

**MARIN LOCAL AGENCY FORMATION COMMISSION**  
**Basic Financial Statements**  
**Year ended June 30, 2021**  
**(With Independent Auditor's Report Thereon)**

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Basic Financial Statements**

**Year ended June 30, 2021**

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## **Independent Auditor's Report**

Board of Commissioners  
Marin Local Agency Formation Commission  
San Rafael, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marin Local Agency Formation Commission (LAFCo), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the LAFCo's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund, of the Marin Local Agency Formation Commission, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Marin LAFCo's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison information for the General Fund, Schedule of Plan Proportionate Share of Net Pension Liability, Schedule of Contributions, Schedule of Change in the Net OPEB Liability (Asset) and Related Ratios, and Schedule of Contributions - OPEB* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022 on our consideration of the LAFCo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAFCo's internal control over financial reporting and compliance.

**DavisFarrLLP**

Irvine, California  
May 6, 2022

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

The Management's Discussion and Analysis (MD&A) provides an overview of the financial activities of the Marin Local Agency Formation Commission (LAFCo) for the fiscal year ended June 30, 2021. The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; and the Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances.

These statements are supported by notes to the basic financial statements. All statements must be considered together to obtain a complete understanding of the financial picture at LAFCo.

Financial Highlights

- LAFCo finished June 30, 2021 with a net position of \$460,943. This amount represents an overall change of \$26,883 from the prior fiscal year total of \$434,060. The net position includes all pension and post-employment liabilities.

Fund Level

- LAFCo finished June 30, 2021 with a total fund balance of \$429,835 – the entire fund balance is unassigned.

**The Basic Financial Statements**

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of LAFCo's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of LAFCo's activities as a whole, and comprise the Statement of Net Position and Statement of Activities. The Statement of Net Position provides information about the financial position of LAFCo as a whole, including any capital assets and long-term liabilities on the full accrual basis. The Statement of Activities provides information about all of LAFCo's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of LAFCo's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The Fund Financial Statements report LAFCo's operations in more detail than the Government-wide statements and focus primarily on short-term activities of LAFCo's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

**The Government-wide Financial Statements**

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of LAFCo as a whole.

The Statement of Net Position and the Statement of Activities present information about the following: *Governmental Activities* – LAFCo's basic services are considered governmental activities. These services are supported by specific general revenues from local agencies.

**Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of LAFCo's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of LAFCo for the year and may change from year-to-year as a result of changes in the pattern of LAFCo's activities.

In LAFCo's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets (of which LAFCo has none) and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

**Governmental Activities**

Table 1  
Governmental Net Position

	Governmental Activities		
	2021	2020	\$ Change
Current assets	\$ 455,375	\$ 447,928	\$ 7,447
Net OPEB Asset	7,593	4,319	3,274
Capital assets, net of accumulated depreciation	-	-	-
Total Assets	<u>462,968</u>	<u>452,247</u>	<u>10,721</u>
Deferred outflows of resources	<u>105,268</u>	<u>84,618</u>	<u>20,650</u>
Current liabilities	33,248	56,603	(23,355)
Non-current liabilities	<u>55,168</u>	<u>17,781</u>	<u>37,387</u>
Total Liabilities	<u>88,416</u>	<u>74,384</u>	<u>14,032</u>
Deferred inflows of resources	<u>18,877</u>	<u>28,421</u>	<u>(9,544)</u>
Net position:			
Net investment in capital assets	-	-	-
Unrestricted	<u>460,943</u>	<u>434,060</u>	<u>26,883</u>
Total net position	<u>\$ 460,943</u>	<u>\$ 434,060</u>	<u>\$ 26,883</u>

Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

Table 2 presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2  
Changes in Governmental Net Position

	<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for Services	\$ 22,184	\$ 6,890	\$ 15,294
General revenues:			
Intergovernmental	503,570	559,523	(55,953)
Interest Income	3,763	9,599	(5,836)
Total revenues	<u>529,517</u>	<u>576,012</u>	<u>(46,495)</u>
<u>Program Expenses</u>			
General government	<u>502,634</u>	<u>527,664</u>	<u>(25,030)</u>
Total expenses	<u>502,634</u>	<u>527,664</u>	<u>(25,030)</u>
Change in Net Position	<u>\$ 26,883</u>	<u>\$ 48,348</u>	<u>\$ (21,465)</u>

**Capital Assets**

LAFCo has no capital assets.

