$ 11,179,420</u>	<u>\$ 10,341,876</u>	<u>\$ 9,625,649</u>	<u>\$ 9,389,684</u>	<u>\$ 13,454,906</u>	<u>\$ 16,437,827</u>	<u>\$ 20,512,374</u>	<u>\$ 34,895,111</u>	<u>\$ 40,284,026</u>

\* As restated

Source: MCTD Audited Financial Statements



**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**FINANCIAL TRENDS**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
<b>OPERATING REVENUES</b>										
Transit fares	\$ 3,570,918	\$ 3,736,314	\$ 3,643,582	\$ 3,640,913	\$ 3,610,175	\$ 3,720,004	\$ 3,731,205	\$ 3,669,514	\$ 3,586,587	\$ 3,528,289
Contractual compensation	1,569,038	1,615,247	1,590,378	1,760,645	1,779,524	1,734,847	1,906,714	1,950,099	2,028,796	1,765,230
Special fares	-	-	-	-	-	-	20,000	-	250,798	269,244
School bus service revenues**	-	-	-	-	-	-	-	-	130,000	145,000
Advertising <sup>1</sup>	510,973	533,082	505,672	453,219	464,309	-	-	-	-	-
Miscellaneous	-	-	-	45,637	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>5,650,929</b>	<b>5,884,643</b>	<b>5,739,632</b>	<b>5,900,414</b>	<b>5,854,008</b>	<b>5,454,851</b>	<b>5,657,919</b>	<b>5,619,613</b>	<b>5,996,181</b>	<b>5,707,763</b>
<b>OPERATING EXPENSES</b>										
Purchased transportation services	18,747,305	19,858,355	21,871,971	20,826,032	21,839,008	20,517,322	21,720,736	21,888,029	20,461,632	21,422,651
Depreciation	138,801	315,942	496,948	511,521	651,343	715,867	937,139	917,002	1,753,960	2,387,889
Salaries and benefits	-	-	-	-	-	143,364	964,311	1,327,913	1,631,669	1,973,470
Fuel	659,501	591,192	575,873	567,028	704,196	953,177	1,355,476	1,291,857	1,619,444	1,818,940
Professional Services	-	397,877	171,180	368,026	354,714	351,732	486,242	554,304	1,003,065	1,177,446
General and administrative	548,056	305,862	420,216	262,693	285,601	188,549	165,775	129,360	179,181	199,985
Utilities	-	-	-	30,326	30,703	43,021	73,940	91,016	106,949	116,578
Marketing	-	63,078	92,336	91,248	121,743	72,424	136,455	114,660	127,154	114,823
Leases and rentals	-	-	-	523,283	539,051	155,728	100,975	92,236	94,469	96,668
Other services	-	-	-	10,638	26,626	70,615	66,750	66,654	61,792	51,035
Casualty and liability costs	-	-	-	15,491	17,819	25,433	25,738	29,444	29,580	18,083
Maintenance costs	-	-	-	33,979	72,752	734	53,439	89,988	15,961	10,448
Capital costs	-	-	-	58,140	2,250	197,002	383,848	330,949	109,393	9,085
Contract Labor <sup>2</sup>	468,993	674,057	1,014,604	1,013,098	1,358,638	1,324,074	469,169	-	-	-
Interest Expense	34,635	1,547	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING EXPENSE</b>	<b>20,597,291</b>	<b>22,207,910</b>	<b>24,643,128</b>	<b>24,311,503</b>	<b>26,004,444</b>	<b>24,759,042</b>	<b>26,939,993</b>	<b>26,923,412</b>	<b>27,194,249</b>	<b>29,397,101</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(14,946,362)</b>	<b>(16,323,267)</b>	<b>(18,903,496)</b>	<b>(18,411,089)</b>	<b>(20,150,436)</b>	<b>(19,304,191)</b>	<b>(21,282,074)</b>	<b>(21,303,799)</b>	<b>(21,198,068)</b>	<b>(23,689,338)</b>

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**FINANCIAL TRENDS**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)  
LAST TEN FISCAL YEARS**

