CENTRAL MARIN FIRE AUTHORITY

a Joint Powers Authority

California

Annual Financial Report

Year Ended
June 30, 2021

CENTRAL MARIN FIRE AUTHORITY

Table of Contents

MARCELLO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860-0127

INDEPENDENT AUDITOR'S REPORT

To the Fire Council
Members of the Authority
Central Marin Fire Authority
Corte Madera, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Marin Fire Authority, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Mayor
Members of the Authority
Central Marin Fire Authority, California

Opinion

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 the Central Marin Fire Authority, as of June 30, 2021, and the respective changes in financial position 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 management's discussion and analysis, and the respective budgetary comparison information of the general and major funds as listed in the table of contents 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 an appropriate operational, economic, or historic 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.

Marcello & Company

Certified Public Accountants
Sacramento, California
October 20, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

As Prepared by Management

(unaudited)

This is a discussion and analysis of the Central Marin Fire Authority's financial activities and performance, and provides an overview for the fiscal year ended June 30, 2021. Please review it in conjunction with the basic financial statements, which begins on page 10.

OVERVIEW OF FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of three components: Government-wide financial statements, Funds financial statements, and Notes to the financial statements. Required Supplementary Information in addition to the basic financial statements is also presented.

Government-wide Financial Statements (pages 10-11)

The Government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. There are two government-wide financial statements: the Statement of Net Position, and the Statement of Activities.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net assets changed during the fiscal year. Accruals of revenue and expenses are taken into account regardless of when cash is received or disbursements.

Governmental Fund Financial Statements (pages 12-15)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The major differences between fund financial statements and the government-wide financial statements are in the way debt proceeds, capital outlay, and compensated absences are recorded. Reconciliations between the two types of financial statements are found on pages 13 and 15.

Statement of Fiduciary Assets /Agency Funds (page 16)

Agency funds are used to account for assets held for the benefit of other individuals or entities. The Town's OPEB trust fund, which is held by an outside trustee, is included on this page.

Notes to the Financial Statements (pages 17-34)

The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

Required Supplementary Information (pages 35-39)

In addition to basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the primary operating fund of the Authority, the general fund, as well as schedules of changes to the net liability of both the defined benefit pension plan and the OPEB plan.

FINANCIAL HIGHLIGHTS

From the Statement of Net Position and Statement of Activities (pages 10-11)

- At the end of fiscal year ending June 30, 2021, the Authority’s total net position was a negative ($5,547,947). The negative net position is mainly due to net liabilities in the amount of $10,873,356 for the Other Postemployment Benefits Plan (OPEB). This liability is based on an estimate provided by Bartel Associates. A discount rate of 2.23% was used in the calculation of this liability, as the Fire Authority does not currently have an OPEB funding policy in place. The net position has increased by $1,032,573 as compared with the net position as of June 30, 2020.

- The statement of net position, appearing as the first statement of the basic financial statements and summarized in Management’s Discussion and Analysis, reports the Authority's total assets to be $2,928,589, an increase of $1,215,198 compared with the previous year. The Authority's capital assets totaled $3,674,095, with accumulated depreciation of $2,576,577, providing $1,097,518 in net capital assets. The Authority’s capital assets are in the form of vehicles and equipment. The Authority does not own any real property. The City of Larkspur and Town of Corte Madera own the Central Marin Fire Authority stations.

- The Authority's total program revenue was $11,301,194. Other revenue, including Measure C revenue, totaled $867,846. Total program expenditures were $11,136,467. The overall net position increased by $1,032,573. Total expenditures includes $171,927 for depreciation and $402,529 for insurance claims and premiums recorded in the Insurance Fund.

- The Authority's long-term debt and obligations totaled $12,624,975. The estimated OPEB liability of $10,873,556 is included in this total, as well as $713,419 for estimated insurance claims, $712,598 for a fire engine lease and $325,482 for compensated absences.

From the Governmental Fund Financial Statements (pages 13-15)

- Total revenue was $12,169,040. This includes $9,579,594 in member contributions, $1,348,283 in state revenue to reimburse the Authority for out-of-county disaster response, $737,575 in Measure C Wildfire Tax, a grant in the amount of $66,750 to purchase CPR machines, grants from Fire Safe Marin in the amount of $203,792, $118,689 in permits and fees, and $11,582 in miscellaneous revenue.

- Total general fund revenue exceeded total general fund expenditures by $694,329 before $654,329 was transferred to the Authority's Insurance Fund for the purpose of funding the claims reserve and $40,000 was transferred to the Equipment Fund for the future purchase of a specialized washing machine.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The Statement of Net Position is summarized on page 10 of this report.

