

MARIN GENERAL SERVICES AUTHORITY

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MEMORANDUM

DATE: March 10, 2016

TO: MGSA Board of Directors

FROM: Michael Frank, Executive Officer

SUBJECT: Annual Fiscal Year 2014 – 2015 Financial Statement and Audit Report

Recommendation:

Accept the Annual Financial Statement and Audit Report for Fiscal Year 2014 – 2015 prepared by John Maher Accountancy.

Background:

John Maher Accountancy has prepared the financial and audit report for the 2014 – 2015 fiscal year. In the Management Representation letter to Maher Accountancy, we included the following statement: “As part of your audit, you prepared the draft financial statements and related notes. We have designated a competent employee to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.” As we have done in the past, in order to meet the intent of that statement regarding review, a Board Member, in addition to the MGSA Executive Officer, who has government management and financial background reviewed the draft financial statement and audit report. Dan Eilerman, Assistant County Administrator, served that role this year.

Of particular note, there are no issues raised by John Maher Accountancy in this audit.

Attachment

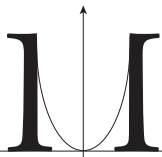
1. Fiscal Year 2014 – 2015 Financial and Audit Report in Electronic Format

MARIN GENERAL SERVICES AUTHORITY

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED JUNE 30, 2015

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	11
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 governmental activities of the Marin General Services Authority (Authority) as of and for the year ended June 30, 2015, 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 opinions.



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, 2015, 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 5, 2016

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, 2015. Please read it along with the Authority's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The Authority's net position is \$379,000, a decrease of \$8,000 from the prior year. Total revenues decreased by \$44,000 and total expenses decreased by \$12,000.

Budgetary comparison schedules are found starting on page 21. Those schedules indicate we had a favorable variance of \$82,000 in the General Fund, a favorable variance of \$7,000 in the Abandoned Vehicle Abatement Fund, and a favorable variance of \$118,000 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:

	June 30, 2015	June 30, 2014	Increase (decrease)
Current assets	\$ 462,396	\$ 496,998	\$ (34,602)
Noncurrent assets	6,078	9,116	(3,038)
Total assets	<u>468,474</u>	<u>506,114</u>	<u>(37,640)</u>
Current liabilities	<u>89,046</u>	<u>118,359</u>	<u>(29,313)</u>
Net position:			
Net investment in capital assets	6,078	9,116	(3,038)
Restricted	239,566	203,759	35,807
Unrestricted	<u>133,784</u>	<u>174,880</u>	<u>(41,096)</u>
Total net position	<u>\$ 379,428</u>	<u>\$ 387,755</u>	<u>\$ (8,327)</u>

Current assets and liabilities decreased 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:

	June 30, 2015	June 30, 2014	Increase (decrease)
General revenues:			
Member agency contributions	\$ 64,701	\$ 148,200	\$ (83,499)
Investment earnings	<u>528</u>	<u>316</u>	<u>212</u>
Total general revenues	65,229	148,516	(83,287)
Program revenues:			
Member agency contributions	172,000	160,000	12,000
Grant income	21,775	7,444	14,331
Taxicab permits	139,625	137,930	1,695
Motor vehicle registration fees	240,642	239,693	949
Animal Services	10,000	-	10,000
Investment earnings	<u>477</u>	<u>289</u>	<u>188</u>
Total program revenues	<u>584,519</u>	<u>545,356</u>	<u>39,163</u>
Total revenue	<u>\$ 649,748</u>	<u>\$ 693,872</u>	<u>\$ (44,124)</u>

As planned for in the budget, member agency contributions decreased from the prior year. This was due to recent increases in taxi permit revenues and fund balance carryovers 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. In the middle of 2014/15 MGSA began assisting the County of Marin with the administration of the animal services program. MGSA will be reimbursed for its services at the rate of \$20,000 each year, with 2014/15 recognizing a pro rata portion due to its mid-year start.