	2008	2009*	2010	2011	2012	2013	2014	2015	2016	2017
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Intergovernmental revenue	\$ 15,936,019	\$ 15,447,894	\$ 13,186,223	\$ 14,289,797	\$ 15,113,612	\$ 16,623,069	\$ 18,559,479	\$ 19,097,503	\$ 19,069,595	\$ 20,529,158
Property tax revenue	3,233,545	3,225,851	3,258,947	3,141,177	3,164,121	3,229,758	3,447,835	3,611,357	3,848,219	4,111,657
Advertising <sup>1</sup>	-	-	-	-	-	334,864	344,516	283,443	229,202	245,018
Rental income	-	-	-	-	-	-	-	-	157,712	152,772
Interest income	107,306	107,374	70,762	23,628	6,472	2,575	5,399	9,816	14,044	51,968
Miscellaneous revenue	-	-	-	-	-	-	-	2,134	-	-
Marin Community Foundation	-	-	-	-	-	-	-	-	-	-
Other revenues/Gain on disposal of capital assets	-	-	-	-	2,844	(21,696)	30,171	-	88,571	1,102
Pass through of Measure A to Golden Gate Transit	-	-	-	-	-	-	(85,000)	-	(85,000)	(85,000)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>19,276,870</u>	<u>18,781,119</u>	<u>16,515,932</u>	<u>17,454,602</u>	<u>18,287,049</u>	<u>20,168,570</u>	<u>22,302,400</u>	<u>23,004,253</u>	<u>23,322,343</u>	<u>25,006,675</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>4,330,508</b>	<b>2,457,852</b>	<b>(2,387,564)</b>	<b>(956,487)</b>	<b>(1,863,387)</b>	<b>864,379</b>	<b>1,020,326</b>	<b>1,700,454</b>	<b>2,124,275</b>	<b>1,317,337</b>
<b>CAPITAL CONTRIBUTIONS</b>										
Intergovernmental revenue	-	2,099,797	1,550,020	240,260	1,627,422	3,200,843	1,962,595	2,374,093	12,250,751	4,038,739
Other revenue	-	-	-	-	-	-	-	-	7,711	32,839
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>2,099,797</u>	<u>1,550,020</u>	<u>240,260</u>	<u>1,627,422</u>	<u>3,200,843</u>	<u>1,962,595</u>	<u>2,374,093</u>	<u>12,258,462</u>	<u>4,071,578</u>
<b>CHANGE IN NET POSITION</b>	<b>4,330,508</b>	<b>4,557,649</b>	<b>(837,544)</b>	<b>(716,227)</b>	<b>(235,965)</b>	<b>4,065,222</b>	<b>2,982,921</b>	<b>4,074,547</b>	<b>14,382,737</b>	<b>5,388,915</b>
Net position at beginning of year	2,804,461	7,134,969	11,179,420	10,341,876	9,625,649	9,389,684	13,454,906	16,437,827	20,512,374	34,895,111
Prior period adjustment	-	(513,198)	-	-	-	-	-	-	-	-
Net position at beginning of year, as restated	<u>2,804,461</u>	<u>6,621,771</u>	<u>11,179,420</u>	<u>10,341,876</u>	<u>9,625,649</u>	<u>9,389,684</u>	<u>13,454,906</u>	<u>16,437,827</u>	<u>20,512,374</u>	<u>34,895,111</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 7,134,969</u>	<u>\$ 11,179,420</u>	<u>\$ 10,341,876</u>	<u>\$ 9,625,649</u>	<u>\$ 9,389,684</u>	<u>\$ 13,454,906</u>	<u>\$ 16,437,827</u>	<u>\$ 20,512,374</u>	<u>\$ 34,895,111</u>	<u>\$ 40,284,026</u>

<sup>1</sup> Advertising revenue re-classified from Operating to Nonoperating revenue beginning FY13.

<sup>2</sup> Labeled "Salaries and benefits" from FY06 to FY08; "Staff Compensation" from FY09 to FY12.

\* Information necessary to restate 2008 balances was not available.

