



February 22, 2007

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Mid-Year Financial Report, Agenda Item 7

Dear Commissioners:

Executive Summary

Staff presents the mid year 2006-07 TAM financial report to the Committee which covers the first 6-months of FY 2006-07. Various attachments are included in the report, including the standard information that staff is planning to present on an ongoing basis as part of the quarterly financial report, as well as some one time background information items. Staff will provide the TAM Board with quarterly financial reports from this time forward, as staff are getting more comfortable with the new financial system, SAP, and more staff resources are able to be directed to this effort.

In summary, TAM is collecting slightly more in sales tax revenue than anticipated in the original FY 2006-07 budget. Expenditures have lagged expected levels, as TAM has been delayed in setting up a new office, is bringing on the Project Delivery Manager position later than originally expected, in March 2007, and has had a lag time in getting its new Project Management Oversight team onboard.

Recommendation: Information Item Only. Staff is seeking any feedback/suggestions on the format and content of this item. Staff is also available to answer questions regarding the financial information.

Background:

Attached for your review is the first set of TAM's ongoing regular financial reports for the TAM Board. This first financial update covers the first 6-months of FY 2007. As we gain more confidence on the new financial system, SAP, and also more staff resources are able to be directed to this task, quarterly financial updates will be presented to you hereafter.

Staff is proposing to adopt the following five attachments as the standard component of the quarterly financial report:

Attachment 1. FY 2007 Mid-Year Revenue and Expenditure Report With Comparison to FY 2007 Budget
Attachment 1 provides detail numbers for the revenues and expenditures occurred in the first half of the year on an accrual base, shown in comparison to the most up to date FY 2007 Budget. Explanations are provided for line items with significant differences.

Attachment 2. Mid-Year Summary of FY 2007 Budget Amendments

Attachment 2 provides a summary of all the budget amendments, including both budget amendments per Board approval or by the Executive Director. With the revision to the Administration Code, the Executive Director now has some discretion over budget adjustments under well defined circumstances. This report will give the TAM Board timely updates on the budget actions taken by the Executive Director.

Attachment 3. FY 2007 Mid-Year Revenue and Expenditure Report – Measure A Detail

Attachment 3 provides a summary of revenue and expenditures for the Measure A program under a more detailed level compared to Attachment 1. Revenues are presented by each strategy/substrategy specified in the Expenditure Plan. Expenditures are present by strategy/substrategy and by expenses item.

Attachment 4. FY 2006 and FY 2007 Measure A Monthly Disbursement Comparison

Provides timely update of the actual Measure A revenues received and updated estimates for the current year. Attachment 4A-4D are background information regarding historical trend of the County's taxable sales, the historical taxable sales by business type and city. Staff is planning to present updates for those attachments to the TAM Board on an annual basis.

Attachment 5. Marin County November Investment Summary Report

TAM currently invests all its funding in the Marin County Investment Pool. The County Treasurers Office prepares monthly investment reports. The November report is the most recent one that is available. TAM's share of the investment value is determined by the relative share of TAM's funding balance to the rest of the County Pool. Staff has attached the summary report that shows the total investment value and return as of November 30, 2006. Detailed portfolio information is available upon request.

Highlights of the FY 2006-07 Mid-Year Financial Report:

In summary, total revenue for the first 6-months of the fiscal year is \$13.5 million, which is \$0.9 million higher than fifty percent of the total budgeted revenues. Due to the steadily recovering economy and some positive corrections to Marin County's sales tax, it is very likely that the sales tax revenue for FY 2006-07 will be more than 8% higher than the \$19.5 million budgeted, and about 5% higher than the actual revenue of FY2005-06 (*Please see Attachment 4 for details*). On the other hand, we have not received any STP/CMAQ programming and planning funds from MTC due to the fact that MTC has lagged in executing its fund agreement with TAM until late January 2007. Staff is in the process of preparing all necessary documents required to invoice MTC for the costs incurred in the first six-months of the year. Staff will also invoice Caltrans for the STP programming and planning funds once that fund agreement is signed by all parties. Even though no interest revenue was expected in the FY2006-07 budget, the healthy cash balance TAM has generated results in a total of \$131,000 as interest income for the first quarter of the year. We can reasonably assume a total of \$500,000 as interest income for FY2006-07 (*Please see Attachment 1 for details*).

