

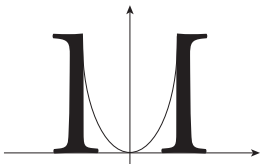
MARIN GENERAL SERVICES AUTHORITY

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FINANCIAL STATEMENTS AND AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2012

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Marin General Services Authority

We have audited the accompanying basic financial statements of the Marin General Services Authority as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the California 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marin General Services Authority as of June 30, 2012, and the results of its operations for the year then ended, in conformity 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.

The management's discussion and analysis on pages 2 through 5 and required supplemental information on pages 20 through 23 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

We performed the audit to form an opinion on the basic financial statements of the Authority taken as a whole. The other supplemental information listed on page 24 is presented for additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Maher Accountancy*

December 4, 2012



# MARIN GENERAL SERVICES AUTHORITY

555 Northgate Dr., Suite 230

San Rafael, CA 94903

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the Marin General Services Authority (MGSA) financial activities for the fiscal year ended June 30, 2012. Please read it along with the Authority's financial statements, which begin on page 6.

### FINANCIAL HIGHLIGHTS

The Authority's net assets are \$292,000, a decrease of \$189,000 from the prior year. Total revenues decreased by \$170,000 and total expenses decreased by \$73,000.

Budgetary comparison schedules are found starting on page 20. Those schedules indicate we had a favorable variance of \$69,000 in the General Fund, a favorable variance of \$5,000 in the Abandoned Vehicle Fund, and a favorable variance of \$69,000 in the MarinMap Fund when comparing actual activity with budgeted.

### USING THIS ANNUAL REPORT

This annual report consists of financial statements for MGSA as a whole. The statement of net assets and the statement of activities provide information about the activities of the Authority as a whole and present a long-term view of MGSA's finances. The fund financial statements present a short-term view of the Authority's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

### THE AUTHORITY AS A WHOLE

#### THE STATEMENT OF ACTIVITIES AND THE STATEMENT OF NET ASSETS

One important question asked about MGSA's finances is, "Is MGSA better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the basis of accounting used by most private-sector companies.

The change in *net assets* (the difference between total assets and total liabilities) over time is one indicator of whether MGSA's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the Authority's health, such as changes in the economy and changes in MGSA's activities, etc. to assess the *overall* health of MGSA.

## MARIN GENERAL SERVICES AUTHORITY

Changes in MGSA's net assets were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Increase (decrease)</u>
Current assets	\$ 440,579	\$ 605,407	\$ (164,828)
Noncurrent assets	-	5,320	(5,320)
Total assets	<u>440,579</u>	<u>610,727</u>	<u>(170,148)</u>
Current liabilities	<u>148,190</u>	<u>129,339</u>	<u>18,851</u>
Net assets:			
Invested in capital assets	-	5,320	(5,320)
Restricted	236,235	420,767	(184,532)
Unrestricted	<u>56,154</u>	<u>55,301</u>	<u>853</u>
Total net assets	<u><u>\$ 292,389</u></u>	<u><u>\$ 481,388</u></u>	<u><u>\$ (188,999)</u></u>

Current assets declined primarily because contributions from members for MarinMap ceased during 2012. Contributions will resume in 2013. The increase in current liabilities from 2011 was mostly due to a large fourth quarter AVAP due to members.

Changes in MGSA's revenues were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Increase (decrease)</u>
General revenues:			
Member agency contributions	\$ 199,322	\$ 219,000	\$ (19,678)
Investment earnings	496	1,735	(1,239)
Total general revenues	<u>199,818</u>	<u>220,735</u>	<u>(20,917)</u>
Program revenues:			
Member agency contributions	23,898	156,000	(132,102)
Grant income	22,733	80,000	(57,267)
Taxicab permits	83,440	64,725	18,715
Motor vehicle registration fees	245,348	218,653	26,695
Investment earnings	719	2,419	(1,700)
Miscellaneous	<u>0</u>	<u>3,512</u>	<u>(3,512)</u>
Total program revenues	<u>376,138</u>	<u>525,309</u>	<u>(149,171)</u>
Total revenue	<u><u>\$ 575,956</u></u>	<u><u>\$ 746,044</u></u>	<u><u>\$ (170,088)</u></u>

The slight drop in general revenue is due to a decrease in required member agency contributions relating to streetlight repair. The entire decrease in program revenues from member agency contributions relates to a one year hiatus in MarinMap contributions. This revenue will resume in 2012-13. Taxi program revenue increased primarily because of increased permit fee rates.