\*\* Special bus service revenues were reported as Special Fares in FY16.

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**REVENUE CAPACITY**

**PASSENGER AND FARE DATA  
LAST TEN FISCAL YEARS**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Fare Revenue <sup>1</sup>	\$ 3,570,918	\$ 3,736,314	\$ 3,643,582	\$ 3,640,913	\$ 3,610,175	\$ 3,720,004	\$ 3,751,205	\$ 3,669,514	\$ 3,837,385	\$ 3,797,533
Passengers <sup>2</sup>	3,444,300	3,406,115	3,299,287	3,382,802	3,426,845	3,432,469	3,546,112	3,424,628	3,332,265	3,216,894
Average fare per passenger	\$ 1.04	\$ 1.10	\$ 1.10	\$ 1.08	\$ 1.05	\$ 1.08	\$ 1.06	\$ 1.07	\$ 1.15	\$ 1.18

<sup>1</sup> Source: Marin Transit Audited Financial Statements. Includes Transit Fares and Special Fares.

<sup>2</sup> Sources: Marin Transit Short Range Transit Plans, Monthly Monitoring & Performance Statistic Reports

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**REVENUE CAPACITY**

**FARE STRUCTURE  
AS OF JUNE 30, 2017**

<b>Category</b>	<b>Cash Price</b>	<b>Clipper</b>	<b>6 Month Pass<sup>1</sup></b>	<b>1-Day Pass</b>	<b>7-Day Pass</b>	<b>31-Day Pass</b>
Adult	\$2.00	\$1.80	-	\$5.00	\$20	\$80
Youth (5-18)	\$1.00	\$1.00	\$175 <sup>1</sup>	\$2.50	\$10	\$40
Children Under 5	Free when accompanied by an adult					
Seniors (65+)	\$1.00	\$1.00	-	\$2.50	\$10	\$25
Persons with Disabilities	\$1.00	\$1.00	-	\$2.50	\$10	\$25
ADA Mandated Service <sup>2</sup>	\$2.00	-	-	-	-	-
ADA Non-Mandated Service <sup>3</sup>	\$2.50	-	-	-	-	-

<sup>1</sup> Free to low income youth. \$325 for a year.

<sup>2</sup> ADA Regulations permit fares for ADA Mandated trips to be as high as \$4.00.

<sup>3</sup> ADA Regulations set no maximum for Non-Mandated ADA trips.

<b>Muir Woods Fare Category</b>	<b>Current Fare</b>
Adult	\$5.00
Youth (16-18)	\$5.00
Youth (under 16)	Free
Senior/Disabled (without NPS Pass)	\$5.00
Senior/Disabled and up to three party members (with NPS Pass)	Free

Source: Marin Transit 2016-2025 Short Range Transit Plan

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**REVENUE CAPACITY**

**PROPERTY TAX REVENUE  
LAST TEN FISCAL YEARS**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Property Tax Revenue	\$ 3,233,545	\$ 3,225,851	\$ 3,258,947	\$ 3,141,177	\$ 3,164,121	\$ 3,229,758	\$ 3,447,835	\$ 3,611,357	\$ 3,848,219	\$ 4,111,657

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**REVENUE CAPACITY**

**ASSESSED VALUATION OF TAXABLE PROPERTY  
IN MARIN COUNTY  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Secured <sup>1</sup>	\$ 52,421,716	\$ 55,451,069	\$ 56,421,874	\$ 55,762,678	\$ 56,212,206	\$ 56,725,179	\$ 58,938,343	\$ 62,341,701	\$ 66,718,112	\$ 70,952,207
Unsecured <sup>2</sup>	1,409,966	1,449,359	1,488,475	1,467,396	1,462,190	1,470,366	1,480,668	1,530,991	1,556,521	1,566,336
Exempt <sup>3</sup>	1,669,047	1,731,004	1,825,610	1,850,867	1,906,079	1,958,091	2,013,902	2,037,580	2,067,204	2,079,024
Total Taxable Assessed Value	\$ 52,162,635	\$ 55,169,424	\$ 56,084,739	\$ 55,379,207	\$ 55,768,317	\$ 56,237,454	\$ 58,405,109	\$ 61,835,112	\$ 66,207,429	\$ 70,439,520
Total Direct Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

<sup>1</sup> Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines

<sup>2</sup> Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.