Total expenditure for the first 6-months is \$8.3 million, \$4.2 million less than fifty percent of the total budgeted expenditures. There are several major contributors to the negative differences here. For the Administration category, the biggest difference is the Office Lease item, which is due to the fact that TAM still hasn't finalized its new office location. For the Professional Services Category, the biggest difference is that some of the professional services contracts budgeted did not start in the first half of the year. However, the expenditures will catch up in the second half of the year as TAM is entering or will

enter into various contracts to perform the vital tasks planned for the year. Major capital projects on a reimbursable basis, such as all TFCA funded projects and Major Roads and Related Infrastructure projects, have lagged in billing. This lag time in reimbursing sponsors is the major reason for most of the differences for the Measure A Program and Interagency Agreements Categories. Project sponsors may have already spent a portion or all of the funds received from TAM. However, if TAM has not received the expenditure reimbursement request, no expenditure will be recorded on TAM's books (*Please see Attachment 1 for details*).

The Marin County Treasurer is the acting Treasurer for TAM and invests funds on behalf of TAM. As of December 31, the county investment pool was earning a return of 4.95%. Of the \$808 million total value recorded for the county investment pool as of December 31, TAM owns about \$20 million (*Please see Attachment 5 for detail*).

Recommendation:

Recommendation: Information Item Only. Staff is seeking any feedback/suggestions on the format and content of this item. Staff is also available to answer questions regarding the financial information.

Attachments:

- Attachment 1. FY 2007 Mid-Year Revenue and Expenditure Report With Comparison to FY 2007 Budget
- Attachment 2. Mid-Year Summary of FY 2007 Budget Amendments
- Attachment 3. FY 2007 Mid-Year Revenue and Expenditure Report – Measure A Detail
- Attachment 4. FY 2006 and FY 2007 Measure A Monthly Disbursement Comparison
- Attachment 4A. Top 25 Tax Payers for TAM
- Attachment 4B. Historic Trend of Marin Taxable Sales
- Attachment 4C. Historic Taxable Sales y Business Type
- Attachment 4D. Historic Taxable Sales by City
- Attachment 5. Marin County Treasurer Portfolio Yield Report

Attachment I: FY 2007 Mid-Year Revenue and Expenditure Report With Comparison to FY 2007 Budget

	FY 06-07 Budget	Actual	\$ Difference	Rev. Received /Exp. Spent	Comments for Major Differences
REVENUE					
Cities and Counties	430,000	424,729	(5,271)	98.8%	Missing payment from Town of Ross for both FY 2006 and FY 2007.
Interest Earned	-	131,116	131,116	N/A	Due to the implementation of new financial system, only first quarter interest has been allocated to TAM, \$101,123 is Measure A interest, and \$22,214 is for the TFCA fund.
STP/CMAQ/T-Plus (MTC)	390,000	-	(390,000)	0.0%	On a reimbursement base, first 6-month expenses are eligible. Staff will invoice once MTC receiving the executed fund agreement from MTC.
STIP/PPM	24,000	-	(24,000)	0.0%	Fund was allocated by CTC in November 2006 and staff will prepare the invoice to request for the funds we have the executed fund agreement.
STP One-Time	130,000	-	(130,000)	0.0%	Staff will invoice MTC once receiving the executed fund agreement from MTC.
BAAQMD	619,164	181,117	(438,047)	29.3%	About \$400K of the \$600K budgeted are from cancelled projects, TAM already has that portion of the funding in its TFCA account.
RM2	3,712,500	1,057,374	(2,655,126)	28.5%	On a reimbursement basis, haven't invoiced MTC for the second quarter staff cost yet, which may bring an additional \$50K.
Community Based Transportation	60,000	36,000	(24,000)	60.0%	Work has yet to start on Marin City CBTP.
TDA Article 3	77,050	53,034	(24,016)	68.8%	
MSN Federal Earmark	253,886	-	(253,886)	0.0%	Submitted fund request for Federal earmark for \$850K, \$253K for upcoming work this fiscal year.
Measure A Revenue	19,503,000	11,522,279	(7,980,721)	59.1%	Monthly disbursements for the first 6-month are encouraging higher than the same period of FY 2006.
<u>Total Revenue</u>					
<u>Available</u>	<u>25,199,600</u>	<u>13,405,649</u>	<u>(11,793,951)</u>	<u>53.2%</u>	

Attachment I: FY 2007 Mid-Year Revenue and Expenditure Report With Comparison to FY 2007 Budget

