

**MARIN PUPIL
TRANSPORTATION AGENCY
(A Joint Powers Authority)
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2016**

MARIN PUPIL TRANSPORTATION AGENCY

For the Fiscal Year Ended June 30, 2016

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Marin Pupil Transportation Agency
Larkspur, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Marin Pupil Transportation Agency, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency'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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and major fund of Marin Pupil Transportation Agency, as of June 30, 2016, and the respective changes in financial position thereof for the fiscal 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 on pages 3 through 5, budgetary comparison information on page 21, schedule of funding progress on page 22, schedule of proportionate share of the net pension liability on page 23, and schedule of contributions on page 24 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 Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 28 to 29 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 27 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Nigro+Nigro, PC

Murrieta, California
December 6, 2016

MARIN PUPIL TRANSPORTATION AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2016

This discussion and analysis of Marin Pupil Transportation Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Agency's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The Marin Pupil Transportation Agency (MPTA) is a self-supporting organization. Operating revenue comes from member districts in relation to the number of students transported. An operating budget is produced at the beginning of the year and each district is pre-billed four (4) times a year based upon the board approved budget.

Operating costs include amounts paid to the transportation provider, First Student, Inc., payroll, supplies and utilities (phone). An individual district's payment is composed of a portion for First Student based on the actual number of students transported and an administrative cost for payroll, supplies and utilities.

Billings to the individual districts are based on an estimate of the next quarter's First Student billing and administrative costs. Therefore, there is always enough revenue to cover cost and maintain an adequate reserve.

- The MPTA's General Fund ended with a positive balance of approximately \$139,000.
- The reserve of \$139,000 will be retained for next fiscal year.
- Revenues of \$2.8 million exceeded expenditures by approximately \$15,000.
- By Board of Director's policy, the MPTA maintains a reserve fund of 5.0% of projected expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that are combined and present different views of the Agency:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the JPA's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Agency, reporting the Agency's operations in more detail than the government-wide statements.
 - The *governmental fund* statements tell how basic services were financed in the short term as well as what remains for future spending.

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

MARIN PUPIL TRANSPORTATION AGENCY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-Wide Statements

The government-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Agency's net position and how it has changed. Net position – the difference between the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the JPA's financial health, or *position*.

- Over time, increases and decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating, respectively. In the case of Marin Pupil Transportation Agency, the net position is a function of 5% of expenses. Therefore, as expenses increase, the Agency's net position correspondingly increases.

The Agency has one fund:

- *General fund* – All of the Agency's basic services are included in a General Fund, which generally focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs.

Because there are minor differences between the two sets of financial statements, they have been consolidated into two combined statements.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Net Position

Net position represent the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Agency applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. All of the net position as of June 30, 2016, is considered restricted.

The Agency's combined net position was more on June 30, 2016, than it was the year before – increasing 48.4% to \$63,814.

MARIN PUPIL TRANSPORTATION AGENCY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

FINANCIAL ANALYSIS OF THE AGENCY'S FUND

General Fund Budgetary Highlights

General Fund expenditures were as follows:

- \$2.6 million for transportation services, with First Student Transportation and taxis.
- \$148,199 for payroll and benefits.
- \$1,713 for other administrative expenses.

Total expenditures for 2015-16 were \$2,789,834.

Available Reserves

The MPTA maintains a reserve amount equal to 5.0% of total expenditures. The reserve amount at the end of the 2015-16 year was 139,492.

CAPITAL ASSET AND DEBT ADMINISTRATION

The MPTA does not have any capital assets. There are two long-term liabilities that relate to the net pension liability for CalPERS and other postemployment benefits provided to the Director, which is further described in Notes 6 and 8. The net pension liability at June 30, 2016 was \$94,189 and the OPEB liability was \$2,770.

FACTORS BEARING ON THE AGENCY'S FUTURE

The entitlement for transportation is again being included in the Local Control Funding Formula (LCFF) for the 2015-16 year by the State of California.

At the time these financial statements were prepared and audited, the Agency was not aware of any other actions or circumstances that could significantly affect its financial health in the future.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Assistant Superintendent, Finance and Facilities, Tamalpais Union High School District, P.O. Box 605, Larkspur, CA 94977.

