

MARIN PUPIL TRANSPORTATION AGENCY

(A JOINT POWERS AUTHORITY)

AUDIT REPORT

JUNE 30, 2018

MARIN PUPIL TRANSPORTATION AGENCY
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JUNE 30, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Marin Pupil Transportation Agency
Larkspur, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marin Pupil Transportation Agency, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Marin Pupil Transportation 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.

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 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.

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Michael D. Ash, CPA

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State Board of Accountancy

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, each major fund, and the aggregate remaining fund information of Marin Pupil Transportation Agency, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, and schedules of Agency contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marin Pupil Transportation Agency's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 03, 2018 on our consideration of Marin Pupil Transportation 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 solely 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 the effectiveness of Marin Pupil Transportation Agency's 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 Marin Pupil Transportation Agency's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 03, 2018

MARIN PUPIL TRANSPORTATION AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

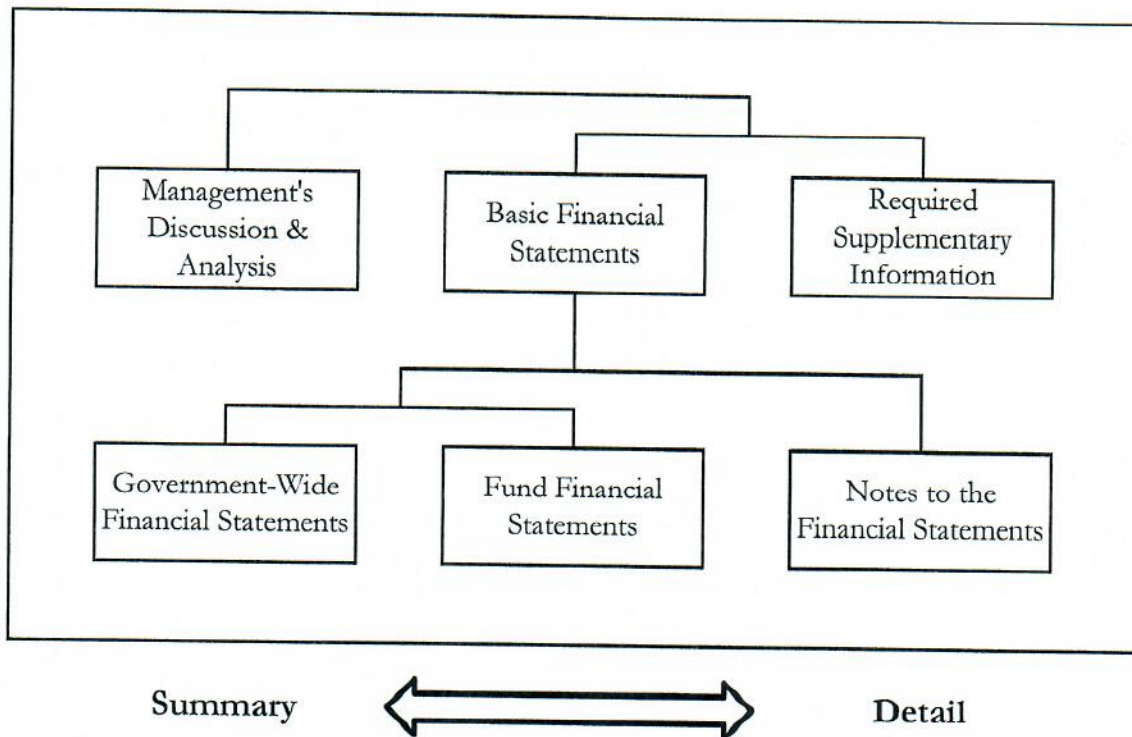
Our discussion and analysis of Marin Pupil Transportation Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the Agency's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ The Agency's total net position was \$311,552 at June 30, 2018. This was an increase of \$217,057 from the prior year after restatement.
- ▶ Overall revenues were \$3,400,876 which exceeded expenses of \$3,183,819.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**MARIN PUPIL TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL HIGHLIGHTS

The Marin Pupil Transportation Authority (the Agency) 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 Agency's General Fund ended with a positive balance of \$396,023.
- The General Fund reserve of \$396,023 will be retained for next fiscal year.
- General Fund revenues of \$3,400,876 exceeded expenditures by \$217,057.
- By Board of Director's policy, the Agency maintains a reserve fund of 5.0% of projected expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the Agency. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

➤ **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 government'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.