	FY 06-07 Budget	Actual	\$ Difference	Rev. Received /Exp. Spent	Comments for Major Differences
EXPENDITURES					
Administration					
Salaries & Benefits	1,278,462	505,145	(773,317)	39.5%	Includes \$200,000 estimated county staff cost for the first 6 months. Rate of expenditure will increase since TAM will have one more position filled in the next couple months - the Project Delivery Manager.
Office Lease	186,500	656	(185,845)	0.4%	Haven't moved to the new office location yet. The actual cost is for furniture storage.
Furniture	79,500	2,659	(76,841)	3.3%	Will spend this down once moved into the new office location
Equipment	44,000	1,920	(42,080)	4.4%	Will spend this down once moved into the new office location
Telephone	14,300	717	(13,583)	5.0%	More expenses will occur once moved into the new office location
Office Supplies	20,000	9,200	(10,800)	46.0%	
Insurance	5,000	4,515	(485)	90.3%	Annual payment made at beginning of year.
Audit	12,000	12,000	-	100.0%	
Legal	20,000	-	(20,000)	0.0%	Hiring outside counsel still underway; county providing service as well.
Accounting/Payroll	10,000	-	(10,000)	0.0%	County has not invoiced TAM for accounting services provided
Document Reproduction	10,000	84	(9,916)	0.8%	Will spend this down once start the reproduction of Annual Reports
Memberships	10,000	881	(9,119)	8.8%	Have not paid TAM's annual membership fees yet
Travel/Meetings/ Conferences	17,500	7,903	(9,597)	45.2%	
Subtotal	<u>1,707,262</u>	<u>545,679</u>	<u>(1,161,583)</u>	<u>32.0%</u>	<i>Overall, spent less than what budgeted for the same time period</i>

Attachment I: FY 2007 Mid-Year Revenue and Expenditure Report With Comparison to FY 2007 Budget

	FY 06-07 Budget	Actual	\$ Difference	Rev. Received /Exp. Spent	Comments for Major Differences
Professional Services					
Congestion Management Plan	120,000	-	(120,000)	0.0%	Monitoring consultant has conducted about \$45K worth of monitoring work. TAM has not received invoices yet. CMP document consultant approved January 2007 for not to exceed \$70K.
T-PLUS	74,500	31,780	(42,720)	42.7%	
Program Management Oversight	402,633	86,372	(316,261)	21.5%	Lag time in getting the new Program Management Oversight contact; staff overtime managing workload.
Community Based Transportation	54,000	16,741	(37,259)	31.0%	New contract in the amount of \$54K for FY 2007 and FY 2008
Bike Plan Updates	77,050	37,312	(39,738)	48.4%	
MSN Hot Lane Follow Up Study	150,000	-	(150,000)	0.0%	
State Legislative Assistance	35,000	6,250	(28,750)	17.9%	Contract didn't start until October 2006, more expenses expected for the second half of the year
Financial Advisor	35,000	5,175	(29,825)	14.8%	Higher rate of expenses expected for the second half of the year
HR/IT/Board Support	55,000	23,827	(31,173)	43.3%	
Consulting Pool	24,853	2,838	(22,015)	11.4%	For unexpected support needs
Hwy 101/Greenbrae	1,600,000	293,826	(1,306,174)	18.4%	More expenses expected for the second half of the year while the project is moving forward
Subtotal	<u>2,628,036</u>	<u>504,121</u>	<u>(2,123,915)</u>	<u>19.2%</u>	

Attachment I: FY 2007 Mid-Year Revenue and Expenditure Report With Comparison to FY 2007 Budget

	FY 06-07 Budget	Actual	\$ Difference	Rev. Received /Exp. Spent	Comments for Major Differences
Measure A Programs					
Reserve	1,032,150	576,114	(456,036)	55.8%	More than 50% of what budgeted due to higher revenue for the first 6-month
Project Management	765,000	203,672	(561,328)	26.6%	Slower spending rate than expected, due to lag time in new project management oversight contract billing delay. Reserved for the new program management oversight contact
Strategy 1 - Transit	8,945,389	4,011,799	(4,933,590)	44.8%	
Strategy 2 - Gap Closure	1,490,732	663,396	(827,336)	44.5%	
Strategy 3 - Streets & Roads	4,810,190	140,388	(4,669,802)	2.9%	Substrategy 3.1 are capital projects on reimbursement base and no reimbursement request has received so far. Substrategy 3.2, the formula funds to cities and towns are expected to be billed to TAM the second half of the year.
Strategy 4 - Safe Routes	1,295,000	310,348	(984,652)	24.0%	Lag time in billing
Subtotal	<u>18,338,461</u>	<u>5,905,718</u>	<u>(12,432,743)</u>	<u>32.2%</u>	
Interagency Agreements					
TFCA	601,252	-	(601,252)	0.0%	Staff is reviewing the invoices received. \$400K assigned to Puerto Suello Hill bike/ped path
Larkspur RM2	810,000	631,570	(178,430)	78.0%	In the process of reviewing final invoices from the City
County RM2	1,050,000	125,000	(925,000)	11.9%	
Subtotal	<u>2,461,252</u>	<u>756,570</u>	<u>(1,704,682)</u>	<u>30.7%</u>	
Total Expenditures	<u>25,135,011</u>	<u>7,712,087</u>	<u>(17,422,924)</u>	<u>30.7%</u>	