MARIN PUPIL TRANSPORTATION AGENCY
Balance Sheet and Statement of Net Position
June 30, 2016

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 321,884	\$ -	\$ 321,884
Accounts receivable	57,818	-	57,818
Total assets	<u>\$ 379,702</u>	<u>-</u>	<u>379,702</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions	-	45,763	45,763
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 236,544	-	236,544
Unearned revenues	3,666	-	3,666
Long-term Liabilities			
Net pension liability	-	94,189	94,189
Other postemployment benefits	-	2,770	2,770
Total liabilities	<u>240,210</u>	<u>96,959</u>	<u>337,169</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions	-	24,482	24,482
FUND BALANCE/NET POSITION			
Restricted Fund Balance:			
Board authorized reserve	139,492	(139,492)	-
Total liabilities and fund balance	<u>\$ 379,702</u>		
Net Position:			
Restricted		<u>\$ 63,814</u>	<u>\$ 63,814</u>

The notes to financial statements are an integral part of this statement.

MARIN PUPIL TRANSPORTATION AGENCY*Statement of Revenues, Expenditures, and Changes in Fund Balance and
Statement of Activities**For the Fiscal Year Ended June 30, 2016*

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
General Revenues:			
Interest and investment earnings	\$ 807	\$ -	\$ 807
Program Revenues:			
Charges for services:			
Transfers from member districts	2,804,334	-	2,804,334
Total Revenues	2,805,141	-	2,805,141
EXPENDITURES/EXPENSES			
Pupil Support Services:			
Special education transportation	2,789,834	(5,518)	2,784,316
Total Expenditures/Expenses	2,789,834	(5,518)	2,784,316
Net Change in Fund Balance/Net Position	15,307	\$ 5,518	20,825
Fund Balance/Net Position, July 1, 2015	124,185		42,989
Fund Balance/Net Position, June 30, 2016	\$ 139,492		\$ 63,814

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marin Pupil Transportation Agency (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Agency consists of all funds, departments, and agencies that are not legally separate from the Agency. For Marin Pupil Transportation Agency, this includes general operations, food service, and student related activities of the Agency.

Component units are legally separate organizations for which the Agency is financially accountable. Component units may also include organizations that are fiscally dependent on the Agency, in that the Agency approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the Agency is not financially accountable but the nature and significance of the organization's relationship with the Agency is such that exclusion would cause the Agency's financial statements to be misleading or incomplete.

The Agency has identified no organizations that are required to be reported as component units.

Public Entity Risk Pools and Joint Powers Authorities

The Agency is associated with Marin Schools Insurance Authority, which is a public entity risk pool. This organization does not meet the criteria for inclusion as component units of the Agency. Additional information is presented in Note 5 to the financial statements.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the Agency). These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Fund Financial Statements

The fund financial statements provide information about the Agency's fund.

MARIN PUPIL TRANSPORTATION AGENCY
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Agency maintains only a General Fund. The General Fund accounts for all financial resources. The General Fund balance is available to the Agency for any purposes provided it is expended according to the general laws of California.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and entitlements.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The Agency governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental fund.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations would be recognized as liabilities in the governmental fund financial statements when due.

2. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Agency prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

3. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has one item that qualifies for reporting in this category. That item is to recognize contributions made to the pension plan after the measurement date and account for the change in proportionate share of the net pension liability as more fully described in the footnote entitled "Pension Plans".

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item that is reported as deferred inflows of resources. That item is to recognize the Agency's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

6. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

MARIN PUPIL TRANSPORTATION AGENCY
Notes to Financial Statements
June 30, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Use of Estimates

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

G. New GASB Pronouncements

During the 2015-16 fiscal year, the following GASB Pronouncements became effective:

1. Statement No. 72, *Fair Value Measurement and Application* (Issued 02/15)

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

2. Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (Issued 06/15)

The objective of this Statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

3. Statement No. 79, *Certain External Investment Pools and Pool Participants* (Issued 12/15)

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes.

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 2 - CASH

Pooled Funds

In accordance with Education Code Section 41001, the Agency maintains all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool. Because the Agency's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Agency's share of the pool does not consist of specific, identifiable investment securities owned by the Agency, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2016, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of \$57,818 due from member school districts for the quarter ended June 30, 2016.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The Agency has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

NOTE 5 - RISK MANAGEMENT

Property and Liability

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2016, the Agency participated in the Marin Schools Insurance Authority (MSIA) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

MARIN PUPIL TRANSPORTATION AGENCY
Notes to Financial Statements
June 30, 2016

NOTE 5 – RISK MANAGEMENT (continued)

Condensed audited financial information of the MSIA JPA as of June 30, 2015, was:

	MSIA June 30, 2015
Total Assets	\$ 26,777,094
Total Liabilities	22,881,558
Net Position	<u>\$ 3,895,536</u>
Operating Revenues	\$ 12,616,226
Operating Expenses	1,871,899
Operating Income	<u>10,744,327</u>
Non-Operating Income	<u>216,045</u>
Change in Net Position	<u>\$ 10,960,372</u>

NOTE 6 – PENSION PLAN

Qualified employees are covered under a defined benefit pension plan maintained by an agency of the State of California. Classified employees are members of California Public Employees' Retirement System (CalPERS).