<sup>3</sup> Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source: Department of Finance - County of Marin, California

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**REVENUE CAPACITY**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES <sup>1</sup>  
IN MARIN COUNTY  
LAST TEN FISCAL YEARS (RATE PER \$100 OF ASSESSED VALUE)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
County Direct Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Local Special Districts	0.6924%	0.7121%	0.6741%	0.7677%	0.8093%	0.7721%	0.2876%	0.8156%	0.8200%	0.9221%
Schools	0.6186%	0.5836%	0.6468%	0.7423%	0.7808%	0.7884%	0.7775%	0.8000%	0.8114%	0.8506%
Cities	0.2778%	0.2734%	0.2757%	0.2860%	0.2523%	0.2522%	0.2601%	0.2519%	0.2510%	0.2394%
Total Direct and Overlapping <sup>2</sup>	2.5888%	2.5691%	2.5966%	2.7960%	2.8424%	2.8127%	2.3252%	2.8675%	2.8824%	3.0121%

<sup>1</sup> On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978 and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.

<sup>2</sup> These rates represent the maximum rate charged to taxpayers if all rates applied to them. In reality, the rates applicable to tax rate areas will vary at amounts lower than these totals.

Source: Department of Finance - County of Marin, California

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**DEBT CAPACITY**

**OUTSTANDING DEBT BALANCES  
LAST TEN FISCAL YEARS**

<b>LENDER:</b>	<b>Original Loan Amount</b>	<b>Date of Loan</b>	<b>Purpose:</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
County of Marin	\$ 500,000	January 2004	Operations	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County of Marin	600,000	July 2004	Operations	-	-	-	-	-	-	-	-	-	-
County of Marin	420,000	November 2004	Operations	-	-	-	-	-	-	-	-	-	-
				<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: MCTD Audited Financial Statements



**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**ECONOMIC AND DEMOGRAPHIC INFORMATION**

**ECONOMIC AND DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Population <sup>1</sup>	Personal Income (in thousands) <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	School Enrollment <sup>2</sup>	Unemployment Rate <sup>3</sup>
2008	248,398	\$ 22,651,030	\$ 91,188	29,100	4.70%
2009	250,862	20,810,155	82,955	29,615	7.50%
2010	252,903	21,049,598	83,232	30,140	7.90%
2011	255,403	23,009,440	90,091	30,574	7.30%
2012	256,021	24,619,594	96,162	31,107	6.30%
2013	258,552	25,045,431	96,868	31,868	5.20%
2014	260,550	26,926,803	103,346	32,793	4.30%
2015	261,221	28,492,821	109,076	33,207	3.50%
2016	*	*	*	33,633	3.20%
2017	*	*	*	*	3.10%

\* Not available from County as of issuance date

Sources:

<sup>1</sup> US Department of Commerce, Bureau of Economic Analysis - [www.bea.gov](http://www.bea.gov)

<sup>2</sup> California Department of Education, Educational Demographics Office - [www.ed-data.org/county/Marin](http://www.ed-data.org/county/Marin)

<sup>3</sup> Employment Development Department, Labor Market Information - [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**ECONOMIC AND DEMOGRAPHIC INFORMATION**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

2016			2007		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
County of Marin	2,282	1.67%	County of Marin	2,195*	1.73%
Kaiser Permanente Medical Center	2,061	1.51%	San Quentin Prison	1,718*	1.35%
Marin General Hospital	1,153	0.84%	Kaiser Permanente Medical Center	1,626	1.28%
San Quentin State Prison	1,662	1.22%	Marin General Hospital	1,267	1.00%
BioMarin Parmaceutical	850*	0.62%	Autodesk, Inc.	1,200	0.94%
Novato Unified School District	800	0.59%	Fireman's Fund Insurance Co.	1200	0.94%
Autodesk, Inc.	719	0.53%	Comcast	619	0.49%
San Rafael City Schools	700	0.51%	Safeway, Inc.	452	0.36%
Glassdoor	500	0.37%	Macy's	445	0.35%
Dominican University	456	0.33%	Frank Howard Allen realtors	423	0.33%
Total	<u>10,333</u>	<u>7.57%</u>	Total	<u>7,232</u>	<u>8.77%</u>
Total County Employment	<u>136,500</u>		Total County Employment	<u>127,100</u>	

