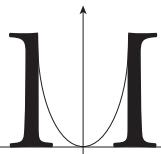


MARIN GENERAL SERVICES AUTHORITY

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marin General Services Authority

We have audited the accompanying financial statements of the governmental activities of the Marin General Services Authority (Authority) as of and for the year ended June 30, 2016, which collectively comprise the Authority'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of member contributions is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of member contributions is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not present an opinion or provide any assurance on it.

Maher Accountancy

February 9, 2017

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, 2016. Please read it along with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The Authority's net position is \$412,000, an increase of \$32,000 from the prior year. Total revenues increased by \$92,000 and total expenses decreased by \$31,000.

Budgetary comparison schedules are found starting on page 22. Those schedules indicate we had a positive net variance of \$151,000 in the General Fund, a positive net variance of \$3,000 in the Abandoned Vehicle Abatement Fund, and a positive net variance of \$58,000 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 position 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 POSITION

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 position* (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 position was as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (decrease)</u>
Current assets	\$ 558,639	\$ 462,396	\$ 96,243
Noncurrent assets	4,304	6,078	(1,774)
Total assets	<u>562,943</u>	<u>468,474</u>	<u>94,469</u>
Current liabilities	<u>151,403</u>	<u>89,046</u>	<u>62,357</u>
Net position:			
Net investment in capital assets	4,304	6,078	(1,774)
Restricted	215,450	239,566	(24,116)
Unrestricted	<u>191,786</u>	<u>133,784</u>	<u>58,002</u>
Total net position	<u>\$ 411,540</u>	<u>\$ 379,428</u>	<u>\$ 32,112</u>

Current assets and liabilities increased primarily as a result of normal changes in working capital, resulting from operating at a surplus. The change in noncurrent assets reported above relates to the net effect of minor asset acquisitions and depreciation expense for the year.

Changes in MGSA's revenues for the years ended June 30, 2015 and 2016 were as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (decrease)</u>
General revenues:			
Member agency contributions	\$ 141,551	\$ 64,701	\$ 76,850
Investment earnings	598	528	70
Total general revenues	<u>142,149</u>	<u>65,229</u>	<u>76,920</u>
Program revenues:			
Member agency contributions	178,667	172,000	6,667
Grant income	21,016	21,775	(759)
Taxicab permits	136,808	139,625	(2,817)
Motor vehicle registration fees	242,558	240,642	1,916
Animal Services	20,000	10,000	10,000
Investment earnings	530	477	53
Total program revenues	<u>599,579</u>	<u>584,519</u>	<u>15,060</u>
Total revenue	<u>\$ 741,728</u>	<u>\$ 649,748</u>	<u>\$ 91,980</u>

As planned for in the budget, general revenue member agency contributions increased from the prior year. This was due to expected decreases in taxi permit revenues that have been used to cover certain operating costs normally covered by member contributions. Member agency contributions classified as program revenue increased slightly from the prior year due to an additional member joining the MarinMap program. Revenue from motor vehicle registration fees held fairly constant from the prior year. Animal services revenues doubled in 2015-16 as this was the first full year that MGSA provided administration of the animal services program.

MARIN GENERAL SERVICES AUTHORITY

Changes in MGSA's expenses and net position for the years ended June 30, 2015 and 2016 were as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (decrease)</u>
Expenses:			
Administration	\$ 209,025	\$ 299,915	\$ (90,890)
Abandoned vehicle program	243,160	240,410	2,750
MarinMap	174,770	117,750	57,020
Total expenses	<u>626,955</u>	<u>658,075</u>	<u>(31,120)</u>
Less program revenues	<u>599,579</u>	<u>584,519</u>	<u>15,060</u>
Net program (expense) revenue	(27,376)	(73,556)	46,180
General revenues	<u>142,149</u>	<u>65,229</u>	<u>76,920</u>
Change in net position	<u>\$ 114,773</u>	<u>\$ (8,327)</u>	<u>\$ 123,100</u>

Administration expenses saw a slight decrease during the year, primarily due to a decrease in legal expenses. Abandoned vehicle program expenses were fairly constant as compared to last year. MarinMap expenses increased significantly from the prior year due to the timing of work on multi-year projects.

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, grants and investment earnings.

MARIN GENERAL SERVICES AUTHORITY

THE FUTURE OF MGSA

Future expectations of the various activities and programs of MGSA are described below.

Taxi Regulation Program - During fiscal year 2015-16 MGSA continued permit renewal of Marin's taxicab companies and drivers. There are currently 25 companies with permits to operate 92 vehicles and employ or contract with 113 drivers. Transportation Network Companies (i.e. Uber and Lyft) have appeared to put some pressure on the local taxicab industry as total fleet numbers are slightly down from previous years. However, many of the local taxicab companies are flourishing, with permit renewal and issuance as well as enforcement of regulations continuing to be the focus of MGSA's program in 2016-17.