A. General Information about the Pension Plan

Plan Description

The Agency contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides retirement, disability, and death benefits. Retirement benefits are determined as 1.1 percent of final compensation for each year of credited service at age 50 for members under 2% at 55, or 1.0 percent at age 52 for members under 2% at 62, increasing to a maximum of 2.5 percent at age 63 for members under 2% at 55, or age 67 for members under 2% at 62. To be eligible for service retirement, members must be at least age 50 and have a minimum of five years of CalPERS-credited service. Members joining on or after January 1, 2013, must be at least age 52. Disability retirement has no minimum age requirement and the disability does not have to be job related. However, members must have a minimum of five years of CalPERS service credit.

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 6 – PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Benefits Provided (continued)

Pre-retirement death benefits range from a simple return of member contributions plus interest to a monthly allowance equal to half of what the member would have received at retirement paid to a spouse or domestic partner. To be eligible for any type of monthly pre-retirement death benefit, a spouse or domestic partner must have been either married to the member or legally registered before the occurrence of the injury or the onset of the illness that resulted in death, or for at least one year prior to death. Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for all United States cities. Cost-of-living adjustments are paid the second calendar year of the member's retirement on the May 1 check and then every year thereafter. The standard cost-of-living adjustment is a maximum of 2 percent per year.

Contributions

Active CalPERS plan members are required to contribute 7.0% of their salary and the Agency is required to contribute an actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The required employer contribution for fiscal year 2015-16 was 11.847%. The contribution requirements of the plan members are established by State statute.

For the fiscal year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan were as follows:

	CalPERS
Employer contributions	\$ 12,794
Employee contributions paid by employer	\$ -

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the Agency reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	\$ 94,189

MARIN PUPIL TRANSPORTATION AGENCY
Notes to Financial Statements
June 30, 2016

NOTE 6 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	CalPERS
Proportion - June 30, 2014	0.00060%
Proportion - June 30, 2015	0.00064%
Change - Increase (Decrease)	0.00004%

For the year ended June 30, 2016, the Agency recognized pension expense of \$12,794. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,794	\$ -
Differences between actual and expected experience	5,383	-
Changes in assumptions	-	(5,787)
Adjustment due to differences in proportions	12,117	-
Net differences between projected and actual earnings on plan investments	15,469	(18,695)
	<u>\$ 45,763</u>	<u>\$ (24,482)</u>

The total amount of \$12,794 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2017	\$ 936
2018	(2,490)
2019	5,240
2020	-
2021	-
Thereafter	-

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 6 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions - The total pension liabilities in the June 30, 2014, actuarial valuations were determined using the following actuarial assumptions:

	CalPERS
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Wage Growth	Varies
Post-retirement Benefit Increase	0.02
Investment Rate of Return	7.65%

Discount Rate - for CalPERS

The discount rate used to measure the total pension liability for PERF B was 7.65 percent. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 6 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalPERS (continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation
	CalPERS
Global Equity	51%
Global Fixed Income	19%
Inflation Sensitive	6%
Private Equity	10%
Real Estate	10%
Infrastructure and Forestland	2%
Fixed Income	N/A
Liquidity	2%
	100%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS
1% Decrease	6.65%
Net Pension Liability	\$ 153,301
Current Discount Rate	7.65%
Net Pension Liability	\$ 94,189
1% Increase	8.65%
Net Pension Liability	\$ 45,034

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

C. Payable to the Pension Plan

At June 30, 2016, the Agency did not have any outstanding amounts for contributions to the CalPERS pension plan, at the close of the fiscal year ended June 30, 2016.

MARIN PUPIL TRANSPORTATION AGENCY
Notes to Financial Statements
June 30, 2016

NOTE 7 - RELATED PARTY TRANSACTIONS

The Agency has entered into a memorandum of understanding (MOU) with the Tamalpais Union High School District whereby the Agency pays the school district for the rental of office space and fiscal services. During the year ended June 30, 2016, the Agency made payments to the District of \$8,624 for rent of office space and \$2,985 for fiscal services.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Marin Pupil Transportation Agency administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical insurance benefits to the Executive Director. The Agency implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2010-11.

Plan Descriptions and Contribution Information

The Agency provides postemployment health care benefits, in accordance with a District employment contract to the Executive Director until age 65.

The Agency's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2015-16, the Agency made contributions in the amount of \$16,471.

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed ten years.