**Debt Administration**

LAFCo does not utilize long-term debt to fund operations or growth.

**Economic Outlook**

LAFCo is responsible under statute to annually review its organizational needs and adopt an operating budget accordingly with mandatory funding drawn from local agencies. State law also specifies the operating budget shall be equal to the budget adopted for the previous fiscal year unless LAFCo formally finds any reduced costs will allow the Commission to nonetheless meet its prescribed regulatory and planning duties. These statutory provisions provide LAFCo full discretion in setting and collecting local agency apportionments to meet budgeted expenses with the latter aligned to support annual workplans.



Marin Local Agency Formation Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

The economic condition of LAFCo as it appears on the balance sheet reflects financial stability. LAFCo will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

**Contacting LAFCo's Financial Management**

This financial report is intended to provide our citizens, taxpayers, and creditors with a general overview of LAFCo's finances. Questions about this report should be directed to 1401 Los Gatos Drive, Suite 220, San Rafael, CA 94903.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Statement of Net Position**

**June 30, 2021**

**(With prior year comparative information)**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments (note 3)	\$ 455,375	447,928
Net OPEB asset (note 7)	<u>7,593</u>	<u>4,319</u>
Total assets	<u>462,968</u>	<u>452,247</u>
Deferred outflow of resources:		
Deferred outflow-pension (note 6)	104,734	83,093
Deferred outflow-OPEB (note 7)	<u>534</u>	<u>1,525</u>
Total deferred outflow of resources	<u>105,268</u>	<u>84,618</u>
Liabilities:		
Accounts payable	8,583	39,966
Accrued liabilities	16,957	14,585
Compensated absences, due within one year (note 5)	7,708	2,052
Long-term liabilities:		
Net pension liability (note 6)	32,044	-
Compensated absences (note 5)	<u>23,124</u>	<u>17,781</u>
Total liabilities	<u>88,416</u>	<u>74,384</u>
Deferred inflow of resources:		
Deferred inflow-pension actuarial (note 6)	18,632	27,858
Deferred inflow-OPEB actuarial (note 7)	<u>245</u>	<u>563</u>
Total deferred inflow of resources	<u>18,877</u>	<u>28,421</u>
Net position:		
Unrestricted	<u>460,943</u>	<u>434,060</u>
Total net position	<u>\$ 460,943</u>	<u>434,060</u>

See accompanying notes to the basic financial statements

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Statement of Activities**

**Year ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
					<u>2021</u>	<u>2020</u>
Governmental activities:						
General government	\$ 502,634	22,184	-	-	(480,450)	(520,774)
Total governmental activities	\$ 502,634	22,184	-	-	(480,450)	(520,774)
		General revenues:				
		Assessments			503,570	559,523
		Interest income			3,763	9,599
		Total general revenues			507,333	569,122
		Change in net position			26,883	48,348
		Net position, beginning of year			434,060	385,712
		Net position, end of year			\$ 460,943	434,060

See accompanying notes to the basic financial statements

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Balance Sheet - Governmental Fund**

**June 30, 2021**

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
	<u>Assets</u>	
Cash and investments	\$ 455,375	447,928
Total assets	<u>\$ 455,375</u>	<u>447,928</u>
	<u>Liabilities and Fund Balance</u>	
Liabilities:		
Accounts payable	\$ 8,583	39,966
Accrued liabilities	<u>16,957</u>	<u>14,585</u>
Total liabilities	<u>25,540</u>	<u>54,551</u>
Fund balance:		
Unassigned	<u>429,835</u>	<u>393,377</u>
Total fund balance	<u>429,835</u>	<u>393,377</u>
Total liabilities and fund balance	<u>\$ 455,375</u>	<u>447,928</u>

See accompanying notes to the basic financial statements

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Position**

**June 30, 2021**

Fund balances of governmental fund \$ 429,835

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Non-current asset that have not been included in the governmental fund  
Net OPEB asset 7,593

Long-Term Liability Transactions

Long-term liabilities applicable to the LAFCo's governmental activities are not due  
and payable in the current period and, accordingly, are not reported as fund  
liabilities. All liabilities (both current and long-term) are reported in the Statement of  
Net Position.