Note: Information for 2008 is not available. Information for periods that are available are provided as an alternative.

\* Data based on prior year, updated data not available

Sources:

*Community Profile, County of Marin*

*Employment Development Department, Labor Market Information - [www.Labormarketinfo.edd.ca.gov](http://www.Labormarketinfo.edd.ca.gov)*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**OPERATING INFORMATION**

**DISTRICT PROFILE  
AS OF JUNE 30, 2017**

Date the District was formed	1964
Form of Governance	Board of Directors, with General Manager
Total Employees	13
Service Area	All of Marin County
Area of District (in square miles)	Approximately 520
Population of service area <sup>1</sup>	261,221
Local Financial Support	Measure A Sales Tax Revenue
Number of Fixed Route Bus Routes	28
Revenue Service Hours	234,489
Average Passenger Trips per Revenue Hour	13.6
Number of Vehicles in Service	113
Bus Stops	600+

<sup>1</sup> As of 2015

*Source: MCTD Finance Department, FY2017 System Performance Report*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**OPERATING INFORMATION**

**NON-OPERATING INTERGOVERNMENTAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS**

	<u>2008<sup>1</sup></u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Federal revenue										
Federal Transit Administration		\$ 1,876,373	\$ 1,020,762	\$ 652,055	\$ 741,773	\$ 1,070,210	\$ 1,375,087	\$ 1,317,128	\$ 901,433	\$ 1,065,347
United States Department of the Interior - National Parks Service	-	-	-	133,852	152,465	126,276	159,028	168,665	150,865	89,009
Total Federal Revenue	\$ 680,069	1,876,373	1,020,762	785,907	894,238	1,196,486	1,534,115	1,485,793	1,052,298	1,154,356
State revenue										
Transportation Development Act	-	3,355,758	3,236,081	3,293,393	3,451,219	3,591,333	4,015,345	4,542,050	4,562,778	4,440,516
State Transit Assistance	-	505,240	184,275	1,324,574	1,390,390	1,602,754	1,360,737	1,310,912	1,316,134	1,576,690
Public Transportation Modernization Improvement ...	-	-	600,526	-	-	-	-	-	-	-
STIP	-	31,397	60,259	-	-	-	-	-	-	-
Home Owner Property Tax Relief	-	20,347	20,054	19,951	19,999	19,661	19,500	19,326	19,138	18,953
Low Carbon Transit Operations Program	-	-	-	-	-	-	-	-	275,413	-
Caltrans	-	370	263	252	207	232	253	208	283	320
Total state revenue	5,357,552	3,913,112	4,101,458	4,638,170	4,861,815	5,213,980	5,395,835	5,872,496	6,173,746	6,036,479
Local revenue										
Measure A	-	9,604,266	8,063,215	8,865,720	9,063,903	9,671,912	10,849,462	10,860,313	10,998,120	12,542,551
Measure A Interest	-	-	-	-	-	-	85,000	-	85,000	85,000
Measure B	-	-	-	-	276,677	534,025	671,308	863,617	730,335	627,198
Metropolitan Transportation Commission	-	-	-	-	13,334	6,666	-	-	-	-
Golden Gate Bridge Highway & Transportation District	-	45,143	-	-	-	-	-	-	-	-
County of Marin	-	9,000	788	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,645	-	23,759	15,284	30,096	83,574
Total local revenue	9,898,398	9,658,409	8,064,003	8,865,720	9,357,559	10,212,603	11,629,529	11,739,214	11,843,551	13,338,323
Total intergovernmental revenue	\$ 15,936,019	\$ 15,447,894	\$ 13,186,223	\$ 14,289,797	\$ 15,113,612	\$ 16,623,069	\$ 18,559,479	\$ 19,097,503	\$ 19,069,595	\$ 20,529,158

<sup>1</sup> Detailed revenue by agency was not presented in the District's audited financial statements for these years.