MARIN GENERAL SERVICES AUTHORITY

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (decrease)</u>
Expenses:			
Administration	\$ 299,915	\$ 279,358	\$ 20,557
Abandoned vehicle program	240,410	239,889	521
MarinMap	117,750	150,459	(32,709)
Total expenses	<u>658,075</u>	<u>669,706</u>	<u>(11,631)</u>
Less program revenues	<u>584,519</u>	<u>545,356</u>	<u>39,163</u>
Net program (expense) revenue	(73,556)	(124,350)	50,794
General revenues	<u>65,229</u>	<u>148,516</u>	<u>(83,287)</u>
Change in net position	<u>\$ (8,327)</u>	<u>\$ 24,166</u>	<u>\$ (32,493)</u>

Administration expenses increased during the year, primarily due an increase in executive officer workload. Abandoned vehicle program expenses were fairly constant as compared to last year. Various MarinMap multi-year projects were completed during the early part of 2014/15, so the overall program expenses experienced a decrease from the prior year.

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 year 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 94 vehicles and employ or contract with 135 drivers. Permit renewal and issuance, as well as enforcement of regulations will continue to be the focus of the program in 2015-16.

The Marin Climate and Energy Partnership (MCEP) will continue under the direction of its Steering Committee with assistance of MGSA. During 2015-16 MCEP will be coordinating a countywide effort to develop a vulnerability and risk assessment for the bay coast, developing a climate action plan for Corte Madera, initiating greenhouse gas re-inventories for the year 2015 for all cities and towns, engaging in community outreach and education, promoting and updating the newly launched Marin Sustainability Tracker, and working with MCEP partners on energy efficiency programs, AB 811 financing programs, transportation demand programs, and EV infrastructure.

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. In November 2015, a consortium of independent fire districts in the county joined MarinMap as a new, single member. 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.

In January 2015, MGSA began fulfilling its obligations under a Memorandum of Understanding with the County of Marin to assist the County in its negotiations with and oversight of the Animal Services contract with the Marin Humane Society (MHS). MGSA's role was to assist in the negotiations of a new, three-year contract with MHS, collect fees from the county cities to cover their share of the services from MHS, and to serve as liaison with MHS as relates to member cities.

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, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash in County treasury	\$ 360,147
Receivables:	
State of California	60,747
Other governments	23,183
Total receivables	<u>83,930</u>
Prepaid expenses	<u>18,319</u>
Total current assets	<u>462,396</u>
Noncurrent assets:	
Capital assets	244,791
Less: accumulated depreciation	<u>(238,713)</u>
Net	<u>6,078</u>
Total assets	468,474
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	<u>89,046</u>
Total current liabilities	<u>89,046</u>
NET POSITION	
Net investment in capital assets	6,078
Restricted:	
Abandoned Vehicle Abatement	25,532
Unrestricted	347,818
Total net position	<u><u>\$ 379,428</u></u>

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

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

	Total	Administration	Abandoned Vehicle Abatement	Marin Map
EXPENSES				
Contract services	\$ 594,790	\$ 239,668	\$ 240,410	\$ 114,712
Legal	25,815	25,815		
Audit and accounting	13,000	13,000		
Insurance	10,561	10,561		
Rent	4,896	4,896		
Miscellaneous	5,975	5,975		
Depreciation	3,038			3,038
Total expenses	658,075	299,915	240,410	117,750
PROGRAM REVENUES				
Member contributions	172,000	30,000		142,000
Grant income	21,775	21,775		
Taxicab permits	139,625	139,625		
Motor vehicle registration fees	240,642		240,642	
Animal Services administration	10,000	10,000		
Interest income	477		96	381
Total program revenues	584,519	201,400	240,738	142,381
Net program revenue (expense)	(73,556)	\$ (98,515)	\$ 328	\$ 24,631
GENERAL REVENUES				
Member contributions	64,701			
Interest income	528			
Total general revenues	65,229			
Increase (decrease) in net position	(8,327)			
NET POSITION, BEGINNING OF YEAR				
	387,755			
NET POSITION, END OF YEAR				
	\$ 379,428			