The Authority's net position indicates that liabilities exceed assets by $5,547,947 as of June 30, 2021 (page 10). This is due largely to the implementation of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) which requires that net OPEB liabilities be included in the government-wide statements. As of March 25, 2019, the date that Fire Authority employees from the City of Larkspur and the Town of Corte Madera were transferred to the Central Marin Fire Authority, the Fire Authority took over responsibility for providing OPEB benefits to employees who retire from the Authority. The level of benefits is based upon hire date. Employees who retired from the City of Larkpur or the Town of Corte Madera, prior to March 25, 2019, remain the responsibility of their respective employers.

An actuarial valuation was prepared by Bartel Associates to determine OPEB liability. This actuarial valuation was in accordance with GASB 75. A discount rate of 2.23% was used due to the Fire Authority not having an OPEB funding policy in place. The actuarial report will be presented to the Fire Council at a future meeting for consideration of a funding policy.

In addition to GASB 75, Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68) is also in effect and requires the reporting of the net pension liability. As Central Marin Fire Authority is a new entity as of March 25, 2019 with a new CalPERS retirement plan, unfunded liability is an immaterial amount. Bartel Associates determined the net pension liability to be $120. Pension liability for service prior to March 25, 2019 remains the responsibility of the City of Larkspur and the Town of Corte Madera.

In addition to the OPEB liability, which accounts for the vast majority of the total $12,737,582 liabilities, other liabilities include a workers compensation claim liability based on an actuarial report, and employee compensated absences. Also included in this total is a current liability of $360,699, which includes $112,607 services and supplies purchased prior to June 30, 2021 but not paid for until after the end of the fiscal year and $248,092 in short term insurance claims.

Total assets were $2,928,595 at fiscal year end. Of this total, $1,810,116 consists of capital assets net of depreciation. As noted above, the Authority's capital assets consist of vehicles and equipment. The Authority does not own any real property.

Other assets include cash of $795,637 and receivables of $322,836 as of June 30, 2021.

Statement of Activities

The Statement of Activities is summarized on page 11. Personnel costs account for approximately 67% of total expenditures. This includes salaries, benefits, and retirement. Services, supplies, the dispatch contract with the County, and other contract services total approximately 18% of total expenditures. Included in this 18% are items such as utilities, training, vehicle and equipment maintenance, memberships in various Joint Powers Authorities and other services and supplies, including services and supplies related to vegetation management paid from Measure C funds. Expenditures related to Property, Liability and Workers' Compensation insurance accounts for approximately 4% of total expenditures. Insurance related expenditures include premiums and claims. Equipment, including a fire engine lease, accounts for 9% of expenditures. The remaining 2% of expenditures is depreciation expense.

FUNDS FINANCIAL STATEMENTS

Government Funds

There were five active funds for the Authority during the 2020-2021 fiscal year: the General Fund, the Insurance Fund, the Equipment Fund, the Measure C Wildfire Tax Fund, and the Measure F Fund.

The General Fund is the primary operating fund of the Authority, and is used to record the day to day operations.

The Insurance Fund is used to record revenue and expenditures related to the Authority's payments to its liability and workers' compensation self-insurance programs. The revenue source is primarily a *transfer in* from the General Fund.

The Equipment Fund is used for revenue and expenditures related to the replacement of capital equipment. The fund is expected to be funded primarily from the General Fund and from intergovernmental grants that the Authority receives.

The Measure C Wildfire Tax Fund is used to record the Wildfire JPA tax revenue received and the expenditures paid with this tax. Also included is the Town of Corte Madera's additional contribution so that both agencies' contributions are equal.

The Measure F Fund was established to account for revenue transferred from the Town of Corte Madera's Measure F Sales Tax Fund. Central Marin Fire Authority performed disaster preparedness work on behalf of the Town of Corte Madera using this revenue.

A summary of fund activity, as well as the reconciliation to the government-wide financial statements, can be found on pages 12 to 15.

HISTORY AND ECONOMIC FACTORS

The Central Marin Fire Authority is a Joint Powers Authority formed in 2018 by the City of Larkspur and the Town of Corte Madera. The governing board is the Fire Council which consists of two Councilmembers from the City of Larkspur and two Councilmembers from the Town of Corte Madera. One of the four Fire Councilmembers is selected as Authority Chair. The Town Manager of the Town of Corte Madera serves as Executive Officer. The Fire Chief is responsible for the day to day operations of the organization. Please see Note 1 on page 18 for more information regarding formation of the Central Marin Fire Authority reporting entity.

The Authority is dependent upon funding from each of its member agencies. Each agency is responsible for providing 50% of the Authority's annual budgeted expenditures.