Attachment 2: Mid-Year Summary of FY 2007 Budget Amendments

	Original FY 06-07	Amended FY 06-07	Amended Amount	Action Taken	Amendment Date
REVENUE					
Prior Year Carry Forward ¹	6,645,296	6,645,296	-		
Cities and Counties	430,000	430,000	-		
Interest Earned	-	-	-		
STP/CMAQ/T-Plus (MTC)	390,000	390,000	-		
STIP/PPM	24,000	24,000	-		
STP One-Time	130,000	130,000	-		
BAAQMD	619,164	619,164	-		
RM2	250,000	3,712,500	3,462,500	Board Approval	9/28/2006
Community Based Transportation	60,000	60,000	-		
TDA Article 3	77,050	77,050	-		
MSN Federal Earmark	253,886	253,886	-		
Measure A	19,503,000	19,503,000	-		
Total Revenue Available	28,382,396	31,844,896	3,462,500		
EXPENDITURES					
Administration					
Salaries & Benefits	1,278,462	1,278,462			
Office Lease	210,500	186,500	(24,000)	Board Approval	9/28/2006
Furniture	79,500	79,500			
Equipment	20,000	44,000	24,000	Board Approval	9/28/2006
Telephone	14,300	14,300			
Office Supplies	20,000	20,000			
Insurance	5,000	5,000			
Audit	12,000	12,000			
Legal	20,000	20,000			
Accounting/Payroll	10,000	10,000			
Document Reproduction	10,000	10,000			
Memberships	10,000	10,000			
Travel/Meetings/Conferences	15,000	17,500	2,500	Board Approval	9/28/2006
Subtotal, Administration	1,704,762	1,707,262	2,500		

Attachment 2: Mid-Year Summary of FY 2007 Budget Amendments

	Original FY 06-07	Amended FY 06-07	Amended Amount	Action Taken	Amendment Date
Professional Services					
CMP	120,000	120,000			
T-PLUS	74,500	74,500			
PMO Consultant	402,633	402,633			
Community Based Transportation	54,000	54,000			
Bike Planning	77,050	77,050			
MSN Hot Lane Follow Up Study	150,000	150,000			
State Legislative Assistance	35,000	35,000			
Financial Advisor	35,000	35,000			
HR/IT/Board Support	55,000	55,000			
Consulting Pool	24,853	24,853			
Hwy 101/Greenbrae	-	1,600,000	1,600,000	Board Approval	9/28/2006
Subtotal, Professional Services	1,028,036	2,628,036	1,600,000		
Measure A Programs					
Reserve	1,032,150	1,032,150			
Project Management	765,000	765,000			
Strategy 1 - Transit	8,945,389	8,945,389			
Strategy 2 - Gap Closure	1,490,732	1,490,732			
Strategy 3 - Streets & Rds	4,810,190	4,810,190			
Strategy 4 - Safe Routes	1,295,000	1,295,000			
Subtotal, Measure A Programs	18,338,461	18,338,461			
Interagency Agreements					
TFCA	601,252	601,252			
Larkspur RM2	-	810,000	810,000	Board Approval	9/28/2006
County RM2	-	1,050,000	1,050,000	Board Approval	9/29/2006
Subtotal, Interagency Agreements	601,252	2,461,252	1,860,000		
Total Expenditures	21,672,511	25,135,011	3,462,500		