Compensated absences (30,832)  
Net pension liability (32,044)

Deferred Outflows and Inflows of Resources

Certain deferred outflows and inflows of resources are not due and payable in the  
current period and are not current assets or financial resources, therefore these  
items are not reported in the governmental fund.

Deferred outflows - pension related 104,734  
Deferred outflows - OPEB related 534  
Deferred inflows - pension related (18,632)  
Deferred inflows - OPEB related (245)

Net position of governmental activities \$ 460,943

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds**

**Year ended June 30, 2021**

	<u>General Fund</u>	
	<u>2021</u>	<u>2020</u>
Revenues:		
Intergovernmental	\$ 503,570	559,523
Charges for services	22,184	6,890
Interest income	<u>3,763</u>	<u>9,599</u>
Total revenues	<u>529,517</u>	<u>576,012</u>
Expenditures:		
Current:		
General government:		
Salaries and benefits	351,137	371,307
Services and supplies	<u>141,922</u>	<u>163,399</u>
Total expenditures	<u>493,059</u>	<u>534,706</u>
Net change in fund balances	36,458	41,306
Fund balances at beginning of year	<u>393,377</u>	<u>352,071</u>
Fund balances at end of year	<u>\$ 429,835</u>	<u>393,377</u>

See accompanying notes to the basic financial statements

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances to the Statement of Activities**

**Year ended June 30, 2021**

Net changes in fund balances - total governmental funds \$ 36,458

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Liability Transactions

Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the LAFCo as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Net change in pension related items	(1,177)
Net change in OPEB related items	2,601
Net change in compensated absences	<u>(10,999)</u>
Change in net position of governmental activities	<u>\$ 26,883</u>

See accompanying notes to the basic financial statements

# MARIN LOCAL AGENCY FORMATION COMMISSION

## Notes to the Basic Financial Statements

Year ended June 30, 2021

### (1) **Reporting Entity**

#### (a) Organization of LAFCo

Marin Local Agency Formation Commission (LAFCo) was formed in 1963. LAFCo is responsible for coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify, and streamline governmental structure, and preparing a sphere of influence for each city and special district within its county. LAFCo's efforts are directed toward seeing that services are provided efficiently and economically while agricultural and open-space lands are protected. LAFCo also conducts service reviews to evaluate the provision of municipal services within its county.

#### (b) Principles that Determine the Scope of Reporting Entity

LAFCo consists of seven voting members and exercises the powers allowed by state statutes. This follows section 56325 of the Government Code. The basic financial statements of LAFCo consist only of the funds of LAFCo. LAFCo has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on, LAFCo.

### (2) **Summary of Significant Accounting Policies**

#### (a) Basis of Presentation

LAFCo's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

#### Government-wide Financial Statements

LAFCo's financial statements reflect only its own activities; it has no component units. The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through intergovernmental revenues and charges for services.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of LAFCo's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods and services offered by the program. Revenues that are not classified as program revenues, including all intergovernmental revenues, are presented as general revenues.



# MARIN LOCAL AGENCY FORMATION COMMISSION

## Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

### (2) Summary of Significant Accounting Policies (Continued)

#### Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. General Fund operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. LAFCo's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of LAFCo or meets the following criteria: Total assets, liabilities, revenues or expenditures (or expenses) of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type. The General Fund is always a major fund.

#### Governmental Funds

General Fund: This is the operating fund of LAFCo. The major revenue source for this fund is intergovernmental revenues. Expenditures are made for intergovernmental revenues projects and administration.

#### (b) Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available." LAFCo considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are intergovernmental, certain charges for services and interest revenue. Charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which LAFCo gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(2) Summary of Significant Accounting Policies (Continued)**

LAFCo may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. LAFCo's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

(c) LAFCo Budget

Pursuant to Section 56381, et seq of the Government Code, LAFCo adopts a proposed budget by May 1 and a final budget by June 15 of each year.

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by LAFCo. Individual amendments were not material in relation to the original appropriations that were amended.

(d) Capital Assets

Physical assets acquired through purchase or contribution with an acquisition value in excess of \$1,500 are capitalized on the financial statements and accounted for at their historical costs.