Staff prepares the annual budget in concert with the Executive Manager. The budget is adopted in June of each year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Central Marin Fire Authority, 342 Tamalpais Drive, Corte Madera, California 94925.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CENTRAL MARIN FIRE AUTHORITY

Government-wide Financial Statements

Statement of Net Position

June 30, 2021

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 795,637
Receivables	322,836
Total current assets	1,118,473
Noncurrent Assets:	
Capital assets, net of depreciation	1,810,116
Total Assets	2,928,589
Deferred Outflows of Resources:	
Deferred outflows of pension resources	1,922,703
Deferred outflows of OPEB resources	2,339,810
Total Assets and Deferred Outflows	7,191,102
LIABILITIES	
Current Liabilities:	
Payables	112,607
Claims payable	248,092
Total current liabilities	360,699
Noncurrent Liabilities:	
Claims payable, due after one year	465,327
Long-term obligations due within one year	134,757
Long term obligations due after one year	11,776,799
Total noncurrent liabilities	12,376,883
Total Liabilities	12,737,582
Deferred Inflows of Resources:	
Deferred inflows of pension resources	1,162
Deferred inflows of OPEB resources	305
Total Liabilities and Deferred Inflows	12,739,049
NET POSITION	
Net investment in capital assets	1,097,518
Restricted	69,148
Unrestricted	(6,714,613)
Total Net Position	$ (5,547,947)

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

CENTRAL MARIN FIRE AUTHORITY

Government-wide Financial Statements

Statement of Activities

Year Ended June 30, 2021

	Governmental Activities
Program Expenses	
Personnel	$ 7,503,061
Outside services	1,427,898
Training and education	14,373
Dues and subscriptions	8,166
Equipment maintenance	40,079
Building maintenance	9,528
Vehicle maintenance	99,398
Utilities	71,355
Supplies	304,680
Equipment	1,083,473
Insurance claims	402,529
Depreciation	171,927
Total program expenses	11,136,467
Program Revenue	
Charge for services	9,579,594
Operating grants and contributions	1,348,283
Capital grants and contributions	373,317
Total program revenue	11,301,194
Net revenue over (under) expenses	164,727
General Revenue (Expenses)	
Property tax revenue	737,575
Permits and fees	118,689
Other revenue	11,582
Transfers in	694,329
Transfers (out)	(694,329)
Net general revenue (expenses)	867,846
Change in Net Position	1,032,573
Net Position - beginning	(6,580,520)
Net Position - end of year	$ (5,547,947)

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

FUND FINANCIAL STATEMENTS

CENTRAL MARIN FIRE AUTHORITY

Balance Sheet

Governmental Funds

June 30, 2021

	General Fund	Insurance Fund	Equipment Fund	Measure C Fund	Measure F Fund	Total Governmental Funds
ASSETS						
Cash and investments	$ -	$ 743,456	$ 173,313	$ 54,605	$ 588	$ 971,962
Receivables	291,587	-	-	31,249	-	322,836
Total assets	$ 291,587	$ 743,456	$ 173,313	$ 85,854	$ 588	$ 1,294,798
LIABILITIES						
Payables	$ 88,179	$ 7,134	$ -	$ 17,294	$ -	$ 112,607
Cash overdraft	176,325	-	-	-	-	176,325
Claims payable	-	713,419	-	-	-	713,419
Total liabilities	264,504	720,553	-	17,294	-	1,002,351
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	68,560	588	69,148
Committed	-	-	-	-	-	-
Assigned	-	22,903	173,313	-	-	196,216
Unassigned	27,083	-	-	-	-	27,083
Total fund balances	27,083	22,903	173,313	68,560	588	292,447
Total liabilities and fund balances	$ 291,587	$ 743,456	$ 173,313	$ 85,854	$ 588	$ 1,294,798

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

CENTRAL MARIN FIRE AUTHORITY
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds	$ 292,447
(1) Capital asset acquisitions, dispositions and depreciation, are not current financial resources and therefore, are not reported in the funds balance sheet.	1,810,116
(2) Deferred outflows of resources are not recognized as expenditures in the funds financial statements but are recognized in the government-wide financial statements:	
Pension obligation resources	1,922,703
OPEB obligation resources	2,339,810
(3) Long-term debt and obligations are not due and payable in the current period and therefore are not reported in the funds balance sheet:	
Compensated absences	(325,482)
Capital lease purchase obligation	(712,598)
Net pension liability	(120)
Net other postemployment benefits liability	(10,873,356)
(4) Deferred inflows of resources are not recognized as revenue in the funds financial statements but are recognized in the government-wide financial statements:	
Pension obligation resources	(1,162)
OPEB obligation resources	(305)
Net Position of Governmental Activities	$ (5,547,947)