Attachment 3: FY 2007 Mid-Year Revenue and Expenditure Report – Measure A Detail

Budget Line	5% Reserve	1% Admin	4% Program	S - 1.1 Local Bus	S - 1.2 Rural Bus	S - 1.3 Para.	S - 1.4 Cap. Imp.	S - 2 Gap Closure	S - 3.1 Major Roads	S - 3.2 Local Roads	S - 4.1 SR2S	S- 4.2 C. Guards	S - 4.3 Pathways	Total
REVENUE														
Revenue (July-December)	576,114	115,223	460,891	3,678,020	298,218	894,654	596,436	1,175,000	1,317,129	1,317,129	328,040	417,505	347,921	11,522,279
EXPENSES														
Audit			12,000											12,000
Consulting Pool		1,950	889											2,838
Furniture			2,659											2,659
HR/IT/Board Support		1,969	2,783											4,751
Insurance		4,515												4,515
Membership		881												881
Office Lease			656											656
Office Supplies		4,192	2,061								2,700			8,953
Phone		362	311											673
Program Management Oversight			186,536											186,536
Project Management			116,685	4,900	1,650	1,650	1,650		22,660	8,483	6,101	33,326	6,566	203,672
Salaries & Benefits		134,065	56,936											191,001
Travel/Meetings/ Conferences		798	2,838											3,636
Strategy 1.1				2,657,438										2,657,438
Strategy 1.2					296,101									296,101
Strategy 1.3						668,871								668,871
Strategy 1.4							389,390							389,390
Strategy 2								663,396						663,396
Strategy 3.2										140,388				140,388
Strategy 4.1											99,165			99,165
Strategy 4.2												180,171		180,171
Strategy 4.3													31,012	31,012
		148,731	384,353	2,662,337	297,751	670,521	391,040	663,396	22,660	148,871	107,966	213,497	37,579	5,748,703
BALANCE	576,114	(33,508)	76,538	1,015,683	466	224,132	205,396	511,604	1,294,469	1,168,258	220,073	204,008	310,342	5,773,576

Attachment 4: FY 2006 and FY 2007 Measure A Monthly Disbursement Comparison

		FY 2006	FY 2007	\$ Difference	% Difference
Actual	July	1,136,800	1,179,300	42,500	3.74%
	August	1,515,700	1,572,400	56,700	3.74%
	September	1,601,498	2,827,595	1,226,098	76.56%
	October	1,187,000	1,192,900	5,900	0.50%
	November	1,582,700	2,623,900	1,041,200	65.79%
	December	2,797,573	2,126,183	(671,389)	-24.00%
	First 6-month Actual	9,821,270	11,522,279	1,701,009	17.32%
FY 2006 Actual & FY 2007 Estimates	January	1,330,500	1,541,500	211,000	15.86%
	February	1,774,000	2,048,900	274,900	15.50%
	March	2,430,581	2,065,994	(364,587)	-15.00%
	April	1,303,900	1,108,315	(195,585)	-15.00%
	May	1,738,500	1,477,725	(260,775)	-15.00%
	June	1,564,762	1,330,048	(234,714)	-15.00%
	FY 2006 Actual Disbursement	19,963,513		1,131,247	5.67%
	FY 2007 Revised Estimates		21,094,760		
Budgeted FY 2007 Measure Revenue			19,503,000		
Difference Between FY 2007 Budgeted Revenue & Revised Estimate				1,591,760	8.16%
Difference Between FY 2007 Budgeted Revenue & Revised Estimate				1,131,247	5.80%

Assuming disbursements for the remaining 4 months will be 15% less than the same month of FY 2006.

Attachment 4A: Top 25 Tax Payers for TAM

In Alphabetical order

Apple Computer INC.

Best Buy Store LP

Chevron U.S.A. INC.

Costco Wholesale Corporation

Golden State Lumber

Jaguar Marin

Lexus of Serramonte

Long's Drug Store

Macy's Department Stores INC.

Marin Honda

Mehrзад Shamsian-Arco AM/PM

Mercedes-Benz of Marin

Nordstrom INC.

Novato Toyota

Petroleum Sales INC.

Price Cars SR, LLC

Rafael Lumber CO.

Safeway, NC.

Sears-Roebuck and CO.

Shamrock Materials INC.