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**OPERATING INFORMATION**

**SUMMARY OF SERVICE PROVIDER CONTRACTS  
AS OF JUNE 30, 2017**

<b>Contract Type</b>	<b>Services Provided</b>	<b>Contractor</b>	<b>Current Term</b>
Inter-governmental agreement	Local Fixed Route	Golden Gate Transit	July 1, 2015 - June 30, 2020
Competitively bid	Community Shuttles	Marin Airporter	July 1, 2013 - June 30, 2018
Competitively bid	Rural and Seasonal Services	MV Transportation	Jan 1, 2012 - June 30, 2018
Competitively bid	Local Paratransit and Novato Dial-A-Ride	Marin Senior Coordinating Council	Jan 1, 2016 - June 30, 2020
Competitively bid	Travel Navigator	Marin Senior Coordinating Council	July 1, 2016 - June 30, 2018
Competitively bid	Catch-A-Ride	MV Transportation	July 1, 2013 - June 30, 2018
Competitively bid	Volunteer Driver and Travel Navigators*	Marin Senior Coordinating Council	Jan 1, 2011 - June 30, 2016
Competitively bid	Volunteer Driver	West Marin Senior Services	Jan 1, 2011 - June 30, 2016
Competitively bid	Traditional Volunteer Driver	Marin Senior Coordinating Council	Feb 2, 2015 - June 30, 2016
Sole Source after receiving no bids	Yellow Bus Service	Michael's Transportation	July 1, 2015 - June 30, 2018

*\* Subsumed in new Travel Navigator Contract*

*Source: Finance Department*

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**OPERATING INFORMATION**

**SUMMARY OF CAPITAL ASSETS  
LAST TEN FISCAL YEARS**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Number of buses owned	28	49	49	50	51	55	58	66	90	95
Cost of assets:										
Work in progress	\$ -	\$ -	\$ -	\$ 196,851	\$ 515,919	\$ 701,902	\$ 1,024,112	\$ 2,176,497	\$ 1,746,405	\$ 3,610,173
Revenue vehicles	1,584,190	2,690,715	3,206,347	3,292,294	4,600,270	6,987,949	6,758,552	7,597,033	17,466,010	19,108,821
Facilities and stops	-	-	-	-	-	-	1,495,243	1,553,706	2,913,267	2,943,526
Communication and data equipment	-	23,482	674,407	631,867	680,264	984,560	1,065,948	1,251,626	1,251,626	1,634,293
Fare revenue collection equipment	-	193,708	193,708	193,708	193,708	257,913	266,465	412,356	412,356	459,532
Furniture and fixtures	62,735	62,735	62,735	62,735	62,735	88,351	88,351	88,351	88,351	88,351
Non-revenue vehicles	-	-	-	-	-	6,300	6,300	6,300	6,300	6,300
Total cost	<u>\$ 1,646,925</u>	<u>\$ 2,970,640</u>	<u>\$ 4,137,197</u>	<u>\$ 4,377,455</u>	<u>\$ 6,052,896</u>	<u>\$ 9,026,975</u>	<u>\$ 10,704,971</u>	<u>\$ 13,085,869</u>	<u>\$ 23,884,315</u>	<u>\$ 27,850,996</u>
Less: accumulated depreciation	<u>1,000,223</u>	<u>1,219,179</u>	<u>1,616,567</u>	<u>2,128,089</u>	<u>2,457,744</u>	<u>2,913,268</u>	<u>3,503,719</u>	<u>4,420,721</u>	<u>4,718,083</u>	<u>7,001,075</u>
Net capital assets	<u>\$ 646,702</u>	<u>\$ 1,751,461</u>	<u>\$ 2,520,630</u>	<u>\$ 2,249,366</u>	<u>\$ 3,595,152</u>	<u>\$ 6,113,707</u>	<u>\$ 7,201,252</u>	<u>\$ 8,665,148</u>	<u>\$ 19,166,232</u>	<u>\$ 20,849,921</u>