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

CENTRAL MARIN FIRE AUTHORITY

Statement of Revenue, Expenditures, and Change in Fund Balances

Governmental Funds

Year Ended June 30, 2021

	General Fund	Insurance Fund	Equipment Fund	Measure C Fund	Measure F Fund	Total Governmental Funds
REVENUE						
Member contributions	$ 9,341,198	$ -	$ -	$ 88,396	$ 150,000	$ 9,579,594
State revenue	1,348,283	-	-	-	-	1,348,283
Local agencies revenue	102,595	-	66,750	-	-	169,345
Grant revenue	203,972	-	-	-	-	203,972
Property tax	-	-	-	737,575	-	737,575
Permits and fees	118,689	-	-	-	-	118,689
Other revenue	11,582	-	-	-	-	11,582
Totals	11,126,319	-	66,750	825,971	150,000	12,169,040
EXPENDITURES						
Personnel	9,182,495	-	-	180,841	-	9,363,336
Outside services	728,498	-	-	549,988	149,412	1,427,898
Training and education	14,373	-	-	-	-	14,373
Dues and subscriptions	8,166	-	-	-	-	8,166
Equipment maintenance	40,079	-	-	-	-	40,079
Building maintenance	9,528	-	-	-	-	9,528
Vehicle maintenance	99,398	-	-	-	-	99,398
Utilities	71,355	-	-	-	-	71,355
Supplies	278,098	-	-	26,582	-	304,680
Equipment	-	-	70,106	-	-	70,106
Insurance claims	-	402,529	-	-	-	402,529
Totals	10,431,990	402,529	70,106	757,411	149,412	11,811,448
Excess Revenue over Expenditures	694,329	(402,529)	(3,356)	68,560	588	357,592
Other Financing Sources						
Transfers in	-	654,329	40,000	-	-	694,329
Transfers (out)	(694,329)	-	-	-	-	(694,329)
Totals	(694,329)	654,329	40,000	-	-	-
					-	
Change in Fund Balances	-	251,800	36,644	68,560	588	357,592
Fund Balances - beginning	27,083	(228,897)	136,669	-	-	(65,145)
Fund Balances - end of year	$ 27,083	$ 22,903	$ 173,313	$ 68,560	$ 588	$ 292,447

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

CENTRAL MARIN FIRE AUTHORITY

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2021

Change in Fund Balances - Governmental Funds	$	357,592
Amounts reported for governmental activities in the statement of activities are different because:		
Capital Assets		
(1) The acquisition of capital assets uses current financial resources but has no effect on net position.		1,063,048
(2) The cost of capital assets is allocated over their estimated useful lives and and reported as depreciation expense in the statement of activities.		(171,927)
Measurement focus		
(3) Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences expense liability		(34,408)
Change in Capital lease purchase obligation		712,598
Change in net pension plan expense liability and deferrals, net		(120)
Change in net OPEB plan expense liability and deferrals		(2,959,356)
Change in Net Position - Governmental Activities	$	(1,032,573)

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

CENTRAL MARIN FIRE AUTHORITY

Statement of Fiduciary Assets

Agency Funds

Year Ended June 30, 2021

	OPEB Prefunding and Stabilization Trust
ASSETS	
Cash with trustee	$ 59,564

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

CENTRAL MARIN FIRE AUTHORITY
Notes to Financial Statements
June 30, 2021

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Authority as follows:

Note 1 - Defining the Reporting Entity

The Town of Corte Madera (Town) and the City of Larkspur (City) began implementing shared services agreements between their respective fire departments in 2012. These agreements, which included sharing a single command staff and cross-staffing fire stations, resulted in two legally distinct departments functioning as one operation. The two fire departments have operated under one Fire Chief since 2016.

In 2016, the Town and the City initiated a formal process to study the possibility of consolidating their fire protection and prevention services within a joint powers authority (JPA). This process involved councilmembers as well as management and labor from both agencies. In 2017, all of the parties involved recommended the formation of a Joint Powers Authority (JPA). Following this recommendation, Central Marin Fire Authority (the Authority) was formed in August 2017, with the intention for staff to resolve various administrative matters so that all fire department personnel from both agencies could transfer to the new agency as of January 1, 2018.

The January 1, 2018 effective date was delayed due to issues regarding the retirement contract with the California Public Employees Retirement System (CalPERS), resulting in employees continuing to be paid by the Town and the City while Central Marin Fire Authority operated as a single agency. The Town of Corte Madera and the City of Larkspur shared all costs equally. CalPERS approved the contract in March 2019 and all fire department employees transferred to the new agency as of March 25, 2019. Prior to the consolidation, Town of Corte Madera fire department employees enrolled in the classic CalPERS safety plan were enrolled in the 3% at 50 plan while City of Larkspur fire department employees enrolled in the classic CalPERS plan were enrolled in the 3% at 55 plan. After consolidation, all classic employees were enrolled in the 3% at 55 plan, resulting in significant pension savings. The Town of Corte Madera and City of Larkspur each retain pension liability for service incurred prior to March 25, 2019.

The Larkspur and Corte Madera each retain ownership of their fire station real estate, while all other assets were transferred to the new agency. All operating costs, including salaries, are shared equally by the two agencies.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described as follows:

<u>Financial Statements</u>
The Authority's basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements (ie, the statement of net position and the statement of activities) report information on all of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment taxes.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Accounting
The accounts of the Authority are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are organized as follows:

Governmental Funds

- *The General Fund* is the Authority's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.
- *Capital Projects Funds* are used to account for revenue and expenditures restricted to the acquisition or construction of major capital facilities.
- *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, governmental fund long-term debt, both principal and interest.
- *Fiduciary Fund Types* are used to account for assets held by the Authority as a trustee or agent for individuals, private organizations, and other units of governments.