Capital assets of LAFCo are depreciated using the straight-line method over the following estimated useful lives:

Furniture and fixtures	10 years
General office equipment	5 years
Computer hardware	5 years
Computer software	3 years

(e) Compensated Absences

It is LAFCo's policy to permit employees to accumulate earned but unused vacation. The balance of unpaid vacation time at June 30, 2021 is recorded as a noncurrent liability. Vacation is accrued as earned.

(f) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. There are pension and OPEB related items that meet this definition.

# MARIN LOCAL AGENCY FORMATION COMMISSION

## Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

### (2) Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by LAFCo that is applicable to a future reporting period. There are pension and OPEB related items that meet this definition.

#### (g) Fund Balance

In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Commissioners serve as LAFCo's highest level of decision-making authority and have the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by LAFCo for specific purposes, subject to change, as established either directly by the Commissioners or by management officials to whom assignment authority has been delegated by the Commissioners.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, LAFCo specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, LAFCo's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

# MARIN LOCAL AGENCY FORMATION COMMISSION

## Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

### (2) Summary of Significant Accounting Policies (Continued)

#### Net Position

The net position reported on the Statement of Net Position in the government-wide financial statements consist of the following categories:

Invested in capital assets, net of related debt describes the portion of Net Position that is represented by the current net book value of LAFCo's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCo cannot unilaterally alter.

Unrestricted describes the portion of Net Position that is not restricted to use.

#### (h) Use of Estimates

The basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

#### (i) Comparative Financial Statements

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the LAFCo's prior year financial statements, from which selected financial data was derived. The LAFCo's has reclassified certain prior year information to conform with current year presentations.

#### (j) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the LAFCo's Marin County Employee's Retirement Association (MCERA) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

# MARIN LOCAL AGENCY FORMATION COMMISSION

## Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

### (2) Summary of Significant Accounting Policies (Continued)

The following timeframes are used for pension reporting:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	June 30, 2019 to June 30, 2020

#### (k) Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and information about the plan (OPEB Plan), have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to the liability information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

### (3) Cash and Investments

LAFCo's cash is maintained with the Marin County Treasury in an interest-bearing account. LAFCo's cash on deposit with Marin County Treasury and Bank of Marin at June 30, 2021 was \$455,375.

#### Credit Risk, Carrying Amount and Market Value of Investments

LAFCo maintains specific cash deposits with Marin County. Marin County is restricted by state code in the types of investments it can make. Furthermore, the Marin County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, Marin County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. In addition, LAFCo has its own investment policy as well.

Marin County's investment policy authorizes Marin County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2021, LAFCo's cash with the Marin County Treasurer was maintained in an interest-bearing account.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(3) Cash and Investments (Continued)**

Fair Value Measurements – LAFCo categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, and Level 3 inputs are other significant unobservable inputs. LAFCo’s investments in the Local Agency Investment Fund and County Treasurer’s Pool are valued using Level 1 inputs as are the certificates of deposit, local government bonds and money market funds.

**(4) Contingencies**

LAFCo may be involved from time to time in various claims and litigation arising in the ordinary course of business. LAFCo management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a materially adverse effect on LAFCo’s financial position or results of operations.

**(5) Compensated Absences**

Unpaid vacation is recorded as a liability as the employees accrue vested benefits. Total accumulated accrued vacation payable at June 30, 2021 was as follows:

	Balance			Balance	Due within
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>	<u>one year</u>
Compensated Absences	\$ 19,833	12,077	1,078	30,832	7,708

**(6) LAFCo’s Employees’ Retirement Plan**

A. Plan Description

LAFCo’s retirement plan is administered by the Marin County Employees’ Retirement Association (MCERA), a retirement system established in July 1950 and governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, California government Code Section 31450 et seq.); the Public Employees’ Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq; and the bylaws, procedures, and policies adopted by MCERA’s Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members.

MCERA operates as a cost-sharing multiple employers defined benefit plan for the County and eight other participating employers: City of San Rafael, Local Agency Formation Commission (LAFCo), Marin City Community Services District, Marin County Superior Court, Marin/Sonoma Mosquito and Vector Control District, Novato Fire Protection District, Southern Marin Fire Protection District, and Tamalpais Community

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(6) LAFCo's Employees' Retirement Plan (Continued)**

Services District. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

Copies of MCERA's annual financial reports, which include required supplementary information (RSI) for the Plan may be obtained from their office at One McInnis Parkway, Suite 100, San Rafael, CA 94903 or online at [www.mcera.org](http://www.mcera.org).