# MARIN GENERAL SERVICES AUTHORITY

Changes in MGSA’s expenses and net assets were as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Increase (decrease)</u>
Expenses:			
Administration	\$ 355,510	\$ 398,916	\$ (43,406)
Abandoned vehicle program	241,057	222,212	18,845
MarinMap	168,388	216,468	(48,080)
Total expenses	<u>764,955</u>	<u>837,596</u>	<u>(72,641)</u>
Less program revenues	<u>376,138</u>	<u>525,309</u>	<u>(149,171)</u>
Net program (expense) revenue	(388,817)	(312,287)	(76,530)
General revenues	<u>199,818</u>	<u>220,735</u>	<u>(20,917)</u>
Change in net assets	<u>\$ (188,999)</u>	<u>\$ (91,552)</u>	<u>\$ (97,447)</u>

Expenses relating to Marin Map services were less than expected. Also, administrative costs were reduced as a result of decreased cost of services related to the Marin Climate and Energy Partnership program. The increase in expense of the abandoned vehicle program corresponds to an increase in the related revenue received for this program.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about MGSA’s funds - the general fund and special revenue funds.

The fund financial statements provide a short-term view of the Authority’s operations. They are reported using an accounting basis called *modified accrual* which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

## CAPITAL ASSET AND DEBT ADMINISTRATION

MGSA’s capital assets include street poles which are not assigned a value in these financial statements. (See Note 1 in the financial statements for further explanation.). Additionally, the MarinMap Fund’s capital assets include the digital orthophotography database. The entity also carries no debt since its operations are financed entirely from member contributions and grants and investment earnings.

# MARIN GENERAL SERVICES AUTHORITY

## THE FUTURE OF MGSA

During fiscal year 2011-12 MGSA continued renewal of current and enrollment of new taxicab companies and drivers in its countywide taxicab regulatory program on behalf of the County and the eleven towns and cities. There are currently 22 permitted companies, with 98 vehicles and 181 drivers with valid permits. Permit renewal and issuance will continue to be the focus of the program in 2012-13.

During 2011-12 Republic ITS, MGSA's streetlight maintenance contractor, completed a two-year pro-active program of repair and replacement of streetlight poles and fixture components which were found defective in a county-wide inspection program conducted in 2009-10. In 2012-13 a new, four-year contract with Republic ITS for streetlight maintenance goes into effect, enhancing service to the MGSA members through additional services and reporting. During 2012-13 MGSA will continue to work with its members to convert high pressure sodium light fixtures to more energy efficient LED or Induction fixtures.

The Marin Climate and Energy Partnership (MCEP) will continue under the direction of its Steering Committee with assistance of MGSA. In 2011-12 MCEP used a grant from the Marin County Energy Watch Partnership Program to help member cities and towns complete Climate Action Plans. During 2012-13 MCEP will assist members in completing updates of their greenhouse gas emission inventories as required by those plans.

The MGSA will continue its oversight of the MarinMap county-wide GIS system. MarinMap receives direction from a Steering Committee, comprised of representatives of all members and an Executive Sub-committee responsible for day to day leadership. Day to day management of MarinMap continues with the assistance of a consultant.

2012 saw the extension of the authorization for the Abandoned Vehicle Abatement Program (AVAP) through April 2022. In 2001, the program was re-authorized through April 2012. The \$1.00 AVAP fee collected with annual registration of every vehicle registered in Marin County will continue, which is, in turn, passed to the County and all the cities and towns to reimburse local police agencies for their efforts to abate motor vehicles abandoned within Marin County.