Basis of Accounting and Measurement Focus
Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

In the fund financial statements, all Governmental Funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include taxpayer-assessed taxes, interest, special assessments levied, state and federal grants, and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred.

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.”

Governmental Fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

The government-wide financial statement is accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position.

Cash and Investments

Deposits in financial institutions, money market funds, and the State Treasurer’s investment pool are reported as cash and investments since funds can spend cash at any time without prior notice or penalty. Investments are stated at fair value.

Restricted Assets

When applicable, certain cash and investments of the Authority are classified as restricted because their uses are limited by revenue sources. When an expense is incurred for purposes for which there are both restricted and unrestricted cash assets available, restricted cash is used first, then unrestricted cash as it is needed.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Receivables and Payables

Receivables related to the current fiscal year are accrued as revenue and accounts receivable, and are considered available if received within 60 days of fiscal year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The Authority considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements or shared revenue are recorded as receivables and revenue in the general, special revenue, and capital projects funds when they are received or susceptible to accrual.

Allowance for Doubtful Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Capital Assets

Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available and at estimated replacement cost when original cost was not available.

Donated assets are stated at estimated market value at date of donation. The Authority's policy is to capitalize all capital assets with costs exceeding a minimum threshold of $25,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from 5 to 15 years.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. The Authority's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the statement of net position.

Pension Plan

In government-wide financial statements, retirement plans are recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting. The Authority recognizes a net pension liability, which represents the Authority's proportionate share of the excess of the total pension liability over the fiduciary net position (*plan assets owned*) of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Other Postemployment Benefits Plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

Major Funds

The Authority's considers all its funds as Major Funds for financial statement presentation purposes in the Governmental Funds financial statements.

Net Position and Fund Balances

The government-wide financial statements utilize a net position presentation. Net position represents the difference between assets plus deferred outflow of resources, as compared to liabilities plus deferred inflow of resources, and is displayed in the following three components:

- *Net Investment in Capital Assets* - this component groups all capital assets, reduced by accumulated depreciation, and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of the assets.

- *Restricted Net Position* - this component represents net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted Net Position* - this component represents net position of the Authority that is not restricted for any other purpose.

When both restricted and unrestricted net position is available, restricted resources are used first, then unrestricted resources as they are needed.

Governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent and are described as follows:

- Nonspendable Fund Balances - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b) not in spendable form such as long-term notes receivable.

- Restricted Fund Balances - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

- Committed Fund Balances - amounts that can be used only for the *specific purposes* determined by a formal action of the Central Marin Fire Authority Council (the Council), to establish, modify or rescind a fund balance commitment.

- Assigned Fund Balances - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Council or its appointed official.

- Unassigned Fund Balances - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Authority's policy to expend *restricted* fund balances first. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, it is the Authority's policy to expend *committed*, then *assigned*, then *unassigned* amounts in that order.

Note 3 - Stewardship, Compliance and Accountability

<u>Budgetary Information</u>
The Authority follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. Management submits to the Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

2. The Council reviews the proposed budget at special scheduled sessions which are open to the

public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.

3. Prior to July 1, the budget is adopted through the passage of a resolution.

4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various Authority departments. The Council may amend the budget by resolution during the fiscal year. Management authorizes transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Economic Dependency

The Authority receives the majority of its total general fund revenue from its two members. Any reduction in the members' ability to fund the Authority's annual budget requirements could impair the Authority's ability to fund its own operating budget.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the Authority's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in future years by the voters.

Accounts and Records

Records of the Authority are maintained in Corte Madera, California. These records include cash receipts and disbursements journals, a general ledger, complete minutes of Council meetings, Resolutions, Ordinances and files of supporting documents. Investment funds of the Authority are on deposit with the State of California's investment pool.

Note 4 - Cash and Investments

Cash and investments at fiscal year end are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	$ 795,637
Cash and investments are comprised of the following:	
On deposit with checking accounts and the California State investment fund, pooled with the Town of Corte Madera	$ 795,637

Investments Authorized by the Authority's Investment Policy

The Authority does not have a specific investment policy but follows the guidelines of the Town of Corte Madera's Investment Policy. All funds invested are managed to meet the guidelines stated in both California Code Section 53600, et. seq. and the Town's investment policy.