Over time, increases 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.

**MARIN PUPIL TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Net Position

Net position represents 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, 2018, is considered restricted.

The Agency's net position was more on June 30, 2018, than it was the year before – increasing \$217,057 after restatement.

FINANCIAL ANALYSIS OF THE AGENCY'S FUND

General Fund Budgetary Highlights

General Fund Expenditures were as follows:

- \$165,402 for payroll and benefits.
- \$2,281 for materials and supplies.
- \$2,988,427 for services and other operating expenditures.

Total general fund expenditures for 2017-18 were \$3,156,110.

Available Reserves

The Agency maintains a minimum reserve amount equal to 5.0% of total expenditures. The reserve amount at the end of the 2017-18 year was \$396,023.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Agency does not have any capital assets or OPEB. Long term liabilities relate to the net pension liability for CalPERS, which is further described in Note 7. The net pension liability at June 30, 2018 was \$61,293.

FACTORS BEARING ON THE AGENCY'S FUTURE

The entitlement for transportation is again being included in the Local Control Funding Formula (LCFF) of each member district for the 2018-19 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 nor circumstances that could significantly affect its financial health in the future.

**MARIN PUPIL TRANSPORTATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2018**

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 Chief Financial Officer (CFO), Tamalpais Union High School District, P.O. Box 605, Larkspur, CA 94977.

MARIN PUPIL TRANSPORTATION AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 596,724
Accounts receivable	23,234
Total Assets	<u>619,958</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	35,418
Total Deferred Outflows of Resources	<u>35,418</u>
 LIABILITIES	
Accrued liabilities	223,935
Long-term liabilities, non-current portion	61,293
Total Liabilities	<u>285,228</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	58,596
Total Deferred Inflows of Resources	<u>58,596</u>
 NET POSITION	
Unrestricted	311,552
Total Net Position	<u>\$ 311,552</u>

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

**MARIN PUPIL TRANSPORTATION AGENCY
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2018**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES			
Pupil services			
Home-to-school transportation	3,183,819	3,390,052	206,233
Total Governmental Activities	\$ 3,183,819	\$ 3,390,052	206,233
General revenues			
Interest and investment earnings			10,824
Subtotal, General Revenue			10,824
CHANGE IN NET POSITION			217,057
Net Position - Beginning, as Restated			94,495
Net Position - Ending			\$ 311,552

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

MARIN PUPIL TRANSPORTATION AGENCY
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 596,724
Accounts receivable	23,234
Total Assets	<u>\$ 619,958</u>
LIABILITIES	
Accrued liabilities	\$ 223,935
Total Liabilities	<u>223,935</u>
FUND BALANCES	
Unassigned	<u>396,023</u>
Total Fund Balances	<u>396,023</u>
Total Liabilities and Fund Balances	<u>\$ 619,958</u>

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

**MARIN PUPIL TRANSPORTATION AGENCY
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
 OF NET POSITION
 JUNE 30, 2018**

Total Fund Balance - Governmental Funds \$ 396,023

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	\$ 61,293	(61,293)
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Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 35,418	
Deferred inflows of resources related to pensions	(58,596)	(23,178)

Total Net Position - Governmental Activities	\$ 311,552
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**MARIN PUPIL TRANSPORTATION AGENCY
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>
REVENUES	
Other local sources	\$ 3,400,876
Total Revenues	<u>3,400,876</u>
EXPENDITURES	
Pupil services	
Home-to-school transportation	3,156,110
Total Expenditures	<u>3,156,110</u>
NET CHANGE IN FUND BALANCE	244,766
Fund Balance - Beginning	151,257
Fund Balance - Ending	<u>\$ 396,023</u>

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

**MARIN PUPIL TRANSPORTATION AGENCY
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
 ACTIVITIES
 FOR YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Governmental Funds \$ 244,766

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

(27,709)

Change in Net Position of Governmental Activities \$ 217,057

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marin Pupil Transportation Agency (the “Agency”) 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. Financial 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 by 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

Government-Wide Statements. The Statement of net position and the statements 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 funds.