## REQUESTS FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectively submitted,

  
Paul Berlant, Executive Officer

## **BASIC FINANCIAL STATEMENTS**



# MARIN GENERAL SERVICES AUTHORITY

## STATEMENT OF NET ASSETS YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash in County treasury	\$ 372,808
Receivables:	
State of California	59,786
Other	5,635
Total receivables	<u>65,421</u>
Prepaid expenses	<u>2,350</u>
Total current assets	<u>440,579</u>
Noncurrent assets:	
Capital assets	229,599
Less: accumulated depreciation	<u>(229,599)</u>
Net	<u>-</u>
Total assets	440,579
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	138,088
Deferred revenue	10,102
Total current liabilities	<u>148,190</u>
<b>NET ASSETS</b>	
Restricted:	
Abandoned vehicle abatement	26,574
MarinMap	160,135
Marin Climate Energy Partnership	49,526
Unrestricted	<u>56,154</u>
Total net assets	<u>\$ 292,389</u>

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

# MARIN GENERAL SERVICES AUTHORITY

## STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2012

	<b>Total</b>	<b>Administration</b>	<b>Abandoned Vehicle Abatement</b>	<b>Marin Map</b>
<b>EXPENSES</b>				
Contract services	\$ 697,925	\$ 293,800	\$ 241,057	\$ 163,068
Legal	33,047	33,047		
Audit and accounting	11,700	11,700		
Insurance	9,168	9,168		
Rent	4,601	4,601		
Miscellaneous	3,194	3,194		
Depreciation	5,320			5,320
Total expenses	764,955	355,510	241,057	168,388
<b>PROGRAM REVENUES</b>				
Member contributions	23,898	23,898		
Grant income	22,733	22,733		
Taxicab permits	83,440	83,440		
Motor vehicle registration fees	245,348		245,348	
Interest income	719		94	625
Total program revenues	376,138	130,071	245,442	625
Net program revenue (expense)	(388,817)	\$ (225,439)	\$ 4,385	\$ (167,763)
<b>GENERAL REVENUES</b>				
Member contributions	199,322			
Interest income	496			
Total general revenues	199,818			
Increase (decrease) in net assets	(188,999)			
<b>NET ASSETS, BEGINNING OF YEAR</b>				
	481,388			
<b>NET ASSETS, END OF YEAR</b>				
	\$ 292,389			

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

# MARIN GENERAL SERVICES AUTHORITY

## BALANCE SHEET YEAR ENDED JUNE 30, 2012

	<b>General Fund 70050</b>	<b>Abandoned Vehicle Fund 70010</b>	<b>MarinMap Fund 70060</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash in County treasury	\$ 128,520	\$ 77,957	\$ 166,331	\$ 372,808
Receivables:				
Other	5,635	-	-	5,635
Total assets	\$ 134,155	\$ 77,957	\$ 166,331	\$ 378,443
<b>LIABILITIES</b>				
Accounts payable	\$ 20,723	\$ 54,395	\$ 6,196	\$ 81,314
Deferred revenue	10,102			10,102
Total liabilities	30,825	54,395	6,196	91,416
<b>FUND BALANCES</b>				
Restricted:				
Abandoned vehicle abatement		23,562		23,562
Assigned:				
MarinMap			160,135	160,135
Marin Climate				
Energy Partnership	49,526			49,526
Unassigned	53,804			53,804
Total fund balances	103,330	23,562	160,135	287,027
Total liabilities and fund balances	\$ 134,155	\$ 77,957	\$ 166,331	\$ 378,443

# MARIN GENERAL SERVICES AUTHORITY

## BALANCE SHEET YEAR ENDED JUNE 30, 2012 (CONTINUED)

### RECONCILIATION TO THE STATEMENT OF NET ASSETS

Total governmental fund balance	\$ 287,027
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Abandoned vehicle fees receivable that are not available to pay current period expenditures is deferred in the funds	59,786
Prepaid expenses	2,350
Abandoned vehicle fee distributions to local governments paid after received from State of California	<u>(56,774)</u>
Net assets of governmental activities	<u><u>\$ 292,389</u></u>