Administration

Retirement system administration is managed by the Retirement Board. All Retirement Board members, except the County Director of Finance, serve for a term of three years. By statute, retirement Board members include the following:

- The Director of Finance of the County (ex-officio).
- Four members who are qualified electors of the County and not connected with County government in any capacity, except one may be a County Supervisor. The Board of Supervisors appoints these members.
- Two General members of MCERA elected by the General membership.
- One Safety member and one Safety member alternative elected by the Safety membership.
- One retired member and one retired member alternate elected by the retired membership.

Membership

MCERA provides service retirement, disability, and death and survivor benefits to its general and safety members. Safety membership primarily includes law enforcement and firefighters of MCERA, as well as other classifications as allowed under the CERL and adopted by the employer. General membership is applicable to all other occupational classifications. The retirement benefits within the plan are tiered based on the participating employer and the date of the member's entry into MCERA membership.

Vesting

Members become vested in retirement benefits upon completion of five years of credited service.

**B. Benefit Provisions**

Service Retirement

MCERA's service retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.

# MARIN LOCAL AGENCY FORMATION COMMISSION

## Notes to the Basic Financial Statements

Year ended June 30, 2021

(Continued)

### (6) LAFCo's Employees' Retirement Plan (Continued)

General members hired prior to January 1, 2013 are eligible to retire once they attain the age of 50 (except tiers 3a and 4, whereby the minimum age is 55) and have acquired 10 or more years of retirement service credit. A member with 30 years of service is eligible to retire regardless of age. A member who is age 70 or older is eligible to retire regardless of service credit. General members who are first hired on or after January 1, 2013 are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit, or age 70, regardless of service.

#### Disability Retirement

A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a non-service connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

#### Death Benefits

MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired. The basic active member death benefit consists of a members' retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six month's pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

#### Cost of Living Adjustment

Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLA's) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 of each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.



**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(6) LAFCo's Employees' Retirement Plan (Continued)**

As of June 30, 2021, LAFCo's reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2019	\$ -	-	-
Balance at June 30, 2020	215,816	183,772	32,044
Net changes during 2020-21	<u>\$ 215,816</u>	<u>183,772</u>	<u>32,044</u>

LAFCo's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, updated to June 30, 2020. LAFCo's proportion of the net pension liability was based on a projection of LAFCo's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. LAFCo's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

Measurement Dates

Proportion - June 30, 2019	.0000%
Proportion - June 30, 2020	<u>.0070%</u>
Change - Increase (Decrease)	<u>(.0070%)</u>

For the year ended June 30, 2021, LAFCo recognized pension expense of \$37,506. At June 30, 2021, LAFCo 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
Pension contributions made after the measurement date	\$ 37,025	-
Adjustment due to differences in proportions	20,338	18,572
Differences between expected and actual experience	1,405	60
Differences between projected and actual earnings on pension plan investments	3,541	-
Differences between employer's contributions and proportionate share of contributions	41,711	-
Changes in assumptions	<u>714</u>	<u>-</u>
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 104,734</u>	<u>18,632</u>

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(6) LAFCo's Employees' Retirement Plan (Continued)**

The \$37,025 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal</u> <u>Year ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ 15,316
2023	12,980
2024	19,518
2025	1,263
2026	-
Thereafter	-

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date:	June 30, 2019
Timing:	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial Cost Method:	Entry Age Asset
Valuation Method:	Market Value
Amortization Method:	Closed 17 year period (11 years remaining as of 6/30/19)
Discount Rate:	7.00%
Price Inflation:	2.75%
Salary Increases:	3.00% plus merit component based on employee classification and years of service
Administrative Expenses:	Administrative expenses in the actuarial valuation are assumed to be \$5.217 million for FY 2019-20, to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY 2019-20 amounts.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(6) LAFCo's Employees' Retirement Plan (Continued)**

Postretirement COLA: Post retirement COLAs are assumed at the rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.

