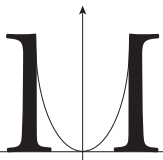


MARIN GENERAL SERVICES AUTHORITY

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION.....	7
STATEMENT OF ACTIVITIES.....	8
BALANCE SHEET	9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND	
BALANCES	12
NOTES TO THE FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTAL INFORMATION	
BUDGET COMPARISON SCHEDULES	
GENERAL FUND	21
ABANDONED VEHICLE ABATEMENT FUND.....	22
MARINMAP FUND.....	23
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION	24
OTHER SUPPLEMENTAL INFORMATION	
SCHEDULE OF MEMBER CONTRIBUTIONS	25



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marin General Services Authority

We have audited the accompanying financial statements of the Marin General Services Authority (Authority) as of and for the year ended June 30, 2014, 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 an opinion 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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2014, 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 an opinion 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

December 1, 2014

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, 2014. Please read it along with the Authority's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The Authority's net position is \$388,000, an increase of \$24,000 from the prior year. Total revenues decreased by \$56,000 and total expenses decreased by \$9,000.

Budgetary comparison schedules are found starting on page 21. Those schedules indicate we had a favorable variance of \$74,000 in the General Fund, a favorable variance of \$4,000 in the Abandoned Vehicle Fund, and a favorable variance of \$111,000 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 is as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (decrease)</u>
Current assets	\$ 496,998	\$ 459,429	\$ 37,569
Noncurrent assets	9,116	12,154	(3,038)
Total assets	<u>506,114</u>	<u>471,583</u>	<u>34,531</u>
Current liabilities	<u>118,359</u>	<u>107,994</u>	<u>10,365</u>
Net position:			
Net investment in capital assets	9,116	12,154	(3,038)
Restricted	203,759	219,832	(16,073)
Unrestricted	<u>174,880</u>	<u>131,603</u>	<u>43,277</u>
Total net position	<u>\$ 387,755</u>	<u>\$ 363,589</u>	<u>\$ 24,166</u>

Current assets and liabilities increased primarily as a result of normal changes in working capital. The noncurrent assets reported above relates to depreciation expense for the year.

Changes in MGSA's revenues were as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (decrease)</u>
General revenues:			
Member agency contributions	\$ 148,200	\$ 208,103	\$ (59,903)
Investment earnings	<u>316</u>	<u>320</u>	<u>(4)</u>
Total general revenues	148,516	208,423	(59,907)
Program revenues:			
Member agency contributions	160,000	158,000	2,000
Grant income	7,444	17,088	(9,644)
Taxicab permits	137,930	116,950	20,980
Motor vehicle registration fees	239,693	233,564	6,129
Investment earnings	289	343	(54)
Miscellaneous	<u>-</u>	<u>16,000</u>	<u>(16,000)</u>
Total program revenues	<u>545,356</u>	<u>541,945</u>	<u>3,411</u>
Total revenue	<u>\$ 693,872</u>	<u>\$ 750,368</u>	<u>\$ (56,496)</u>

As planned for in the budget, member agency contributions decreased due to a reduction in executive officer hours, greater taxi permit revenues and an anticipated \$25,600 in carryover/fund balance from last year. During 2012-13, there was a one-time receipt from Extenet for a streetlight license which explains the reduction in miscellaneous revenue.

MARIN GENERAL SERVICES AUTHORITY

Changes in MGSA's expenses and net position were as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (decrease)</u>
Expenses:			
Administration	\$ 279,358	\$ 298,229	\$ (18,871)
Abandoned vehicle program	239,889	233,847	6,042
MarinMap	150,459	147,092	3,367
Total expenses	<u>669,706</u>	<u>679,168</u>	<u>(9,462)</u>
Less program revenues	<u>545,356</u>	<u>541,945</u>	<u>3,411</u>
Net program (expense) revenue	(124,350)	(137,223)	12,873
General revenues	<u>148,516</u>	<u>208,423</u>	<u>(59,907)</u>
Change in net position	<u>\$ 24,166</u>	<u>\$ 71,200</u>	<u>\$ (47,034)</u>

Administration expenses decreased as planned in the budget, primarily due a reduction in executive officer hours. Increased payments to member agencies accounted for the increase in abandoned vehicle program expenses.

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

During fiscal years 2013-14 and 2014-15 MGSA completed permit renewal of the initial cohort of taxicab companies and drivers who received their first permits in Marin County's taxicab regulatory program in 2008. The initial permits were issued for multiple years, whereas changes to the regulations and permit fees in 2009 and later have reduced the terms of these permits. There are currently 29 companies with permits to operate, and 109 vehicles and 184 drivers are permitted. Permit renewal and issuance, as well as enforcement of regulations, will continue to be the focus of the program in 2015-16. All taxicab companies on which we have information are in compliance with our regulations.