# MARIN GENERAL SERVICES AUTHORITY

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2012

	<u>General Fund 70050</u>	<u>Abandoned Vehicle Fund 70010</u>	<u>MarinMap Fund 70060</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental:				
Participating local agencies	\$ 223,220			\$ 223,220
Motor vehicle registration fees		\$ 230,247		230,247
Interest income	496	94	\$ 625	1,215
Grant income	22,733			22,733
Taxicab permits	86,840			86,840
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	333,289	230,341	625	564,255
<b>EXPENDITURES</b>				
Services and supplies				
Contract services	293,800	229,671	163,068	686,539
Legal	33,047			33,047
Audit and accounting	11,700			11,700
Insurance	9,168			9,168
Rent	4,601			4,601
Miscellaneous	3,194			3,194
	<hr/>	<hr/>	<hr/>	<hr/>
Total services and supplies	355,510	229,671	163,068	748,249
Excess (deficiency) of revenues over expenditures	(22,221)	670	(162,443)	(183,994)
<b>FUND BALANCE, BEGINNING</b>	<hr/>	<hr/>	<hr/>	<hr/>
	125,551	22,892	322,578	471,021
<b>FUND BALANCE, ENDING</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 103,330	\$ 23,562	\$ 160,135	\$ 287,027

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

# MARIN GENERAL SERVICES AUTHORITY

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2012 (CONTINUED)

### Reconciliation of the change in fund balance-total governmental funds to the change in net assets of governmental activities:

Net change in fund balance	\$ (183,994)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense	
Depreciation expense	(5,320)
Revenues in the statement of activities that do not provide current resources are not reported as revenue in the fund financial statements	
Abandoned vehicle fees accrued at beginning of year	(44,685)
Abandoned vehicle fees accrued at end of year	59,786
Revenue from taxi cab settlement	(3,400)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the fund financial statements:	
Payments from abandoned vehicle abatement fund to County, cities and towns:	
Accrued at beginning of year	45,388
Accrued at end of year	(56,774)
Insurance prepaid for the subsequent year	
Prepaid at beginning of year	(2,350)
Prepaid at end of year	2,350
Change in Net Assets of Governmental Activities	<u>\$ (188,999)</u>

# **MARIN GENERAL SERVICES AUTHORITY**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **REPORTING ENTITY**

The Marin General Services Authority (MGSA) was formed on October 1, 2005 under a joint powers agreement between the County of Marin, eleven municipalities within Marin County and two community service districts. The governing board of MGSA consists of seven directors representing member agencies as follows: Marin County Administrator, City Managers of San Rafael and Novato, two City or Town Managers appointed by the Marin Managers Association, and two Public Works Directors appointed by the Marin Public Works Association.

The purpose of MGSA is to administer, finance and govern various municipal services within Marin County, including maintaining street lights throughout the County. MGSA administers the Abandoned Vehicle Abatement Program whereby fees collected by the California Department of Motor Vehicles are paid to MGSA which, in turn, pays MGSA member agencies for towing abandoned vehicles from their respective jurisdictions.

MGSA oversees the MarinMap project which assists in the preparation and distribution of digital aerial photographic maps of various Marin County jurisdictions. MarinMap operates according to a joint exercise powers agreement between the members of MGSA and four special districts within Marin County, each of which make contributions in support of the activity.

MGSA also administers the Marin County Taxi Regulation Program.

MGSA services as an agent and collects payments from its participants on behalf of the Marin County Probation Department's Mediation Services Unit and remits collected funds to the Probation Department. As of year-end, MGSA had distributed all such amounts.

#### **INTRODUCTION**

MGSA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **BASIC FINANCIAL STATEMENTS**

##### **GOVERNMENT-WIDE STATEMENTS**

MGSA's basic financial statements include both government-wide (reporting MGSA as a whole) and fund financial statements (reporting MGSA's major funds).

In the government-wide Statement of Net Assets, MGSA's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. MGSA's net assets are reported in three parts: (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of MGSA's functions. The Statement of Activities reduces gross expenses by related program revenues. The net expenses (by function) are normally covered by general revenue (investment earnings).