Mortality Rates for Healthy Members and Inactives: Rates of mortality for active Members are specified by CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 15- year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

A complete description of the methods and assumptions used to determine contribution rates for the year ended June 30, 2020 can be found in the June 30, 2019 actuarial report.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions intended to fund benefits of current plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(6) LAFCo's Employees' Retirement Plan (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	4.90%
Fixed Income	23.0%	0.50%
International Equity	22.0%	5.00%
Public Real Assets	7.0%	3.20%
Private Equity	8.0%	6.25%
Real Estate	8.0%	4.00%
Total	<u>100.0%</u>	

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

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

	<u>Miscellaneous</u>
1% Decrease	6.00%
Net Pension Liability	\$60,010
Current Discount Rate	7.00%
Net Pension Liability	\$32,044
1% Increase	8.00%
Net Pension Liability	\$9,007

Pension Plan Fiduciary Net Position

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

**(7) Other Postemployment Benefit (OPEB)**

Plan Description

LAFCo provides a defined benefit healthcare plan (the "Retiree Health Plan"). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CalPERS Health Benefit Program, which covers both active and retired members.

For retirees hired between October 1, 1993 and December 31, 2007 (Plan 3), LAFCo would pay a percentage of retirees' single-coverage premiums up to a dollar cap based on years of service at retirement, where the dollar cap is reviewed each year by the Board of Supervisors. Through January 1, 2007 the cap was increased to cover single Blue Cross Prudent Buyer Classic and Delta Dental premiums. The Board of Supervisors has implemented a policy to limit annual increases in the cap to no more than 3%, subject to annual approval regarding whether any increase will be granted and, if so,

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(7) Other Postemployment Benefit (OPEB) (Continued)**

the amount of the increase. Cap increases were 3% effective January 1, 2008 and January 1, 2009. No cap increases have been adopted since that time. The dollar cap is currently \$442.65 per year of service up to \$8,853 per year.

For retirees hired on or after January 1, 2008 (Plan 4), LAFCo would pay \$150 per year of service up to \$3,000 per year for the retiree's single health plan premiums only.

Funding Policy

LAFCo's Board of Commissioners will not be funding the plan in the current year but will follow a pay-as-you-go approach. The Board will review the funding requirements and policy annually.

Membership of LAFCo as of the valuation date consisted of the following:

Active plan members	1
Inactive employees or beneficiaries currently receiving benefit payments	<u>1</u>
Total	<u><u>2</u></u>

Contribution

As of June 30, 2020, LAFCo has accumulated \$66,781 in an irrevocable trust toward this liability. With LAFCo's approval, the discount rate used in this valuation is 5.75% as of June 30, 2020; the long term expected return on trust assets.

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Funding method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Market value of trust assets
Long term return on assets	5.75%
Discount rates	5.75%
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary increase	3.00%
General inflation	2.50% per year
Mortality improvements	MacLeod Watts Scale 2018 applied generationally
Healthcare trend	5.4% in 2021, fluctuates until ultimate rate of 4% in 2076

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(7) Other Postemployment Benefit (OPEB) (Continued)**

Change in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
Balance at June 30, 2019 (MD)	\$ 59,062	63,381	(4,319)
Service Cost	2,161	-	2,161
Interest	3,365	-	3,365
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments	(5,400)	(5,400)	-
Contributions – employers	-	5,400	(5,400)
Net investment income	-	3,431	(3,431)
Administrative expenses	-	(31)	31
Other expenses	-	-	-
Net changes	126	3,400	(3,274)
Balance at June 30, 2020 (MD)	\$ 59,188	66,781	(7,593)

Sensitivity of Net OPEB Liability (Asset) to Changes in the Discount Rate and Medical Cost Inflation

The discount rate used for the fiscal year end June 30, 2021 is 5.75%. Medical Cost Inflation was assumed to start at 5.40% and grade down to 4.00% for years 2076 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the table below.