Government-Side Financial Statements. The government-wide financial statements are reported using the economic 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.

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

The budgetary process is proscribed 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 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.

D. Encumbrances

Encumbrances 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, Fund Balance and Net Position

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.

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.

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statements on 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".

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Fund Balance

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 - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

F. 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 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 – The component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributions, 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.

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. New Accounting Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The postemployment benefits for the one Marin Pupil Transportation Agency employee are the responsibility of the fiscal agent District. The total OPEB liability is carried on the financials of Tamalpais Union High School District.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The Agency has not yet determined the impact on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement is effective for periods beginning after June 15, 2017. The Agency has implemented GASB Statement No. 85 for the year ended June 30, 2018.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The Agency has not determined the impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2018. The Agency has not determined the impact on the financial statements.

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds
Investment in county treasury	\$ 596,724
Total cash and investments	\$ 596,724

B. Policies and Practices

The Agency is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The Agency maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Marin County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the Agency’s investment in the pool is based upon the Agency’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

B. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Agency funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency manages its exposure to interest rate risk by investing in the County Treasury. The Agency maintains a pooled investment with the County Treasury with a fair value of approximately \$597,366 and an amortized book value of \$596,724. The average weighted maturity for this pool is 211 days.

D. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2018, the pooled investments in the County Treasury were not rated.

E. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the Agency's bank balance was not exposed to custodial credit risk.

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2018

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Fair Value

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Agency's own data. The Agency should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Agency are not available to other market participants.

Uncategorized - Investments in the Marin County Treasury Investment Pool are not measured using the input levels above because the Agency's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Agency's fair value measurements at June 30, 2018 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 597,366
Total fair market value of investments	<u>\$ 597,366</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consisted of \$23,234 due from member school districts.

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2018 consisted of the following:

	General Fund
Vendors payable	\$ 223,915
Other liabilities	20
Total	\$ 223,935

NOTE 5 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2018 consisted of the following:

	Restated Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018	Balance Due In One Year
Governmental Activities					
Net pension liability	\$ 54,845	\$ 6,448	\$ -	\$ 61,293	\$ -
Total	\$ 54,845	\$ 6,448	\$ -	\$ 61,293	\$ -

Net Pension Liability

The Agency's beginning net pension liability was \$54,845 and increased by \$6,448 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was \$61,293. See Note 7 for additional information regarding the net pension liability.

NOTE 6 – FUND BALANCE

Fund balance was composed of unassigned reserve for economic uncertainties totaling \$396,023 at June 30, 2018.

NOTE 7 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The Agency reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
PERS Pension	\$ 61,293	\$ 35,418	\$ 58,596	\$ 42,541
Total	\$ 61,293	\$ 35,418	\$ 58,596	\$ 42,541

NOTE 7 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS)

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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The Agency is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018 was 15.531% of annual payroll. Contributions to the plan from the Agency were \$18,246 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Agency reported a liability of \$61,293 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. 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 school districts, actuarially determined. At June 30, 2017, the Agency's proportion was 0.0003 percent, which was a decrease of 0.00002 percent from its proportion measured as of June 30, 2016.