Marin Climate and Energy Partnership (MCEP) – MCEP will continue under the direction of its Steering Committee with assistance of MGSA. During 2016-17 MCEP is developing greenhouse gas inventories for all cities and towns, engaging in community outreach and education, promoting and updating the Marin Sustainability Tracker, and working with MCEP partners on implementation of climate action plan programs.

Animal Care and Control - In January 2015, MGSA began fulfilling its obligations under a Memorandum of Understanding with the County of Marin to assist the County in managing and providing oversight of the Animal Services contract with the Marin Humane Society (MHS). MGSA's role is to assist in the negotiations of any new contracts, collect fees from jurisdictions to cover their share of the services from MHS, and to serve as liaison with MHS as relates to member cities. Oversight of the contract will continue this coming fiscal year.

Streetlight Program – In 2016-17, MGSA will continue to manage the streetlight vendor contract with DC Electric. The Program contractor maintains and replaces, where needed, the 15,500 streetlights in the County. The member agencies through the Public Works Directors Association have provided very positive feedback on DC Electric as the contract vendor. One project in the upcoming year is to ensure the location accuracy of each streetlight in MarinMap's GIS layer.

MarinMap - The MGSA will continue its oversight of the MarinMap county-wide Geographic Information System (GIS). MarinMap is a Joint Exercise of Powers Agreement (JEPA) consisting of members from all cities and towns in Marin, the County of Marin, the Marin Local Agency Formation Commission, Ross Valley Sanitary District, Marin Municipal Water District, the Sewer Agency of Southern Marin (representing six public agencies), and the Fire Chiefs Association (representing nine public agencies). Technical services are provided through contracts with departments of the County. 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. MarinMap's planned 2016-17 activities include development of a pilot run book for Marin fire departments to have field maps in response vehicles, more training videos, improvements to member agency storm drain GIS data, and promoting "collector apps" which enable field crews to update GIS maps while in the field.

MARIN GENERAL SERVICES AUTHORITY

Abandoned Vehicle Program - In 2016-17 MGSA will continue the administrative task of collecting data from and obtaining reimbursement for the County/towns/cities' efforts to abate motor vehicles abandoned within Marin County. Marin County utilizes a State program through which a \$1.00 fee is collected with annual registration of every motor vehicle registered in the County. These funds are returned to Marin County and, in turn, apportioned to the County/towns/cities to reimburse local police agencies for their efforts.

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,

A handwritten signature in blue ink that reads "Michael Frank". The signature is written in a cursive style with a long, sweeping underline.

Michael Frank, Executive Officer

BASIC FINANCIAL STATEMENTS

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash in County treasury	\$ 468,295
Receivables:	
State of California	65,129
Other governments	22,865
Total receivables	<u>87,994</u>
Prepaid expenses	<u>2,350</u>
Total current assets	<u>558,639</u>
Noncurrent assets:	
Capital assets	246,687
Less: accumulated depreciation	(242,383)
Net	<u>4,304</u>
Total assets	562,943
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	<u>151,403</u>
NET POSITION	
Net investment in capital assets	4,304
Restricted:	
Abandoned Vehicle Abatement	26,031
Unrestricted	381,205
Total net position	<u><u>\$ 411,540</u></u>

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

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2016

	<u>Total</u>	<u>Administration & Other</u>	<u>Taxicab</u>	<u>Abandoned Vehicle Abatement</u>	<u>Marin Map</u>
EXPENSES					
Contract services	\$ 659,670	\$ 170,255	\$ 75,155	\$ 243,160	\$ 171,100
Legal	7,436	7,436			
Audit and accounting	13,300	13,300			
Insurance	10,262	10,262			
Rent	5,649	5,649			
Miscellaneous	9,629	2,123	7,506		
Depreciation	3,670				3,670
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	709,616	209,025	82,661	243,160	174,770
PROGRAM REVENUES					
Member contributions	178,667	30,000			148,667
Contract services County	21,016	21,016			
Taxi permits	136,808		136,808		
Motor vehicle registration fees	242,558			242,558	
Animal Services administration	20,000	20,000			
Interest income	530			101	429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total program revenues	599,579	71,016	136,808	242,659	149,096
Net program revenue (expense)	(110,037)	<u>\$ (138,009)</u>	<u>\$ 54,147</u>	<u>\$ (501)</u>	<u>\$ (25,674)</u>
GENERAL REVENUES					
Member contributions	141,551				
Interest income	598				
	<hr/>				
Total general revenues	142,149				
Increase (decrease) in net position	32,112				
NET POSITION, BEGINNING OF YEAR					
	<hr/>				
NET POSITION, END OF YEAR	<u>\$ 411,540</u>				