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

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2015

	<u>General Fund 70050</u>	<u>Abandoned Vehicle Fund 70010</u>	<u>MarinMap Fund 70060</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash in County treasury	\$ 173,306	\$ 24,435	\$ 162,406	\$ 360,147
Prepaid items	14,969	1,000		15,969
Receivables:				
Other	23,183	-	-	23,183
Total assets	<u>\$ 211,458</u>	<u>\$ 25,435</u>	<u>\$ 162,406</u>	<u>\$ 399,299</u>
LIABILITIES				
Accounts payable	\$ 12,650	\$ -	\$ 16,746	\$ 29,396
Total liabilities	12,650	-	16,746	29,396
FUND BALANCES				
Nonspendable	14,969	1,000		15,969
Restricted:				
Abandoned vehicle abatement		24,435		24,435
Assigned:				
MarinMap			145,660	145,660
Marin Climate				
Energy Partnership	68,374			68,374
Unassigned	115,465			115,465
Total fund balances	<u>198,808</u>	<u>25,435</u>	<u>145,660</u>	<u>369,903</u>
Total liabilities and fund balances	<u>\$ 211,458</u>	<u>\$ 25,435</u>	<u>\$ 162,406</u>	<u>\$ 399,299</u>

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

MARIN GENERAL SERVICES AUTHORITY

BALANCE SHEET YEAR ENDED JUNE 30, 2015 (CONTINUED)

AS OF JUNE 30, 2015

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total governmental fund balance	\$ 369,903
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	60,747
Prepaid expenses	2,350
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,078
Abandoned vehicle fee distributions to local governments paid after received from State of California	<u>(59,650)</u>
Net position of governmental activities	<u><u>\$ 379,428</u></u>

MARIN GENERAL SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2015

	<u>General Fund 70050</u>	<u>Abandoned Vehicle Fund 70010</u>	<u>MarinMap Fund 70060</u>	<u>Total Governmental Funds</u>
REVENUES				
Intergovernmental:				
Participating local agencies	\$ 94,701		\$ 142,000	\$ 236,701
Motor vehicle registration fees		\$ 241,112		241,112
Interest income	528	96	381	1,005
Grant income	21,775			21,775
Taxicab permits	139,625			139,625
Animal Services administration	10,000			10,000
Total revenues	<u>266,629</u>	<u>241,208</u>	<u>142,381</u>	<u>650,218</u>
EXPENDITURES				
Services and supplies				
Contract services	239,668	238,916	114,712	593,296
Legal	25,815			25,815
Audit and accounting	13,000			13,000
Insurance	10,561			10,561
Rent	4,896			4,896
Miscellaneous	5,975			5,975
Total services and supplies	<u>299,915</u>	<u>238,916</u>	<u>114,712</u>	<u>653,543</u>
Excess (deficiency) of revenues over expenditures	(33,286)	2,292	27,669	(3,325)
FUND BALANCE, BEGINNING	<u>232,094</u>	<u>23,143</u>	<u>117,991</u>	<u>373,228</u>
FUND BALANCE, ENDING	<u>\$ 198,808</u>	<u>\$ 25,435</u>	<u>\$ 145,660</u>	<u>\$ 369,903</u>

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, 2015 (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	\$ (3,325)
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	(61,217)
Abandoned vehicle fees accrued at end of year	60,747
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	58,156
Accrued at end of year	(59,650)
Insurance prepaid for the subsequent year	
Prepaid at beginning of year	(2,350)
Prepaid at end of year	<u>2,350</u>
Change in Net Position of Governmental Activities	<u><u>\$ (8,327)</u></u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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 administrates 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, 2015

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, 2015

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, 2015

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:

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, 2015

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, 2015

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, 2015, the County's investment pool had a weighted average maturity of 176 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, 2015.

	Percent of portfolio
Investments in investment pool	
Federal agency - discount	85%
Federal agency - coupon	13%
Money market funds	2%
	<u>100%</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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	235,675	3,038	238,713
Net capital assets	<u>\$ 9,116</u>	<u>\$ (3,038)</u>	<u>\$ 6,078</u>

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2015

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 required future minimum lease payments through February 2016, the end of the lease term, is \$3,264.