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 7 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2018, the Agency recognized pension expense of \$45,955. At June 30, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 2,120	\$ -
Differences between expected and actual experience	2,196	-
Changes in assumptions	8,953	722
Changes in proportion and differences between Agency contributions and proportionate share of contributions	3,903	57,874
Agency contributions subsequent to the measurement date	18,246	-
	<u>\$ 35,418</u>	<u>\$ 58,596</u>

The \$18,246 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2019	\$ 8,106	\$ 24,786
2020	6,008	22,873
2021	4,219	10,937
2022	(1,161)	-
	<u>\$ 17,172</u>	<u>\$ 58,596</u>

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 7 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all 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 adjusted to account for assumed administrative expenses.

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 7 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	100.0%		

*An expected inflation of 2.50% used for this period.

**An expected inflation of 3.00% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if 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 the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the Agency’s 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 calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Agency's proportionate share of the net pension liability	\$ 90,181	\$ 61,293	\$ 37,327

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 7 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Pension Plan Fiduciary Net Position

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

NOTE 8 – 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 rental of office space and fiscal services. During the year ended June 30, 2018, the Agency made payments to the District of \$9,193 for rent of office space and \$4,243 for fiscal services.

NOTE 9 – 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 10 – RISK MANAGEMENT

Property and Liability – The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2017, the Agency participated in the Marin Schools 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.

Condensed audited financial information of the MSIA JPA as of June 30, 2017, was:

Total assets	\$ 28,781,393
Total liabilities	\$ 13,925,484
Net assets	\$ 14,855,909
Operating Revenue	\$ 12,616,226
Operating Expenditure	1,871,897
Operating Income	10,744,329
Non-Operating Income	\$ 216,047
Change in net assets	\$ 10,960,376

MARIN PUPIL TRANSPORTATION AGENCY
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2018

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Agency recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the Agency-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 7. At June 30, 2018, total deferred outflows related to pensions was \$35,418 and total deferred inflows related to pensions was \$58,896.

NOTE 12 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to remove the OPEB liability. The postemployment benefits for the one MTPA employee was determined to be the responsibility of the fiscal agent District. The total OPEB liability is carried on the financials of Tamalpais Union High School District.

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 77,439
Restatement	17,056
Net Position - Beginning, as Restated	<u>\$ 94,495</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

**MARIN PUPIL TRANSPORTATION AGENCY
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Other local sources	\$ 3,217,226	\$ 3,206,740	\$ 3,400,876	\$ 194,136
Total Revenues	3,217,226	3,206,740	3,400,876	194,136
EXPENDITURES				
Classified salaries	110,886	117,479	117,479	-
Employee benefits	46,280	47,923	47,923	-
Books and supplies	3,000	2,281	2,281	-
Services and other operating expenditures	3,098,703	2,988,427	2,988,427	-
Total Expenditures	3,258,869	3,156,110	3,156,110	-
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	(41,643)	50,630	244,766	194,136
Fund Balance - Ending	151,257	151,257	151,257	-
	\$ 109,614	\$ 201,887	\$ 396,023	\$ 194,136

See accompanying note to required supplementary information.

**MARIN PUPIL TRANSPORTATION AGENCY
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Agency's proportion of the net pension liability	0.0003%	0.0003%	0.0006%	0.0006%
Agency's proportionate share of the net pension liability	\$ 61,293	\$ 54,845	\$ 94,189	\$ 72,061
Agency's covered payroll	\$ 110,886	\$ 107,997	\$ 104,379	\$ 99,006
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	55.3%	50.8%	90.2%	72.8%
Plan fiduciary net position as a percentage of the total pension liability	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

**MARIN PUPIL TRANSPORTATION AGENCY
 SCHEDULE OF CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 18,246	\$ 15,400	\$ 12,794	\$ 12,286
Contributions in relation to the contractually required contribution	(18,246)	(15,400)	(12,794)	(12,286)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's covered payroll	\$ 117,479	\$ 110,886	\$ 107,997	\$ 104,379
Contributions as a percentage of covered payroll	15.53%	13.89%	11.85%	11.77%

See accompanying note to required supplementary information.

**MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

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 the Agency's 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 Agency Contributions

This schedule is required by GASB Statement No. 68 and is required for all employees 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 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the Agency incurred no 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
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

	2019 (Budget)	2018	2017	2016
General Fund - Budgetary Basis				
Revenues And Other Financing Sources	\$ 3,589,910	\$ 3,400,876	\$ 3,036,909	\$ 2,805,141
Expenditures And Other Financing Uses	3,584,236	3,156,110	3,025,144	2,789,834
Net change in Fund Balance	\$ 5,674	\$ 244,766	\$ 11,765	\$ 15,307
Ending Fund Balance	\$ 401,697	\$ 396,023	\$ 151,257	\$ 139,492
Available Reserves*	\$ 401,697	\$ 396,023	\$ 151,257	\$ 139,492
Available Reserves As A Percentage Of Outgo	11.21%	12.55%	5.00%	5.00%
Long-term Debt	\$ 61,293	\$ 61,293	\$ 71,901	\$ 96,959

The General Fund balance has increased by \$256,531 over the past two years. The fiscal year 2018-19 budget projects a further increase of \$5,674. For an Agency this size, the State recommends available reserves of at least the greater of \$60,000 or 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The Agency has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2018-19 fiscal year. Total long term obligations have decreased by \$35,666 over the past two years.

*Available reserves consist of all unassigned fund balance within the General Fund.

**MARIN PUPIL TRANSPORTATION AGENCY
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no adjustments to the Unaudited Actuals Financial Report which required reconciliation to the audited financial statements at June 30, 2018.

**MARIN PUPIL TRANSPORTATION AGENCY
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2018**

The Marin Pupil Transportation Agency (the Agency) 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, 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 Agency has held the status of a Joint Powers Agency (JPA) since July 1, 1992.

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

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

GOVERNING BOARD		
MEMBER	OFFICE	DISTRICT
Michele Rollins, Ed.D.	Chairperson	Mill Valley
Barbara Johnson	Vice Chairperson	Kentfield
Deborah Wolfe	Treasurer	Ross
Midge Hoffman	Secretary	Ross Valley

BOARD MEMBERS		
DISTRICT	SUPERINTENDENT	ALTERNATIVE
Kentfield Elementary	Liz Schott	Barbara Johnson
Larkspur - Corte Madera Elementary	Brett Gaithman, Ed.D	Paula Rigney
Mill Valley Elementary	Paul Johnson	Michele Rollins, Ed.D
Reed Union Elementary	Nancy Lynch, Ed.D.	Loreen Farrell / Carlos Estrella
Ross Elementary	Michael McDowell, Ed.D.	Deborah Wolfe
Ross Valley Elementary	Rick Bagley	Midge Hoffman
San Rafael City Elementary	Michael R. Watenpaugh, Ed.D.	Doug Marquand
San Rafael City High	Michael R. Watenpaugh, Ed.D.	Doug Marquand
Sausalito - Marin City Elementary	William McCoy	Amy Prescott**
Tamalpais Union High	David Yoshihara, Ed.D.	Terri Ryland**

** = Interim Chief Business Officials

ADMINISTRATION

Dennis Petri
Executive Director

MARIN PUPIL TRANSPORTATION AGENCY
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Local Education Agency Organization Structure

This schedule provides information about the Agency's boundaries and schools operated, members of the governing board, and members of the administration.

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Independent Auditors' Report

Governing Board
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, each major fund, and the aggregate remaining fund information of Marin Pupil Transportation Agency, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Marin Pupil Transportation Agency's basic financial statements, and have issued our report thereon dated December 03, 2018.

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 Marin Pupil Transportation Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity'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.

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

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State Board of Accountancy

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 from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
December 03, 2018

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**MARIN PUPIL TRANSPORTATION AGENCY
 SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

The Agency was not subject to Uniform Guidance Single Audit for the year ended June 30, 2018 because federal award expenditures did not exceed \$750,000.

**MARIN PUPIL TRANSPORTATION AGENCY
 FINANCIAL STATEMENT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I – 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 TYPE</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 2017-18.

**MARIN PUPIL TRANSPORTATION AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no audit findings in 2016-17.