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

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2016

	General Fund 70050	Abandoned Vehicle Fund 70010	MarinMap Fund 70060	Total Governmental Funds
ASSETS				
Cash in County treasury	\$ 244,617	\$ 78,772	\$ 144,906	\$ 468,295
Receivables:				
Other	22,865	-	-	22,865
Total assets	<u>\$ 267,482</u>	<u>\$ 78,772</u>	<u>\$ 144,906</u>	<u>\$ 491,160</u>
LIABILITIES				
Accounts payable	\$ 12,283	\$ 55,267	\$ 21,250	\$ 88,800
FUND BALANCES				
Restricted:				
Abandoned vehicle abatement		23,505		23,505
Assigned:				
MarinMap			123,656	123,656
Marin Climate				
Energy Partnership	65,763			65,763
Unassigned	189,436			189,436
Total fund balances	<u>255,199</u>	<u>23,505</u>	<u>123,656</u>	<u>402,360</u>
Total liabilities and fund balances	<u>\$ 267,482</u>	<u>\$ 78,772</u>	<u>\$ 144,906</u>	<u>\$ 491,160</u>

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

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2016 (CONTINUED)

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total governmental fund balance	\$ 402,360
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	65,129
Prepaid expenses	2,350
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	4,304
Abandoned vehicle fee distributions to local governments paid after received from State of California	<u>(62,603)</u>
Net position of governmental activities	<u><u>\$ 411,540</u></u>

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2016

	General Fund 70050	Abandoned Vehicle Fund 70010	MarinMap Fund 70060	Total Governmental Funds
REVENUES				
Intergovernmental:				
Participating local agencies	\$ 171,551		\$ 148,667	\$ 320,218
Motor vehicle registration fees		\$ 238,176		238,176
Interest income	598	101	429	1,128
Contract services County/P&G&E	21,016			21,016
Taxi permits	136,808			136,808
Animal Services administration	20,000			20,000
Total revenues	349,973	238,277	149,096	737,346
EXPENDITURES				
Services and supplies				
Contract services	245,410	240,207	171,100	656,717
Legal	7,436			7,436
Audit and accounting	13,300			13,300
Insurance	10,262			10,262
Rent	5,649			5,649
Miscellaneous	9,629			9,629
Total services and supplies	291,686	240,207	171,100	702,993
Capital outlay	1,896	-	-	1,896
Total expenditures	293,582	240,207	171,100	704,889
Excess (deficiency) of revenues over expenditures	56,391	(1,930)	(22,004)	32,457
FUND BALANCE, BEGINNING	198,808	25,435	145,660	369,903
FUND BALANCE, ENDING	\$ 255,199	\$ 23,505	\$ 123,656	\$ 402,360

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, 2016 (CONTINUED)

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

Net change in fund balance	\$ 32,457
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	
Capital asset purchases capitalized	1,896
Depreciation expense	(3,670)
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	(60,747)
Abandoned vehicle fees accrued at end of year	65,129
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	59,650
Accrued at end of year	(62,603)
Insurance prepaid for the subsequent year	
Prepaid at beginning of year	(2,350)
Prepaid at end of year	2,350
Change in Net Position of Governmental Activities	<u>\$ 32,112</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

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 serves as an agent and collects payments from its participants on behalf of the Marin County District Attorney's Mediation Services Unit and the County Animal Services program. The related funds are transferred to the County upon receipt.

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).

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

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 Position, 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 position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

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 position 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, 2016

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 restricted or committed 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.

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).

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL STATEMENT AMOUNTS

CAPITAL ASSETS

It is MGSA's policy to record purchases of items of furniture and equipment costing \$1,000 or less as miscellaneous expense. Items in excess of \$1,000 are classified as capital outlay. 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. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. The Executive Officer is authorized as the designee to assign amounts to a specific purpose. MGSA's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent. Following is a description of the components applicable to MGSA:

Nonspendable – This component includes amounts that cannot be spent because they are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGET

Both the original budget and the final budget (if changes were adopted) are included as supplemental information to 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, 2016

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, 2016, the County's investment pool had a weighted average maturity of 204 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, 2016.

	Percent of portfolio
Investments in investment pool	
Federal agency - discount	78%
Federal agency - coupon	20%
Money market funds	2%
	<u>100%</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

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:

	Beginning balance	Additions	Ending Balance
Digital orthophotography database	\$ 241,035	-	\$ 241,035
Computer equipment	3,756	\$ 1,896	5,652
Subtotal	244,791	1,896	246,687
Less: accumulated depreciation	238,713	3,670	242,383
Net capital assets	\$ 6,078	\$ (1,774)	\$ 4,304

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2016

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 Authority shares office space with Marin Telecommunications Agency (MTA). In January 2016, MGSA and MTA entered into a four-year lease extension to rent office space. MGSA's share of the rent commences at \$659, with annual increases of three percent. Rent expense for the 2015-16 year was approximately \$5,900. The required future minimum lease payments are as follows:

Years ended June 30,	
2017	\$ 7,908
2018	8,145
2019	8,390
2020	8,641
	<u>\$ 33,084</u>

6. COMMITMENTS

As of June 30, 2016, the Authority has outstanding commitments relating to contracts with service providers that total approximately \$186,000.