The government-wide focus is more on the sustainability of MGSA as an entity and the change in MGSA's net assets resulting from the current year's activities.

##### **FUND FINANCIAL STATEMENTS**

The financial transactions of MGSA are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

MGSA uses the following fund type:

##### **Governmental funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of MGSA:



# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**General fund** is the general operating fund of MGSA. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special revenue funds** are used to account for the proceeds of revenue sources that are legally restricted to expenditures for specified purposes. Following is a description of the funds included under this category:

The *Abandoned Vehicle Fund* is used to account for a \$1 per vehicle fee collected by the California Department of Motor Vehicles with vehicle registrations and distributed to member agencies to help fund the cost of towing or otherwise removing abandoned vehicles from public streets.

The *MarinMap Fund* is used to purchase services to develop digital aerial maps and to develop and maintain systems to share geographic information among governmental agencies in Marin County.

#### **BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

#### **Accrual:**

The governmental activities in the governmental-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **Modified accrual:**

The government fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### FINANCIAL STATEMENT AMOUNTS

##### CASH AND CASH EQUIVALENTS:

MGSA has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with fiscal agent (County of Marin).

##### CAPITAL ASSETS

It is MGSA's policy to record purchases of items of furniture and equipment costing \$1,000 or less as office supplies. Items in excess of \$1,000 are classified as capital outlay or capitalized. MGSA's capital assets are classified as computers, peripherals and software and are depreciated on the straight-line basis over five year estimated useful lives beginning when placed in service.

MGSA is the successor to the Marin Streetlight Acquisition Joint Powers Authority (MSLJPA) which owned street poles throughout Marin County. Those street poles are considered infrastructure assets acquired prior to June 30, 2003 and are not recorded in these financial statements as allowed for "Phase 3" governments as defined by Governmental Accounting Standards Board Statement No. 34.

##### FUND BALANCE

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which MGSA is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. Following is a description of the components applicable to MGSA:

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation.

Assigned – This component consists of amounts that are constrained by MGSA's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Executive Officer or their designee as established in MGSA's fund balance policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### BUDGET

Both the original budget and the final budget (if changes were adopted) are included in these financial statements as approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting.

### 2. CASH

MGSA maintains all of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as "Cash."

The County Pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 2. CASH (continued)

#### INTEREST RATE RISK

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2012, the County's investment pool had a weighted average maturity of 243 days.

For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.

#### CREDIT RISK

State law and the County's Investment Policy limits investments in commercial paper, corporate bonds, and medium term notes to the rating of "A" or higher as provided by Moody's Investors Service or Standard & Poor's Corporation. The County's Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Agency obligations with a credit quality rating of "AAA."

#### CONCENTRATION OF CREDIT RISK

The following is a summary of the concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2012.

	Percent of portfolio
Investments in investment pool	
Federal agency - discount	73%
Federal agency - coupon	25%
Money market funds	2%
	<u>100%</u>

# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 2. CASH (continued)

#### CUSTODIAL CREDIT RISK

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

#### LOCAL AGENCY INVESTMENT FUND

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

### 3. CAPITAL ASSETS

Changes in capital assets for MGSA were as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Ending Balance</b>
Digital orthophotography database	\$ 225,843	\$ -	\$ 225,843
Computer equipment	3,756		3,756
Subtotal	229,599	-	229,599
Less: accumulated depreciation	224,279	5,320	229,599
Net capital assets	\$ 5,320	\$ (5,320)	\$ -

# MARIN GENERAL SERVICES AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

### 4. RISK MANAGEMENT

MGSA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MGSA purchased liability insurance with limits of \$5,000,000 and a deductible of \$1,000.