The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

Annual Required Contribution	\$ 14,286
Contributions made:	
Pay as you go costs	(16,471)
Increase in net OPEB obligation	(2,185)
Net OPEB obligation, July 1, 2015	4,955
Net OPEB obligation, June 30, 2016	<u>\$ 2,770</u>

MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2016

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual required contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for the fiscal years ending 2014-16 are as follows:

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2016	\$ 14,286	115.3%	\$ 2,770
2015	\$ 17,402	97.0%	\$ 4,955
2014	\$ 16,881	96.6%	\$ 4,448

Funded Status and Funding Progress - OPEB Plans

As of June 30, 2016, the Agency did not have a funded plan. The actuarial accrued liability (AAL) for benefits was \$102,251, and the unfunded actuarial accrued liability (UAAL) was \$102,251.

The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

As permitted by GASB Statement No. 45, the Agency has elected to use the alternative measurement method to determine the Annual Required Contribution. The amount was determined by projecting the actual cost of benefits to be paid beginning in 2011-12 at \$15,122. An inflation increase of 2.0% was assumed for each year until benefits are discontinued in 2019-20. The estimated unfunded accrued liability of \$162,276 is being amortized over ten years, beginning in 2010-11. Because no other current employees qualify for benefits, there is no normal cost.

Required Supplementary Information

MARIN PUPIL TRANSPORTATION AGENCY
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
Other Local	\$ 2,559,316	\$ 2,808,001	\$ 2,804,334	\$ (3,667)
Interest	500	806	807	1
Total Revenues	2,559,816	2,808,807	2,805,141	(3,666)
Expenditures				
Current:				
Classified Salaries	104,379	107,997	107,997	-
Employee Benefits	39,448	40,206	40,202	4
Materials and Supplies	6,100	4,713	1,713	3,000
Services and Other Operating Expenditures	2,408,310	2,644,530	2,639,922	4,608
Total Expenditures	2,558,237	2,797,446	2,789,834	7,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,579	11,361	15,307	3,946
Fund Balance, July 1, 2015	124,185	124,185	124,185	-
Fund Balance, June 30, 2016	\$ 125,764	\$ 135,546	\$ 139,492	\$ 3,946

MARIN PUPIL TRANSPORTATION AGENCY
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2016

Alternative Measurement Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ -	\$ 162,276	\$ 162,276	0.0%	\$ 99,006	163.9%

MARIN PUPIL TRANSPORTATION AGENCY
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2016

	Last Ten Fiscal Years*	
	2015	2014
District's proportion of the net pension liability (asset): CalPERS	0.0006%	0.0006%
District's proportionate share of the net pension liability (asset): CalPERS	\$ 94,189	\$ 72,061
District's covered-employee payroll: CalPERS	\$ 104,375	\$ 99,006
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll: CalPERS	90.2%	72.8%
Plan fiduciary net position as a percentage of the total pension liability: CalPERS	79.4%	83.4%

* This schedule is required to show information for ten years; however, until a full ten year trend is completed, information is presented for those years for which information is available.

MARIN PUPIL TRANSPORTATION AGENCY
Schedule of Contributions
For the Fiscal Year Ended June 30, 2016

Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution:		
CalPERS	\$ 12,286	\$ 11,598
Contributions in relation to the		
actuarially determined contribution:		
CalPERS	<u>\$ 12,286</u>	<u>\$ 11,598</u>
Contribution deficiency (excess):		
CalPERS	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll:		
CalPERS	\$ 104,375	\$ 99,006
Contributions as a percentage of		
covered-employee payroll:		
CalPERS	11.771%	11.442%

* This schedule is required to show information for ten years; however, until a full ten year trend is completed, information is presented for those years for which information is available.

MARIN PUPIL TRANSPORTATION AGENCY
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the Agency's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

NOTE 2 – SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes

There were no changes to benefit terms that applied to all members of the Schools Pool.

Changes of Assumptions

The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

MARIN PUPIL TRANSPORTATION AGENCY
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2016, the Agency did not incur any excess of expenditures over appropriations by major object code in the individual major fund presented in the Budgetary Comparison Schedule.

Supplementary Information

MARIN PUPIL TRANSPORTATION AGENCY

History and Organization

For the Fiscal Year Ended June 30, 2016

Marin Pupil Transportation Agency (MPTA) provides Special Education and Home-to-School student transportation services for ten (10) school districts in Marin County: Kentfield Elementary School District, Larkspur-Corte Madera Elementary School District, Mill Valley Elementary School District, Reed Union Elementary School District, Ross Elementary School District, Ross Valley Elementary School District, San Rafael Elementary School District, San Rafael High School District, Sausalito Marin City Elementary School District, and Tamalpais Union High School District. The MPTA has held the status of a Joint Powers Agency (JPA) since July 1, 1992.