Plan's Net OPEB Liability/(Asset)		
Discount Rate – 1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate + 1% (6.75%)
\$(2,781)	(7,593)	(11,813)

  

Plan's Net OPEB Liability/(Asset)		
Medical Trend – 1% \$(7,648)	Current Medical Trend (7,593)	Medical Trend + 1% (7,544)

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Basic Financial Statements**

**Year ended June 30, 2021**

**(Continued)**

**(7) Other Postemployment Benefit (OPEB) (Continued)**

Deferred Resources and Expected Future Recognition

For the fiscal year ended June 30, 2021, LAFCo recognized OPEB expense of \$1,901. At June 30, 2021, LAFCo reported deferred resources from OPEB from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	276	-
Changes of assumptions	258	-
Net differences between projected and actual earnings on plan investments	-	245
Total	\$ 534	245

In addition, future recognition of these deferred resources is shown below.

<u>Fiscal Year ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (11)
2023	29
2024	(25)
2025	134
2026	93
Thereafter	69

**(8) Operating Lease Commitments**

LAFCo has an operating lease for office space expiring in May 2023 during the fiscal year ending June 30, 2023. The total expense for office rent was \$33,589 for the fiscal year ended June 30, 2021. The minimum future rental payments under non-cancelable operating leases for each of the next five years and in the aggregate are:

<u>Year ended June 30</u>	<u>Amount</u>
2022	\$ 34,559
2023	32,514
Total	\$ 67,073

REQUIRED SUPPLEMENTARY INFORMATION



**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Schedule of Plan Proportionate Share of the Net Pension Liability**

**Last Ten Years\***

Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Proportion of the collective net pension liability	0.0070%	0.0000%	0.0104%	0.0088%
Proportionate share of the net pension liability	\$ 32,044	-	34,351	32,451
Covered-employee payroll	271,662	113,308	123,490	206,613
Proportionate share of the net pension liability as a percentage of covered-employee payroll	12%	0%	28%	16%
Plan fiduciary net position as a percentage of the total pension liability	85.15%	0%	88.34%	86.27%
Measurement Date		<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Proportion of the collective net pension liability		0.0021%	0.0000%	0.0750%
Proportionate share of the net pension liability		10,037	-	185,355
Covered-employee payroll		232,415	173,394	192,619
Proportionate share of the net pension liability as a percentage of covered-employee payroll		4%	0%	96%
Plan fiduciary net position as a percentage of the total pension liability		81.45%	84.31%	89.04%

\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Schedule of Contributions**

**Last Ten Years\***

Fiscal Year Ending June 30	2021	2020	2019	2018
Actuarially determined contribution	\$ 37,025	50,702	13,234	14,430
Contributions in relation to the actuarially determined contributions	(37,025)	(50,702)	(13,234)	(14,430)
Contribution deficiency (excess)	\$ -	-	-	=
Covered payroll during the fiscal year	\$ 280,726	271,662	113,308	123,490
Contributions as a percentage of covered payroll	13.19%	18.66%	11.68%	11.69%
Fiscal Year Ending June 30	2017	2016	2015	
Actuarially determined contribution	46,997	68,104	48,485	
Contributions in relation to the actuarially determined contributions	(46,997)	(68,104)	(48,485)	
Contribution deficiency (excess)	-	-	=	
Covered payroll during the fiscal year	206,613	232,415	173,394	
Contributions as a percentage of covered payroll	22.75%	29.30%	27.96%	

\* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

Notes to Schedule

Valuation Date 6/30/19 (to determine FY2020-21 contributions)

Key Methods and Assumptions Used to Determine Contribution Rates (for FY 2019-20):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate periods for Extraordinary Actuarial Gains or Losses (19 years remaining as of 6/30/19), the remaining UAL as of June 30, 2013 (11 years as of 6/30/19), and additional layers for unexpected changes in UAL after 6/30/13 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Remaining Amortization period	11 years remaining as of June 30, 2019
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7%, net of investment expenses
Retiree Mortality	Rates of mortality for retired members and their beneficiaries are given by the California Public Employees Retirement System (CalPERS) 2017 Post-Retirement Healthy Mortality rates, adjusted by 90% for Males (General and Safety), with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP2017.
Disabled Mortality	Rates of mortality among disabled members are given by CalPERS 2017 Disability Mortality rates (Non-Industrial rates for General members and Industrial Disability rates for Safety members), adjusted by 90% for Males (General and Safety) and 90% for General Females, with the 15-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Schedule of Change in the Net OPEB Liability(Asset) and Related Ratios**