Note 5 - Receivables

Receivables at year end consist of the following:

Fire Safe Marin	$ 276,757
Plan check fees	5,384
Property tax revenue	31,249
Insurance	8,744
Other	702
	$ 322,836

Note 6 - Capital Assets

Capital assets activity for the year consists of the following:

Depreciable Assets	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Vehicles & equipment	$ 3,759,638	$ 300,769	$ (386,312)	$ 3,674,095
Engine pending delivery	-	712,598	-	712,598
	3,759,638	1,013,367	(386,312)	4,386,693
Accumulated depreciation	(2,790,962)	(171,927)	386,312	(2,576,577)
Net capital assets	$ 968,676	$ 841,440	$ -	$ 1,810,116

Note 7 - Payables

Payables at year end consist of the following:

Contract services	$ 64,896
Supplies	15,854
Utilities & telephone	3,002
Personnel costs	11,655
Equipment maintenance	638
Building maintenance	2,192
Vehicles maintenance	14,370
	$ 112,607

Note 8 - Long-term Obligations

Long-term debt and obligation activity for the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 291,074	$ 34,408	$ -	$ 325,482	$ 32,548
Capital Lease	-	712,598	-	712,598	102,209
Net pension liability	-	1,235,000	(1,234,880)	120	-
Net OPEB liability	7,914,000	2,959,356	-	10,873,356	-
subtotal	8,205,074	4,941,362	(1,234,880)	11,911,556	134,757
Claims payable	379,521	333,898	-	713,419	248,092
	$ 8,584,595	$ 5,275,260	$ (1,234,880)	$ 12,624,975	$ 382,849

<u>Compensated Absences</u>
The accrued compensated absences amounts will be paid from available resources and are classified as current or noncurrent, based upon expected payment dates.

<u>Workers Compensation Claims Payable</u>
The accrued claims payable are based upon an actuarial review of the program's discounted and undiscounted liability for outstanding claims. The claims are classified as current or noncurrent, based upon expected payment dates, and will be paid from available resources.

<u>Fire Engine Equipment Loan</u>
Lease-Purchase agreement dated January 4, 2021 for the purchase of one Pierce Enforcer Custom Pumper, principal and interest payable at $153,314 annually for five years, with a net effective interest rate of 2.48% per annum.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2022	$ 135,613	$ 17,701	$ 153,314
2023	138,982	14,332	153,314
2024	142,434	10,880	153,314
2025	145,972	7,342	153,314
2026	149,597	3,716	153,313
	$ 712,598	$ 53,971	$ 766,569

Note 9 - Other Postemployment Benefits Plan

Overview of the Plan

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* (GASB 75), requires public employers to comply with certain accounting and financial reporting standards. Under GASB 75, employers that participate in an OPEB plan administered as a trust or equivalent arrangement are required to record their portion of the net OPEB liability, OPEB expense, and deferred outflows/deferred inflows of resources related to OPEB plans in their financial statements as part of their financial position. Net OPEB liability is the plan's total OPEB liability less the plan's fiduciary net position (assets owned). This may be a net OPEB asset when the Plan's fiduciary net position exceeds its total OPEB liability. OPEB expense is the change in net OPEB liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (OPEB income), which should be reported as a credit in OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB plans are certain changes in total OPEB liability and fiduciary net position that are to be recognized in future OPEB expense.

Plan Description and Eligibility

The Authority provides retiree medical benefits to employees who retire directly from the Authority and are eligible for a CalPERS pension. The amount and type of benefit is contingent upon date of hire.

California Public Employees Retirement System Trust

In fiscal year 2019-20, the Authority began prefunding its OPEB obligation through the use of an irrevocable trust established with the California Employers' Retiree Benefit Trust Fund (CERBT). This trust fund is an agent multiple-employer plan which is administered by the CalPERS Board of Administration.

Contributions

The obligation of the Authority to contribute to the Plan is established and may be amended by the Authority Council. The trust fund is used to accumulate and invest funds necessary to pay for future retiree benefits. Authority employees contribute to the trust through payroll deduction withholdings.

Actuarial Methods and Assumptions

The June 30, 2019 valuation was used to determine total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Implied Subsidy	Employer cost for allowing retirees to participate in the medical plans at active rates. Implied subsidy included.
Discount Rate	2.23%
General Inflation	2.75%
Salary Increases	Aggregate - 3.00% annually Merit - CalPERS 1997-2015 Experience Study

Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.
PEMHCA Minimum Increase	4.25% annually
Participation at Retirement	Tier 1 Actives: 100% Tier 2 Actives: 70%
Mortality Factors	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2018

Funded Status

Total OPEB Plan Liability	$ 10,907,325
Plan Fiduciary Net Position	33,969
Net OPEB Plan Liability	10,873,356
OPEB plan expense for the fiscal year	$ 1,029,414

Discount Rate
The discount rate used to measure the total OPEB liability was 2.23% which the Actuary has determined is a reasonable long-term assumption of the Authority's expected return on its investments. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the Authority calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	Discount Rate -1% 1.23%	Current Rate 2.23%	Discount Rate +1% 3.23%
Net OPEB liability / (asset)	$ 13,296,552	$ 10,873,356	$ 9,025,628

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the net OPEB liability calculated using the Healthcare Cost Trend discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability / (asset)	$ 8,598,071	$ 10,873,356	$ 13,964,589