6. COMMITMENTS

As of June 30, 2015, the Authority has outstanding commitments relating to contracts with service providers that total approximately \$161,000.

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 \$53,000. The County of Marin also contracts with MGSA for services provided by MGSA relating to the Marin Climate and Energy Partnership. MGSA received approximately \$20,000 from the County of Marin under this agreement.

As of June 30, 2015, MGSA owed the various County of Marin departments approximately \$12,000.

REQUIRED SUPPLEMENTAL INFORMATION

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Over (Under)
Revenues			
Taxicab permit fees	\$ 120,000	\$ 139,625	\$ 19,625
Interest	200	528	328
Member agency contributions	92,700	94,701	2,001
Grant income	-	21,775	21,775
Total revenues	212,900	266,629	53,729
Expenditures			
Professional services	288,200	265,483	(22,717)
Administration and finance	13,000	13,000	-
Insurance premiums	12,000	10,561	(1,439)
Communication services	2,200	2,951	751
Rent and operating leases	5,500	4,896	(604)
Office supplies	7,000	3,024	(3,976)
Total expenditures	327,900	299,915	(27,985)
Excess (deficiency) of revenues over expenditures	\$ (115,000)	\$ (33,286)	\$ 81,714

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE ABANDONED VEHICLE ABATEMENT FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Over (Under)
Revenues			
DMV reimbursement	\$ 235,000	\$ 241,112	\$ 6,112
Interest	40	96	56
Total revenues	235,040	241,208	6,168
Expenditures			
Professional services	240,000	238,916	(1,084)
Total expenditures	240,000	238,916	(1,084)
Excess (deficiency) of revenues over expenditures	\$ (4,960)	\$ 2,292	\$ 7,252

MARIN GENERAL SERVICES AUTHORITY

BUDGET COMPARISON SCHEDULE MARINMAP FUND SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2015

	Original and Final Budget	Actual	Variance Over (Under)
Revenues			
Member dues	\$ 152,000	\$ 142,000	\$ (10,000)
Interest income	200	381	181
Total revenues	152,200	142,381	(9,819)
Expenditures			
Professional services	242,800	114,712	(128,088)
Excess (deficiency) of revenues over expenditures	\$ (90,600)	\$ 27,669	\$ 118,269

MARIN GENERAL SERVICES AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION YEAR ENDED JUNE 30, 2015

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, 2015**

	MGSA General Fund			Total General Fund	MMAP Fund
	Operating	Streetlight	MCEP		MMAP
City of Belvedere	\$ 999	\$ 114	\$ 2,000	\$ 3,113	\$ 6,000
Bel Marin Keys CSD		105		105	
Town of Corte Madera	2,094	553	2,000	4,647	9,000
County of Marin	14,634	1,247	2,000	17,881	10,000
Town of Fairfax	1,313	436	2,000	3,749	6,000
City of Larkspur	2,649	568	2,000	5,217	9,000
Marinwood CSD		212		212	
City of Mill Valley	3,468	589	2,000	6,057	9,000
City of Novato	9,444	2,855	2,000	14,299	10,000
Town of Ross	971		2,000	2,971	6,000
Town of San Anselmo	2,497	476	2,000	4,973	9,000
City of San Rafael	10,793	3,170	2,000	15,963	10,000
City of Sausalito	1,963	473	2,000	4,436	9,000
Town of Tiburon	2,876	202	2,000	5,078	9,000
Marin Clean Energy			2,000	2,000	
Marin Municipal Water District			2,000	2,000	10,000
Transportation Authority of Marin			2,000	2,000	
LAFCO					10,000
Ross Valley Sanitary District					10,000
Sewer Agency of Southern Marin					10,000
	<u>\$ 53,701</u>	<u>\$ 11,000</u>	<u>\$ 30,000</u>	<u>\$ 94,701</u>	<u>\$ 142,000</u>