**Last Ten Years\***

Measurement Date	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 2,161	-	-	-
Interest	3,365	3,309	3,413	3,529
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	-	372	-	-
Changes of assumptions	-	348	-	-
Benefit payments, including refunds of employee contributions	<u>(5,400)</u>	<u>(5,013)</u>	<u>(5,456)</u>	<u>(5,615)</u>
Total OPEB liability - beginning of year	<u>59,062</u>	<u>60,046</u>	<u>62,089</u>	<u>64,175</u>
Total OPEB liability - end of year	<u>59,188</u>	<u>59,062</u>	<u>60,046</u>	<u>62,089</u>
Plan Fiduciary Net Position				
Net investment income	3,431	5,013	2,544	1,894
Contributions				
Employer	5,400	4,208	21,071	25,102
Benefit payments, including refunds of employee contributions	(5,400)	(5,013)	(5,456)	(5,615)
Administrative expense	<u>(31)</u>	<u>(13)</u>	<u>(76)</u>	<u>(15)</u>
Net change in plan fiduciary net position	3,400	4,195	18,083	21,366
Plan fiduciary net position - beginning of year	<u>63,381</u>	<u>59,186</u>	<u>41,103</u>	<u>19,737</u>
Plan fiduciary net position - end of year	<u>\$ 66,781</u>	<u>63,381</u>	<u>59,186</u>	<u>41,103</u>
Net OPEB liability(asset) - end of year	<u>\$ (7,593)</u>	<u>(4,319)</u>	<u>860</u>	<u>20,986</u>
Covered-employee payroll	\$ 229,570	125,319	144,601	217,782
Net OPEB liability as a percentage of covered-employee payroll	-3.31%	-3.45%	0.59%	9.64%

\* Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Schedule of Contributions - OPEB**

**Last Ten Years\***

Fiscal year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,801	2,036	1,526	15,615
Contributions in relation to the actuarially determined contributions	-	898	4,552	<u>21,071</u>
Contribution deficiency (excess)	<u>\$ 1,801</u>	<u>1,138</u>	<u>(3,026)</u>	<u>(5,456)</u>
Covered employee payroll	\$ 280,829	229,570	125,319	144,601
Contributions as a percentage of covered employee payroll	0.00%	0.39%	3.63%	14.57%

Notes to Schedule:

Fiscal Year End: June 30, 2021

Valuation Date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar basis, open 30 years*
Amortization period	30 years remain
Asset valuation method	Market value
Inflation	2.5%
Healthcare cost trend rates	5.4% in 2021, fluctuates until ultimate rate of 4% in 2076
Salary increases	3.0%
Investment rate of return	5.75%
Retirement age	From 55 to 75
Mortality	2017 CalPERS Experience Study
Mortality improvement	Projected with MW Scale 2018

\* Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund**

**Year ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 503,570	503,570	503,570	-
Charges for services	-	-	22,184	22,184
Investment income	-	-	3,763	3,763
Total revenues	<u>503,570</u>	<u>503,570</u>	<u>529,517</u>	<u>25,947</u>
Expenditures:				
Current:				
General government:				
Salaries and benefits	354,000	354,000	351,137	2,863
Services and supplies	<u>169,578</u>	<u>169,578</u>	<u>141,922</u>	<u>27,656</u>
Total expenditures	<u>523,578</u>	<u>523,578</u>	<u>493,059</u>	<u>30,519</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,008)</u>	<u>(20,008)</u>	<u>36,458</u>	<u>56,466</u>
Net change in fund balances	(20,008)	(20,008)	36,458	56,466
Fund balances at beginning of year	<u>393,377</u>	<u>393,377</u>	<u>393,377</u>	-
Fund balances at end of year	<u>\$ 373,369</u>	<u>373,369</u>	<u>429,835</u>	<u>56,466</u>

See accompanying notes to the required supplementary information

**MARIN LOCAL AGENCY FORMATION COMMISSION**

**Notes to the Required Supplementary Information**

**Year ended June 30, 2021**

**(1) Budgetary Reporting**

The LAFCO's established accounting control through formal adoption of an annual budget for the General Fund. The budget is prepared on a basis consistent with generally accepted accounting principles. The adopted budget can be amended by the LAFCo to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require LAFCO's's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level.