Deferred Outflows/Inflows of Resources Related to OPEB
At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 22,563	$ -
Differences between projected and actual experience	-	-
Changes of assumptions	2,317,247	-
Net difference between projected and actual earnings of OPEB Plan investments	-	305
Totals	$ 2,339,810	$ 305

The Authority will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year Ending June 30:	
2022	$ 197,466
2023	197,466
2024	197,466
2025	197,465
2026	197,542
Thereafter	1,329,537

Note 10 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Overview of the Plan

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), requires public employers to comply with certain accounting and financial reporting standards. GASB 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position (assets owned). This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability. Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

Summary of Significant Accounting Policies

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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2019 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: https://www.calpers.ca.gov

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Valuation Date	June 30, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Straight-line amortization over 5-year period
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using Membership Data
Investment Rate of Return	7.00%, net of investment expense
Post Retirement Benefit Increase	Contract COLA up to 2.50%

Funded Status

Total Pension Plan Liability	$ 518,221
Plan Fiduciary Net Position (*assets owned*)	518,101
Net Pension Plan Liability	120
Pension plan expense for the fiscal year	$ 345,881

Discount Rate
The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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.

Asset Class	Target Allocation
Global Equity	50.00%
Fixed Income	28.00%
Private Equity	8.00%
Real Assets	13.00%
Liquid Assets	1.00%
	100.00%

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources
Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

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

The following presents the Town's proportionate share of the unfunded net pension liability calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1% 6.15%	Current Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability	$ 70,455	$ 120	$ (57,608)

Deferred Outflows/Inflows of Resources Related to Pensions

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 42	$ (6)
Changes of assumptions	3	-
Differences between projected and actual investment earnings	-	(6)
Change in employer's proportion	-	(1,150)
Differences between employer's share of contributions	890,236	-
Pension contributions subsequent to the measurement date	1,032,422	-
Totals	$ 1,922,703	$ (1,162)

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

Fiscal Year Ending June 30:	
2022	$ 317,545
2023	317,544
2024	254,033
2025	(3)
2026	-
Thereafter	-

Note 11 - Deferred Compensation Plan

The Authority contracts with the ICMA Retirement Corporation, and with CalPERS, to provide deferred compensation plans. Employees may defer up to the IRS established limits each year through payroll deductions. For employees in the management unit only, there is a mandatory 1% of salary contribution and a 1% of salary employer match to the employee's choice of the two plans. The plan is in conformity with Section 457 of the Internal Revenue Code.

Note 12 - Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority is a member of the Bay Cities Joint Powers Insurance Authority (BCJPIA), an established public entity risk pool that operates as a common risk management and insurance program for government members. The Authority pays an annual premium to the pool for property and general coverage, and for workers compensation insurance. Risk of loss is retained for general liability claims. The agreement with the risk pool provides that it will be self-sustaining through member premiums and additional policies purchased from commercial insurance companies for general liability claims, and for excess workers' compensation claims.

BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide workers' compensation coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member town, city or agency. Financial statements may be obtained from BCJPIA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

Note 13 - Subsequent Events

The management of the Authority has reviewed the results of operations for the period from its year end June 30, 2021 through October 22, 2021, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 14 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at http://www.gasb.org

In January 2020, GASB issued Statement No. 92 – Omnibus 2020. This Statement addresses 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 leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

In March 2020, GASB issued Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. A public-private and public-public partnership arrangement (PPP) is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement addresses issues related to PPPs. PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of a service concession arrangement (SCA) or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement).

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are defined in this Statement as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

In May 2020, GASB issued Statement No. 95 – Postponement of the Effective Dates of Certain Authority Guidance, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Paragraphs 4 and 5 are applicable to fiscal year 2019-2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial

Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

Note 15 - Fund Balance Designations Section of the Balance Sheet

Governmental funds financial statements report fund balances as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the Authority is bound to honor constraints on how specific amounts can be spent. Fund balances in the governmental fund balance sheet are designated as follows:

Restricted		
Measure C fund	$ 68,560	
Measure F fund	588	$ 69,148
Assigned		
Insurance fund	22,903	
Equipment fund	173,313	196,216
Unassigned	27,083	27,083
Total Fund Balances		$ 292,447

Marin County voter approved Measure C special tax charged to all real estate parcel owners. Revenue is restricted to plan, finance, implement, manage, own and operate a multi-jurisdictional agency to prevent and mitigate wildfires in Marin County.

The Town of Corte Madera voter approved Measure F Ordinance is funded from sales tax. Revenue is restricted for flood/sea level rise/disaster preparedness, fire prevention, street repair, improved traffic flow, safety improvements, 911 response and other program expenditures.

The Insurance Fund balance is assigned to account for the payment of insurance premiums.

The Equipment Fund balance is assigned to account for the receipt of grants and other sources of revenue to be appropriated for equipment acquisitions.

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

CENTRAL MARIN FIRE AUTHORITY
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2021

Schedule of Proportionate Share of the Net Pension Liability

The proportion (*percentage*) of the collective net pension liability represents the Authority's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

The proportionate share (*dollar amount*) of the collective net pension liability represents the Authority's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the plan.