Shell/Texaco

Sonnen BMW

Sonnen Motorcars

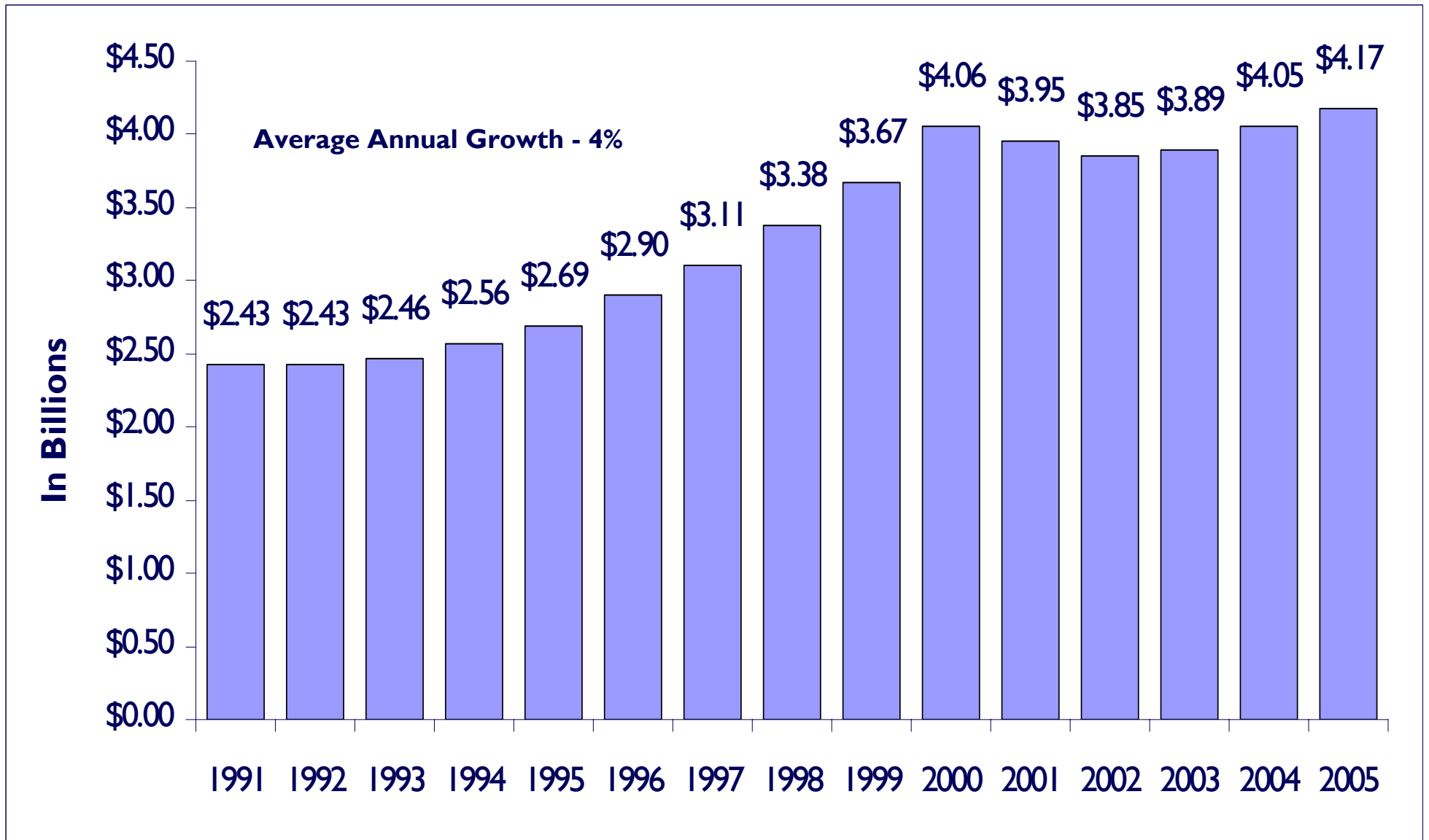
Target Stores

The Home Depot

Data Source: State Board of Equalization