Source: MCTD Audited Financial Statements

**MARIN COUNTY TRANSIT DISTRICT  
STATISTICAL SECTION**

**OPERATING INFORMATION**

**VEHICLE OPERATING STATISTICS  
LAST THREE FISCAL YEARS**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>MOTORBUS:</b>			
Vehicles Operated in Annual Maximum Service (VOMS)	69	53	55
Vehicles Available for Annual Maximum Service	85	82	74
Total Actual Vehicle Revenue Miles (VRM)	2,133,375	2,166,258	2,307,555
Total Actual Vehicle Revenue Hours (VRH)	152,799	156,803	178,049
Unlinked Passenger Trips	3,252,116	3,031,450	2,926
Passenger Miles Traveled (PMT)	13,209,269	12,312,979	11,970,345
Days Operated	365	366	365
<b>DEMAND RESPONSE:</b>			
Vehicles Operated in Annual Maximum Service (VOMS)	38	27	26
Vehicles Available for Annual Maximum Service	39	34	46
Total Actual Vehicle Revenue Miles (VRM)	927,058	688,072	617,199
Total Actual Vehicle Revenue Hours (VRH)	60,417	44,764	42,806
Unlinked Passenger Trips	137,131	98,483	93,410
ADA Unlinked Passenger Trips (UPT)	132,138	98,236	93,174
Passenger Miles Traveled (PMT)	1,039,975	811,798	757,048
Days Operated	365	366	365

*Source: National Transit Database Reports*

Note: FY 2015 was the first year the District reported its own information in the National Transit Database (NTD). Information will be added prospectively until ten years is available.

**SINGLE AUDIT SECTION**





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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT AND OTHER STATE  
PROGRAM GUIDELINES

To the Board of Directors  
Marin County Transit District  
San Rafael, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Marin County Transit District, a component unit of the County of Marin, California (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors  
Marin County Transit District

### **Compliance and Other Matters (including State grant programs)**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated to and received by the District were expended in conformance with the applicable statutes, rules and regulations of TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditure of other state grant funds, as presented in Note I to the financial statements, in accordance with State grant program statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or State grant program requirements.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, the TDA and State grant programs in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Richardson & Company, LLP*

November 13, 2017



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors  
Marin County Transit District  
San Rafael, California

**Report on Compliance for Each Major Federal Program**

We have audited the Marin County Transit District's, a component unit of the County of Marin, California (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

To the Board of Directors  
Marin County Transit District

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented and, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Richardson & Company, LLP*

November 13, 2017

MARIN COUNTY TRANSIT DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2017

**A. Summary of Auditor's Results**

Financial Statements

- |   |            |
|---|------------|
| 1. Type of auditor's report issued:   | Unmodified |
| 2. Internal controls over financial reporting:  |            |
| a. Material weaknesses identified   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                    | No         |
| 3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> noted? | No         |

Federal Awards

- |  |            |
|--|------------|
| 1. Internal control over major programs:   |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                                       | No         |
| 2. Type of auditor's report issued on compliance for major programs:   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR Section 200.516(a)? | No         |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.500 and 20.507	U.S. Department of Transportation, Federal Transit Administration Federal Transit Cluster: Federal Transit Capital Investment Grants, 20.500, Federal Transit Formula Grants, 20.507
20.509	U.S. Department of Transportation, Federal Transit Administration Formula Grants for Rural Areas