In June 2015 the current master contract for streetlight maintenance will expire. During 2014-15 MGSA staff, with the assistance of some of the member Publics Works department staffs, will issue a Request for Proposals for a new contract. We expect the current contractor, Siemens, Inc., to offer a proposal as well as several other firms. The new contract, which is scheduled to be approved in May 2015 and take effect July 1, 2015, will reflect the significant conversions MGSA members have made to low energy using LED and induction lights.

The Marin Climate and Energy Partnership (MCEP) will continue under the direction of its Steering Committee with assistance of MGSA. During 2014-15 MCEP will complete a "report card," to assist members reflect the progress they have made in their efforts to reduce greenhouse gas emissions locally, and will assist members to complete updates of their greenhouse gas emission inventories as required by their Climate Action Plans. In 2014 – 15 and 2015-16 MCEP will complete one additional community's GHG inventory and Climate Action Plan and will investigate funding sources and pursue a countywide sea level rise vulnerability assessment.

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.

In 2015-16 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,


Paul Berlant, Executive Officer

BASIC FINANCIAL STATEMENTS

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash in County treasury	\$ 433,431
Receivables:	
State of California	61,217
Prepaid expenses	<u>2,350</u>
Total current assets	<u>496,998</u>
Noncurrent assets:	
Capital assets	241,035
Less: accumulated depreciation	<u>(231,919)</u>
Net	<u>9,116</u>
Total assets	506,114
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	<u>118,359</u>
Total current liabilities	<u>118,359</u>
NET POSITION	
Net investment in capital assets	9,116
Restricted:	
Abandoned Vehicle Abatement	26,204
MarinMap	117,991
Marin Climate Energy Partnership	59,564
Unrestricted	<u>174,880</u>
Total net position	<u><u>\$ 387,755</u></u>

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2014

	Total	Administration	Abandoned Vehicle Abatement	Marin Map
EXPENSES				
Contract services	\$ 610,879	\$ 223,569	\$ 239,889	\$ 147,421
Legal	25,878	25,878		
Audit and accounting	10,499	10,499		
Insurance	10,579	10,579		
Rent	4,896	4,896		
Miscellaneous	3,937	3,937		
Depreciation	3,038			3,038
Total expenses	669,706	279,358	239,889	150,459
PROGRAM REVENUES				
Member contributions	160,000	28,000		132,000
Grant income	7,444	7,444		
Taxicab permits	137,930	137,930		
Motor vehicle registration fees	239,693		239,693	
Interest income	289		54	235
Total program revenues	545,356	173,374	239,747	132,235
Net program revenue (expense)	(124,350)	\$ (105,984)	\$ (142)	\$ (18,224)
GENERAL REVENUES				
Member contributions	148,200			
Interest income	316			
Total general revenues	148,516			
Increase (decrease) in net position	24,166			
NET POSITION, BEGINNING OF YEAR				
	363,589			
NET POSITION, END OF YEAR				
	\$ 387,755			

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

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2014

	General Fund 70050	Abandoned Vehicle Fund 70010	MarinMap Fund 70060	Total Governmental Funds
ASSETS				
Cash in County treasury	\$ 246,838	\$ 23,143	\$ 163,450	\$ 433,431
Total assets	\$ 246,838	\$ 23,143	\$ 163,450	\$ 433,431
LIABILITIES				
Accounts payable	\$ 14,744	\$ -	\$ 45,459	\$ 60,203
Total liabilities	14,744	-	45,459	60,203
FUND BALANCES				
Restricted:				
Abandoned vehicle abatement		23,143		23,143
Assigned:				
MarinMap			117,991	117,991
Marin Climate				
Energy Partnership	59,564			59,564
Unassigned	172,530			172,530
Total fund balances	232,094	23,143	117,991	373,228
Total liabilities and fund balances	\$ 246,838	\$ 23,143	\$ 163,450	\$ 433,431

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2014 (CONTINUED)

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total governmental fund balance	\$ 373,228
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	61,217
Prepaid expenses	2,350
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	9,116
Abandoned vehicle fee distributions to local governments paid after received from State of California	<u>(58,156)</u>
Net position of governmental activities	<u><u>\$ 387,755</u></u>

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2014

	General Fund 70050	Abandoned Vehicle Fund 70010	MarinMap Fund 70060	Total Governmental Funds
REVENUES				
Intergovernmental:				
Participating local agencies	\$ 176,200		\$ 132,000	\$ 308,200
Motor vehicle registration fees		\$ 239,098		239,098
Interest income	316	54	235	605
Grant income	7,444			7,444
Taxicab permits	137,930			137,930
	321,890	239,152	132,235	693,277
Total revenues				
EXPENDITURES				
Services and supplies				
Contract services	223,569	239,324	147,421	610,314
Legal	25,878			25,878
Audit and accounting	10,499			10,499
Insurance	10,579			10,579
Rent	4,896			4,896
Miscellaneous	3,937			3,937
	279,358	239,324	147,421	666,103
Total services and supplies				
Excess (deficiency) of revenues over expenditures	42,532	(172)	(15,186)	27,174
FUND BALANCE, BEGINNING	189,562	23,315	133,177	346,054
FUND BALANCE, ENDING	\$ 232,094	\$ 23,143	\$ 117,991	\$ 373,228

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2014 (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	\$ 27,174
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	(3,038)
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	(60,622)
Abandoned vehicle fees accrued at end of year	61,217
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	57,591
Accrued at end of year	(58,156)
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>\$ 24,166</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

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 District Attorney's Mediation Services Unit and remits collected funds to the District Attorney. 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).