### 5. OPERATING LEASE

The Agency shares office space with Marin Telecommunications Agency (MTA). In March 2012, MGSA and MTA entered into a four year lease to rent office space. MGSA's share of the rent commences at \$408 and will not adjust during the remainder of the lease. Rent expense for the year was approximately \$4,600. The following is a schedule of required future minimum lease payments:

Year ended June 30,	
2013	\$ 4,896
2014	4,896
2015	4,896
2016	3,264
	<u>\$ 17,952</u>

**REQUIRED SUPPLEMENTAL INFORMATION**

# MARIN GENERAL SERVICES AUTHORITY

## BUDGET COMPARISON SCHEDULE GENERAL (MGSA OPERATING) FUND YEAR ENDED JUNE 30, 2012

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>Revenues</b>			
Member agency contributions	\$223,220	\$ 223,220	\$ -
Interest	2,000	496	(1,504)
Taxicab permit fees	71,400	86,840	15,440
Grant income		22,733	22,733
Total revenues	296,620	333,289	36,669
<b>Expenditures</b>			
Professional services	352,000	326,847	25,153
Administration and finance	12,000	11,700	300
Insurance premiums	11,000	9,168	1,832
Rent	4,500	4,601	(101)
Communication services	2,000	974	1,026
Office supplies	6,000	2,220	3,780
Total expenditures and outflows	387,500	355,510	31,990
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (90,880)</b>	<b>\$ (22,221)</b>	<b>\$ 68,659</b>



# MARIN GENERAL SERVICES AUTHORITY

## BUDGET COMPARISON SCHEDULE ABANDONED VEHICLE ABATEMENT FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
DMV reimbursement	\$ 235,000	\$ 230,247	\$ (4,753)
Interest	1,000	94	(906)
Total revenues	236,000	230,341	(5,659)
<b>Expenditures</b>			
Professional services	240,000	229,671	10,329
Total expenditures	240,000	229,671	10,329
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (4,000)</u>	<u>\$ 670</u>	<u>\$ 4,670</u>

# MARIN GENERAL SERVICES AUTHORITY

## BUDGET COMPARISON SCHEDULE MARINMAP FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Interest income	<u>\$ 2,700</u>	<u>\$ 625</u>	<u>\$ (2,075)</u>
Total revenues	<u>2,700</u>	<u>625</u>	<u>(2,075)</u>
<b>Expenditures</b>			
Professional services	<u>234,490</u>	<u>163,068</u>	<u>71,422</u>
Total expenditures	<u>234,490</u>	<u>163,068</u>	<u>71,422</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u><u>\$ (231,790)</u></u>	<u><u>\$ (162,443)</u></u>	<u><u>\$ 69,347</u></u>

# **MARIN GENERAL SERVICES AUTHORITY**

## **NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 2012**

### **A. BUDGETARY BASIS OF PRESENTATION**

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting. Various reclassifications have been made to the actual amounts to conform to classification included in the approved budget.

## **OTHER SUPPLEMENTAL INFORMATION**

**MARIN GENERAL SERVICES AUTHORITY**

**SCHEDULE OF MEMBER CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2012**

	MGSA Fund			
	<u>Operating</u>	<u>Streetlight</u>	<u>MCEP</u>	<u>Total</u>
City of Belvedere	\$ 2,660	\$ 519	\$ 2,000	\$ 5,179
Bel Marin Keys CSD		475		475
Town of Corte Madera	5,761	2,518		8,279
County of Marin	40,386	6,847	2,000	49,233
Town of Fairfax	3,656	1,911	2,000	7,567
City of Larkspur	7,155	2,600	2,000	11,755
Marinwood CSD		961		961
City of Mill Valley	9,354	2,663	2,000	14,017
City of Novato	26,487	12,864	2,000	41,351
Town of Ross	2,609		2,000	4,609
Town of San Anselmo	6,819	2,148	2,000	10,967
City of San Rafael	30,054	14,423	2,000	46,477
City of Sausalito	5,441	2,149		7,590
Town of Tiburon	7,838	922	2,000	10,760
Marin Municipal Water District			2,000	2,000
Marin Local Agency Formation Commission				
Sewerage Agency of Southern Marin				
Transportation Authority of Marin			2,000	2,000
	<u>\$ 148,220</u>	<u>\$ 51,000</u>	<u>\$ 24,000</u>	<u>\$ 223,220</u>