7. TRANSACTIONS WITH RELATED PARTIES

In addition to financial transactions associated with its JPA agreement with members, the Marin General Services Authority engaged in financial transactions with one of its members, the County of Marin. During the fiscal year, expenses for services provided by various County of Marin departments were approximately \$92,000. The County of Marin also contracts with MGSA for services provided by MGSA relating to the Marin Climate and Energy Partnership. MGSA received approximately \$21,000 from the County of Marin under this agreement.

As of June 30, 2016, MGSA owed the various County of Marin departments approximately \$14,000.

REQUIRED SUPPLEMENTAL INFORMATION

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Taxicab permit fees	\$ 100,000	\$ 100,000	\$ 136,809	\$ 36,809
Interest	150	150	598	448
Member agency contributions	141,550	141,550	141,550	-
MCEP Dues	30,000	30,000	30,000	-
Contract services County	-	2,000	21,016	19,016
Animal Services	20,000	20,000	20,000	-
Total revenues	291,700	293,700	349,973	56,273
Expenditures				
Professional services	302,000	324,000	245,410	78,590
Legal	25,000	25,000	7,436	17,564
Administration and finance	13,000	13,000	13,300	(300)
Insurance premiums	12,000	12,000	10,262	1,738
Office expense	2,200	2,200	4,019	(1,819)
Rent and operating leases	5,500	5,500	5,649	(149)
Taxicab program administration	7,000	7,000	7,506	(506)
Total expenditures	366,700	388,700	293,582	95,118
Excess (deficiency) of revenues over expenditures	<u>\$ (75,000)</u>	<u>\$ (95,000)</u>	<u>\$ 56,391</u>	<u>\$ 151,391</u>

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE ABANDONED VEHICLE ABATEMENT FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
DMV registration fees	235,000	255,000	\$ 238,176	\$ (16,824)
Interest	50	50	101	51
Total revenues	235,050	255,050	238,277	(16,773)
Expenditures				
Administration	12,000	12,000	12,000	-
Jurisdiction payments	228,000	248,000	228,207	19,793
Total expenditures	240,000	260,000	240,207	19,793
Excess (deficiency) of revenues over expenditures	\$ (4,950)	\$ (4,950)	\$ (1,930)	\$ 3,020

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE MARINMAP FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Member dues	\$ 142,000	\$ 148,667	\$ 6,667
Interest income	200	429	229
Total revenues	142,200	149,096	6,896
Expenditures			
Professional services - general	130,020	103,386	26,634
Professional services - projects	92,491	67,714	24,777
Total expenditures	222,511	171,100	51,411
Excess (deficiency) of revenues over expenditures	\$ (80,311)	\$ (22,004)	\$ 58,307

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 2016

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, 2016**

	MGSA General Fund			Total General Fund	MMAP Fund
	Operating	Streetlight	MCEP		MMAP
City of Belvedere	\$ 2,400	\$ 111	\$ 2,000	\$ 4,511	\$ 6,000
Bel Marin Keys CSD		101		101	
Town of Corte Madera	5,130	532	2,000	7,662	9,000
County of Marin	35,593	1,431	2,000	39,024	10,000
Town of Fairfax	3,187	420	2,000	5,607	6,000
City of Larkspur	6,474	546	2,000	9,020	9,000
Marinwood CSD		201		201	
City of Mill Valley	8,451	563	2,000	11,014	9,000
City of Novato	22,904	2,749	2,000	27,653	10,000
Town of Ross	2,365		2,000	4,365	6,000
Town of San Anselmo	6,045	470	2,000	8,515	9,000
City of San Rafael	26,176	3,226	2,000	31,402	10,000
City of Sausalito	4,793	455	2,000	7,248	9,000
Town of Tiburon	7,033	195	2,000	9,228	9,000
Marin Clean Energy			2,000	2,000	
Marin Municipal Water District			2,000	2,000	10,000
Transportation Authority of Marin LAFCO			2,000	2,000	10,000
Ross Valley Sanitary District					10,000
Sewer Agency of Southern Marin					10,000
Marin County Fire Chiefs Assn*					6,667
	<u>\$ 130,551</u>	<u>\$ 11,000</u>	<u>\$ 30,000</u>	<u>\$ 171,551</u>	<u>\$ 148,667</u>

* Pro rata dues, member joined mid-year