The MPTA rents office space from the Tamalpais Union High School District. The MPTA has one (1) employee – the Executive Director. The MPTA contracts with the Tamalpais Union High School District for fiscal services. Oversight is provided for the MPTA by its elected officers of the Board of Directors. The MPTA Board of Directors consists of a representative from each of the ten (10) member school districts.

The MPTA contracts with First Student Transportation, Inc. to provide transportation services for ambulatory and wheelchair bound special education students. First Student currently operates 26 busses on behalf of the MPTA and transports approximately 243 students to 36 locations.

GOVERNING BOARD

<u>Member</u>	<u>Office</u>	<u>District</u>
Chris Thomas	Chairperson	San Rafael Elementary School District/ San Rafael High School District
Michele Rollins, Ed.D.	Vice Chairperson	Mill Valley Elementary School District
Barbara Johnson	Treasurer	Kentfield Elementary School District
Yancy Hawkins	Secretary	Larkspur - Corte Madera Elem SD

BOARD MEMBERS

<u>District</u>	<u>Superintendent</u>	<u>Alternate</u>
Kentfield Elementary	Liz Schott	Barbara Johnson
Larkspur-Corte Madera Elementary	Valerie Pitts, Ed.D.	Yancy Hawkins
Mill Valley Elementary	Paul Johnson	Michele Rollins, Ed.D.
Reed Union Elementary	Nancy Lynch Ed.D.	Loreen Farrell
Ross Elementary	Michael McDowell, Ed.D.	Deborah Wolfe
Ross Valley Elementary	Rick Bagley	Midge Hoffman
San Rafael City Elementary	Michael R. Watenpaugh, Ed.D.	Chris Thomas
San Rafael City High	Michael R. Watenpaugh, Ed.D.	Chris Thomas
Sausalito-Marin City Elementary	Steve Van Zant / Bob Ferguson	Paula Rigney
Tamalpais Union High	David Yoshihara, Ed. D.	Sally Swan

ADMINISTRATION

Dennis R. Petri,
Executive Director

MARIN PUPIL TRANSPORTATION AGENCY
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2016

General Fund	(Budget) 2017 ²	2016	2015	2014
Revenues and other financing sources	\$ 2,801,242	\$ 2,805,141	\$ 2,480,923	\$ 2,540,062
Expenditures	2,799,798	2,789,834	2,483,701	2,539,268
Change in fund balance (deficit)	1,444	15,307	(2,778)	794
Ending fund balance	\$ 140,936	\$ 139,492	\$ 124,185	\$ 126,963
Available reserves ¹	\$ 140,936	\$ 139,492	\$ 124,185	\$ 126,963
Available reserves as a percentage of total outgo	5.0%	5.0%	5.0%	5.0%
Total long-term debt	\$ 96,959	\$ 96,959	\$ 77,016	\$ 100,439

The General Fund balance has increased by \$12,529 over the past two years. The fiscal year 2016-17 adopted budget projects an increase of \$1,444. For an agency this size, the state recommends available reserves of at least the greater of \$60,000 or 5% of total general fund expenditures, transfers out, and other uses (total outgo).

¹ Available reserves consist of fund balance restricted for board authorized reserve within the General Fund.

² Adopted Budget September, 2016.

MARIN PUPIL TRANSPORTATION AGENCY

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2016*

There were no adjustments to the Unaudited Actuals Financial Report which required reconciliation to the audited financial statements at June 30, 2016.

MARIN PUPIL TRANSPORTATION AGENCY

Note to the Supplementary Information

June 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Financial Trends and Analysis

This schedule discloses the Agency's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Agency's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actuals financial report to the audited financial statements.

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Marin Pupil Transportation Agency
Larkspur, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Marin Pupil Transportation Agency as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Marin Pupil Transportation Agency's basic financial statements, and have issued our report thereon dated December 6, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marin Pupil Transportation Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Nigro+Nigro, PC

Murrieta, California
December 6, 2016

Findings and Recommendations

MARIN PUPIL TRANSPORTATION AGENCY
Schedule of Audit Findings and Recommendations
For the Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

The Agency did not expend \$750,000 in federal awards, therefore, a
Single Audit pursuant to Uniform Guidance was not performed.

MARIN PUPIL TRANSPORTATION AGENCY
Schedule of Audit Findings and Recommendations
For the Year Ended June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2015-16.

MARIN PUPIL TRANSPORTATION AGENCY
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016

There were no audit findings in 2014-15.