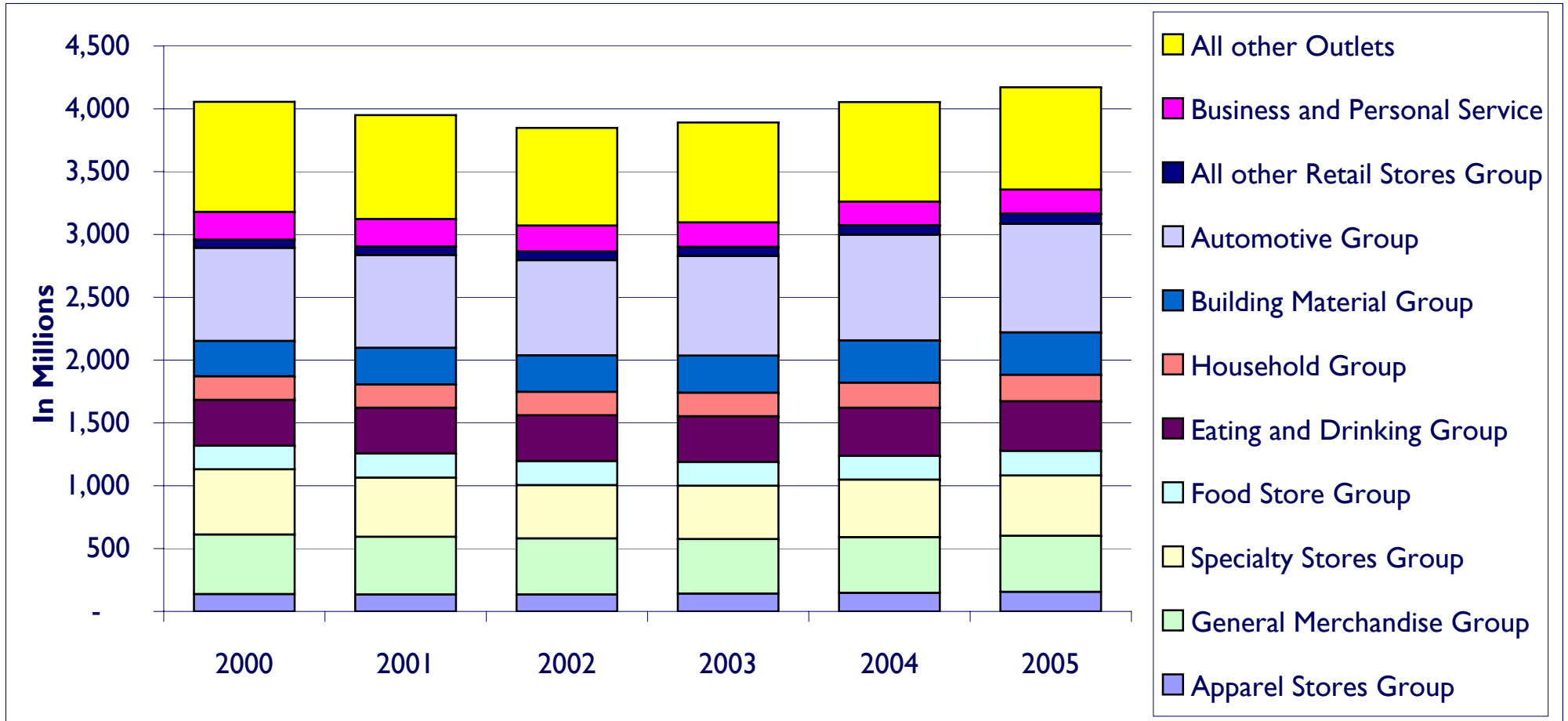
**Retailers listed represent ongoing business activities located within the TAM jurisdiction
and don't include temporary permits or one time billings.**