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

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, 2014

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.

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, 2014

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 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. 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:

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, 2014

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, 2014

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, 2014, the County's investment pool had a weighted average maturity of 264 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, 2014.

	Percent of portfolio
Investments in investment pool	
Federal agency - discount	73%
Federal agency - coupon	24%
Money market funds	3%
	<u>100%</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

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	-	3,756
Subtotal	244,791	-	244,791
Less: accumulated depreciation	232,637	3,038	235,675
Net capital assets	<u>\$ 12,154</u>	<u>\$ (3,038)</u>	<u>\$ 9,116</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2014

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 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 \$5,000. The following is a schedule of required future minimum lease payments:

Year ended June 30,	
2015	\$ 4,896
2016	3,264
	<u>\$ 8,160</u>

6. COMMITMENTS

As of June 30, 2014, the Authority has outstanding commitments relating to contracts with service providers that total approximately \$145,000.

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 \$84,225. The County of Marin also contracts with MGSA for services provided by MGSA relating to the Marin Climate and Energy Partnership. MGSA received \$7,444 from the County of Marin under this agreement.

As of June 30, 2014, MGSA owed the various County of Marin departments \$39,019.

REQUIRED SUPPLEMENTAL INFORMATION

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE GENERAL (MGSA OPERATING) FUND YEAR ENDED JUNE 30, 2014

	Original and Final Budget	Actual	Variance Over (Under)
Revenues			
Member agency contributions	\$174,200	\$ 176,200	\$ 2,000
Interest	500	316	(184)
Taxicab permit fees	100,000	137,930	37,930
Grant income	8,500	7,444	(1,056)
Total revenues	283,200	321,890	38,690
Expenditures			
Professional services	249,100	223,569	25,531
Legal	30,000	25,878	4,122
Administration and finance	12,000	10,499	1,501
Insurance premiums	11,000	10,579	421
Communication services	2,000	2,822	(822)
Rent	5,000	4,896	104
Office supplies	6,000	1,115	4,885
Total expenditures and outflows	315,100	279,358	35,742
Excess (deficiency) of revenues over expenditures	\$ (31,900)	\$ 42,532	\$ 74,432

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE ABANDONED VEHICLE ABATEMENT FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u></u>
Revenues			
DMV reimbursement	\$ 235,000	\$ 239,098	\$ 4,098
Interest	1,000	54	(946)
Total revenues	236,000	239,152	3,152
Expenditures			
Professional services	240,000	239,324	676
Total expenditures	240,000	239,324	676
Excess (deficiency) of revenues over expenditures	<u>\$ (4,000)</u>	<u>\$ (172)</u>	<u>\$ 3,828</u>

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE MARINMAP FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Member dues	\$ 152,000	\$ 152,000	\$ 132,000	\$ (20,000)
Interest income	<u>400</u>	<u>400</u>	<u>235</u>	<u>(165)</u>
Total revenues	152,400	152,400	132,235	(20,165)
Expenditures				
Professional services	<u>225,544</u>	<u>278,544</u>	<u>147,421</u>	<u>131,123</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (73,144)</u>	<u>\$ (126,144)</u>	<u>\$ (15,186)</u>	<u>\$ 110,958</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 2014

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, 2014

	MGSA Fund			Total
	Operating	Streetlight	MCEP	
City of Belvedere	\$ 2,531	\$ 112	\$ 2,000	\$ 4,643
Bel Marin Keys CSD		103		103
Town of Corte Madera	5,339	541	2,000	7,880
County of Marin	37,505	1,457	2,000	40,962
Town of Fairfax	3,355	426	2,000	5,781
City of Larkspur	6,736	556	2,000	9,292
Marinwood CSD		207		207
City of Mill Valley	8,832	576	2,000	11,408
City of Novato	24,066	2,793	2,000	28,859
Town of Ross	2,460		2,000	4,460
Town of San Anselmo	6,360	466	2,000	8,826
City of San Rafael	27,596	3,102	2,000	32,698
City of Sausalito	5,050	463	2,000	7,513
Town of Tiburon	7,370	198	2,000	9,568
Marin Municipal Water District			2,000	2,000
Transportation Authority of Marin			2,000	2,000
	<u>\$ 137,200</u>	<u>\$ 11,000</u>	<u>\$ 28,000</u>	<u>\$ 176,200</u>