Schedule of Contributions

The employer's contributions to the plan is actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

CENTRAL MARIN FIRE AUTHORITY
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last Two Fiscal Year*

Schedule of the Authority's Proportionate Share of the Plan's Net Pension Liability	Measurement Date Fiscal Year Ending June 30: 2020	2019
Authority's proportion of the net pension liability	0.00000%	n/a
Authority's proportionate share of the net pension liability	$ 120	n/a
Authority's covered-employee payroll *	$ 5,144,352	n/a
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	n/a
Plan fiduciary net position as a percentage of the total pension liability	75.10%	n/a

Schedule of the Authority's Contributions	Fiscal Year Ending June 30: 2021	2020
Contractually required employer contribution	$ 1,032,422	$ 1,234,880
Contributions in relation to the contractually required employer contribution	$ 1,032,422	$ 1,234,880
Contribution (excess) deficiency	$ -	$ -
Authority's covered-employee payroll **	$ 5,104,102	$ 5,144,352
Contributions as a percentage of covered employee payroll	20.23%	24.00%

* for the year ending on the measurement date.

** for the fiscal year ending on the date shown.

CENTRAL MARIN FIRE AUTHORITY

Required Supplementary Information (unaudited)

Schedule of Changes in Net OPEB Liability and Related Ratios

Last Three Fiscal Years*

For Reporting at Fiscal Year Ended June 30:	2021	2020	2019
Measurement Date - Fiscal Year Ending June 30:	2020	2019	2019
Total OPEB Liability			
Service cost	$ 568,643	$ 140,000	$ -
Interest on the total OPEB liability	296,893	75,000	-
Changes of benefit terms	-	-	7,303,000
Differences between expected and actual experience	-	-	-
Changes of assumptions	2,127,789	396,000	-
Benefit payments	-	-	-
Net Change in Total OPEB Liability	2,993,325	611,000	7,303,000
Total OPEB Liability - beginning	7,914,000	7,303,000	-
Total OPEB Liability - ending of year	$ 10,907,325	$ 7,914,000	$ 7,303,000
Plan Fiduciary Net Position			
Contributions - employer	$ -	$ -	$ -
Contributions - employee	32,402	-	-
Net investment income	1,585	-	-
Administrative expenses	(18)	-	-
Benefit payments	-	-	-
Net Change in Plan Fiduciary Net Position	33,969	-	-
Plan Fiduciary Net Position - beginning	-	-	-
Plan Fiduciary Net Position - end of year	$ 33,969	$ -	$ -
Net OPEB Liability	$ 10,873,356	$ 7,914,000	$ 7,303,000
Fiduciary Net Position as a percentage of the Total OPEB Liability	0.3%	0.0%	0.0%
Covered-employee payroll	$ 5,305,483	$ 1,270,000	n/a
Net OPEB liability as a percentage of covered-employee payroll	204.9%	623.1%	n/a

* Fiscal year 2019 was the first year of implementation, therefore only three years are shown

CENTRAL MARIN FIRE AUTHORITY
Required Supplementary Information (unaudited)
Budgetary Comparison Schedule
Year Ended June 30, 2021

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to close of the fiscal year, management submits to the Central Marin Fire Authority Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.

- Public hearings are conducted at Council meetings to obtain taxpayer comments prior to adoption of the budget in June.

- Prior to July 1, the budget is legally adopted for all governmental fund types through the Council approved budget.

- Management is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the Authority's needs; however, revisions that alter the total expenditures must be approved by the Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.

- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the Council.

CENTRAL MARIN FIRE AUTHORITY
Required Supplementary Information (unaudited)
Budgetary Comparison - General Fund
Year Ended June 30, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Resources (Inflow)			
Member contributions	$ 9,340,620	$ 9,341,198	$ 578
State revenue	-	1,348,283	1,348,283
Local agencies revenue	-	102,595	102,595
Grant revenue	-	203,972	203,972
Permits and fees	150,000	118,689	(31,311)
Other operating revenue	-	11,582	11,582
Amounts Available for Appropriation	9,490,620	11,126,319	1,635,699
Charges to Appropriations (Outflow)			
Personnel	7,935,707	9,182,495	(1,246,788)
Outside services	473,288	728,498	(255,210)
Training and education	20,000	14,373	5,627
Dues and subscriptions	12,500	8,166	4,334
Equipment maintenance	24,100	40,079	(15,979)
Building maintenance	25,000	9,528	15,472
Vehicle maintenance	70,000	99,398	(29,398)
Utilities	71,100	71,355	(255)
Supplies	311,925	278,098	33,827
Equipment	47,000	-	47,000
Transfers out	500,000	694,329	(194,329)
Total Charges to Appropriations	9,490,620	11,126,319	(1,635,699)
Surplus (Deficit)	$ -	$ -	$ -