Attachment 4B: Historic Trend of Marin Taxable Sales



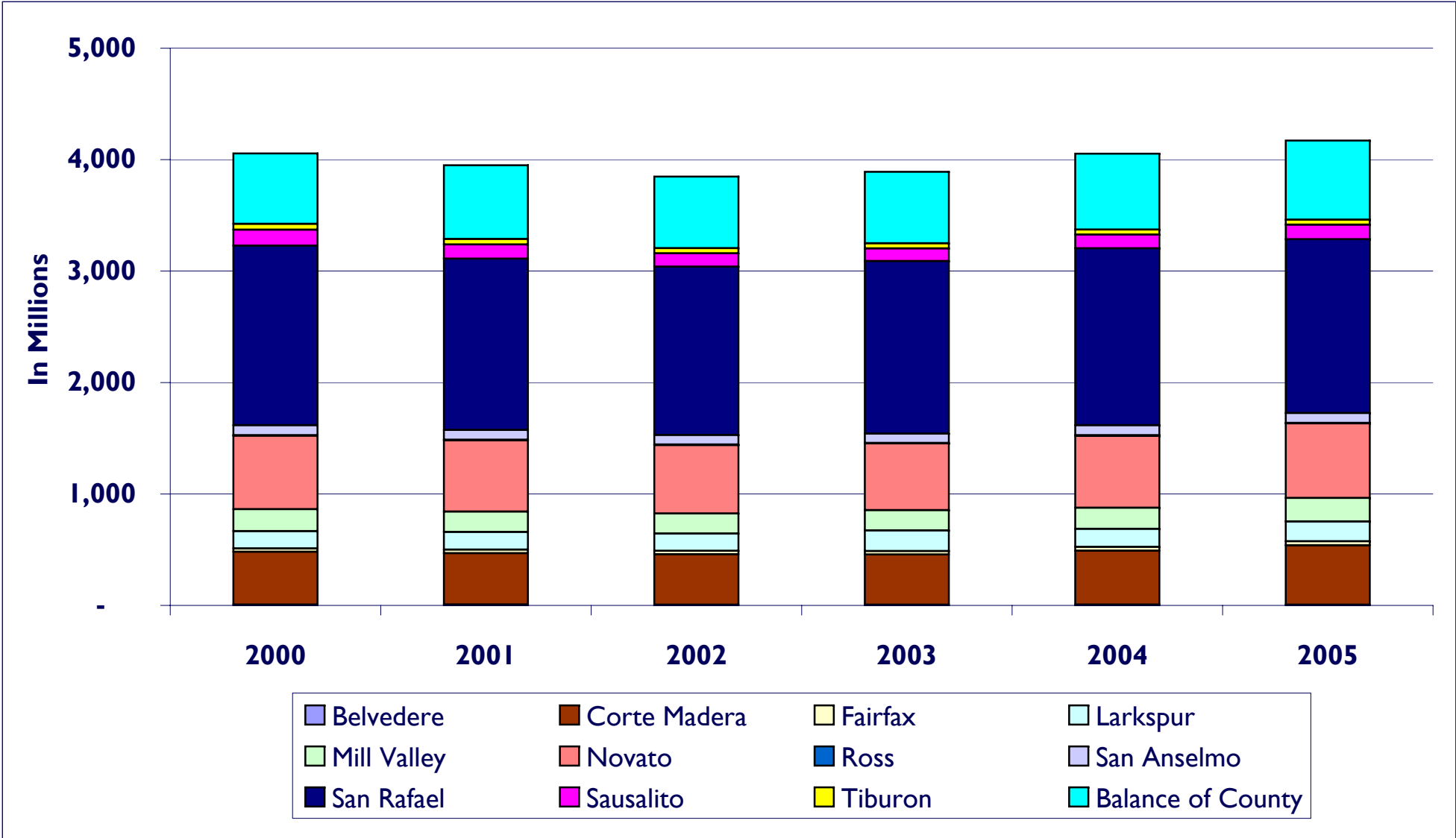
Attachment 4C: Historic Trend of Marin Taxable Sales By Business Type

- ❖ Each group's share of total taxable sales has been relatively stable
- ❖ Automobile group contributes about 20% of the taxable sales of Marin
- ❖ General merchandise, specialty stores and eating and drinking groups all contribute between 9% to 12%



Attachment 4D: Historic Trend of Marin Taxable Sales By City

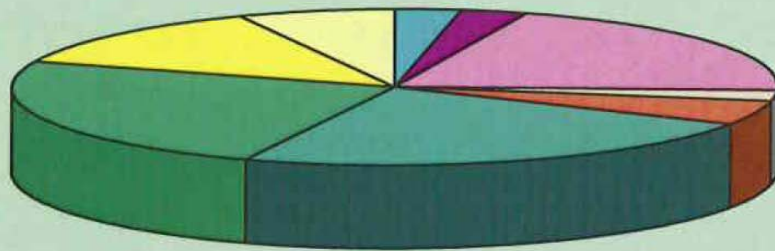
- ❖ Relative share of each city's taxable sales contribution has no significant changes
- ❖ City of San Rafael contribute more than 35% of the total taxable sales
- ❖ City of Novato, Corte Madera and the non-incorporated area of the County contribute between 11% to 17%



Attachment 5: Marin County Treasurer Portfolio Yield Report

Michael J. Smith, Marin County Treasurer
Portfolio Yield Report - Operating Funds
County of Marin, Schools & Special Districts
December 31, 2006

INVESTMENT HOLDINGS	BOOK VALUE	Portfolio Yields as 12/31/06
Local Agency Investment Funds	\$22,771,044.17	5.129%
Money Market Funds	\$22,424,699.68	5.175%
Negotiable CDs	\$162,500,000.00	5.332%
Bankers Acceptances	\$19,095,880.89	5.295%
Commercial Paper - Discount	\$39,842,649.44	5.336%
Federal Agency - Coupon	\$188,185,681.25	4.426%
Federal Agency - Discount	\$195,547,062.03	5.266%
Treasury Securities - Coupon	\$103,838,087.44	4.389%
Treasury Securities - Discount	\$53,957,622.21	5.018%
TOTAL	\$808,162,727.11	4.952%



- Local Agency Investment Funds
- Money Market Funds
- Negotiable CDs
- Bankers Acceptances
- Commercial Paper - Discount
- Federal Agency - Coupon
- Federal Agency - Discount
- Treasury Securities - Coupon
- Treasury Securities - Discount