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)?  | Yes        |

MARIN COUNTY TRANSIT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2017

**B. Current Year Findings – Financial Statements**

None

**C. Current year Findings and Questioned Costs – Federal Awards Programs**

None

**D. Prior Year Findings – Financial Statements**

None

**E. Prior Year Findings and Questioned Costs – Federal Awards Programs**

None

MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor, if Applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>U.S Department of the Interior, National Park Service</b>			
National Resource Stewardship - Direct Program (Muir Woods Shuttle)	15.954	P12AC10481	\$ 87,654
National Park Service Conservation, Protection, Outreach and Education - Direct Program (Marin Headlands)	15.954	P12AC10481	<u>1,355</u>
Total U.S. Department of the Interior Direct Programs			<u>89,009</u>
<b>U. S. Department of Transportation, Federal Transit Administration</b>			
Federal Transit Cluster - 20.500 and 20.507			
Passed-through Golden Gate Bridge, Highway and Transportation District			
Federal Transit Capital Investment Grants (State of Good Repair Bus Stop Improvements)	20.500	CA-04-0187	14,629
Federal Transit Formula Grants - Direct Program			
(5307 - Seven Hybrid Buses - Security Cameras)	20.507	CA-90-Z068	28,522
(5307 - Four Hybrid Buses - Security Cameras)	20.507	CA-90-Z190-01	51,469
(5307 - Equipment)	20.507	CA-90-Z190-02	44,222
(5307 - Americans with Disabilities Act Set-Aside)	20.507	CA-2016-055	627,012
(5307 - Equipment)	20.507	CA-2016-055	4,139
(5307 - Emergency Radio System)	20.507	CA-2016-055	2,528
(5307 - Shuttle Vehicles)	20.507	CA-2016-055	87,192
(5307 - XHF Vehicles)	20.507	CA-2016-055	487,080
(5307 - Hybrid Vehicles)	20.507	CA-2016-055	10,040
(5307 - Electric Vehicles)	20.507	CA-2016-055	29,299
(5307 - Maintenance Facility)	20.507	CA-2017-041	52,550
(5307 - Preventative Maintenance)	20.507	CA-2017-041	<u>123,080</u>
Total Federal Transit Formula Grants			<u>1,547,133</u>
Total Federal Transit Cluster - 20.500 and 20.507			<u>1,561,762</u>
Passed-through California State Transportation Agency, Department of Transportation			
Formula Grants for Rural Areas			
(5311 - Stagecoach Rural Operating Service)	20.509	642146	<u>206,437</u>
Total Formula Grants for Rural Areas			<u>206,437</u>
Enhanced Mobility of Seniors and Individuals with Disabilities			
(5310 - Travel Navigators - Caltrans)	20.513	64A016-00143	10,609
(5310 - Catch-a-Ride - Caltrans)	20.513	64A016-00142	<u>38,548</u>
Total Enhanced Mobility of Seniors and Individuals with Disabilities			<u>49,157</u>
Total Passed-through California State Transportation Agency, Department of Transportation			<u>255,594</u>

MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
For the Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor, if Applicable/ Program Title/Grant or Pass-through Number	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Passed-through the Metropolitan Transportation Commission Job Access Reverse Commute Program (Mobility Management Technology)	20.516	CA-37-X164-00	20,233
Total Passed-through the Metropolitan Transportation Commission			<u>20,233</u>
Paul S. Sarbanes Transit in the Parks - Direct Program (Muir Woods Vehicle/Infrastructure)	20.520	CA-57X013-00	10,976
New Freedom Program (Cycle 5 Isolated Population) - Direct Program	20.521	CA-57-X110-00	59,661
<b>Total U.S. Department of Transportation, Federal Transit Administration</b>			<u>1,908,226</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,997,235</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Marin County Transit District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenses are not allowable or are limited as to reimbursement.



MARIN COUNTY TRANSIT DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2017

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NOTE C – INDIRECT COST ALLOCATION PLAN

The District has an indirect cost allocation plan (ICAP) approved by the United States Department of Transportation, Federal Transit Administration (FTA) that is charged to programs where allowed under the related agreements. The ICAP during the year ended June 30, 2017 included an ICAP rate of 21.20% and a fringe benefit rate of 56.04% of total direct salaries and wages.

NOTE D – SUBRECIPIENTS

There were no subrecipients of the District's programs during the year ended June 30, 2017.