

Central Marin Fire Authority

Corte Madera, California

Annual Financial Report

For the Year Ended June 30, 2023



**Central Marin Fire Authority
Annual Financial Report
For the Year Ended June 30, 2023
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INDEPENDENT AUDITORS' REPORT



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

Report on the Audit of the Financial Statements

Opinions

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 (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 Authority, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New GASB Pronouncement

As discussed in Note 1 to the basic financial statements, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Chair and Members of the Fire Council
of the Central Marin Fire Authority
Corte Madera, California
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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Contributions – Pension, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedules of Contributions – OPEB, as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

The PwC Group, LLP

Walnut Creek, California
October 30, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS
(Unaudited)

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**Central Marin Fire Authority
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023**

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, 2023. Please review it in conjunction with the basic financial statements, which begins on page 12.

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 12-15)

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 20-23)

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.

Notes to the Financial Statements (pages 29 – 50)

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

Required Supplementary Information (pages 53-61)

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.

Central Marin Fire Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

FINANCIAL HIGHLIGHTS

From the Statement of Net Position and Statement of Activities (pages 12-15)

- At the end of fiscal year ending June 30, 2023, the Authority's total net position was a negative (\$7,712,850). The negative net position is mainly due to net liabilities in the amount of \$7,823,279 for the Other Postemployment Benefits Plan (OPEB). This liability is based on an estimate provided by Foster & Foster. A discount rate of 3.55% was used in the calculation of this liability, as the Fire Authority does not currently have an OPEB funding policy in place. The actuarial report is based on a measurement date of June 30, 2021. The net OPEB liability has decreased by \$1,056,912 compared to last year, mainly due to an increase in the discount rate used for the current year actuarial report as compared to the discount rate of 2.18% used last year.
- Despite the decrease in the net OPEB liability noted above, the overall net position has decreased by \$1,337,001 compared to last year. Contributing to the decrease in the net position are 1) claims payable have increased by \$464,791 compared to last year, mainly due to an increase in workers' compensation claims, 2) unfunded pension liability of \$368,750, mainly as a result of poor CalPERS investment returns in the 2022 fiscal year, as compared to no pension liability in the previous year, and 3) governmental expenditures have increased by \$833,219 compared to last year, due mainly to insurance premiums and claims and to personnel costs, while revenue increased \$335,120. The remainder of the decrease in the net position is due to required pension related accounting entries.
- 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 \$3,904,861, an increase of \$1,230,734 compared with the previous year. The increase is largely due to an increase in cash as the result of receiving a payment for 2023-2024 from one of the member agencies of approximately \$1.4 million in June 2023. This payment is shown as unearned revenue in the liability section of the financial statements. The Authority's capital assets totaled \$1,527,425 after accounting for accumulated depreciation. 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 \$12,467,198. Other revenue, including grants and reimbursements totaled \$638,114. Total revenue increased by \$71,491 compared to the previous year. Total program expenditures were \$14,432,313, an increase of \$824,29. Total expenditures include \$140,408 for depreciation. Approximately 75% of expenditures were related to personnel costs. In the 2021-2022 fiscal year, the Authority received \$1,102,240 in reimbursements from the State for out of county emergency response. In the 2022-2023, the Authority received \$524,750 in State reimbursements as a large portion of the 2022-2023 overtime costs incurred were for vacancies and not out of county emergency response.
- The Authority's debt and obligations totaled \$12,001,978. The estimated OPEB liability of \$7,823,279 is included in this total, as well as \$1,414,747 in unearned revenue noted above, \$368,750 for pension liability, \$438,003 for a fire engine lease, \$1,293,265 in estimated claims and \$283,163 for compensated absences.

From the Governmental Fund Financial Statements (pages 20-23)

- Total revenue was \$13,105,312. This includes: \$10,467,350 in member contributions, \$524,750 in state revenue to reimburse the Authority for out of county disaster response, \$766,669 in Measure C Wildfire Tax, project reimbursements from Marin Wildfire Prevention JPA in the amount of \$407,062, grants in the amount of \$17,497, \$145,962 in permits and fees, and \$175,433 reimbursement from Ross Valley Paramedic Authority for engine program reimbursement.

Central Marin Fire Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

- Total general fund expenditures exceeded total general fund revenue by \$7,130, including \$551,734 to pay for insurance claims and premiums. The Insurance Fund, which is segregated on the Fire Authority's books for tracking purposes, is included in the General Fund in the Audited Financial Statements. Also included in the General Fund in the Audited Financial Statements but separate on the Town's books is the Equipment Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

The Statement of Net Position is summarized on pages 12 and 13 of this report.

The Authority's net position indicates that liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by \$7,712,850 as of June 30, 2023. 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, 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 Larkspur 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 3.55% 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. Net OPEB liability is \$7,823,279.

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. The Fire Authority's retirement plan has an unfunded liability of \$368,750 as of June 30, 2023, mainly as a result of investment losses in the year ending June 30, 2022. Pension liability for services 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 \$12,001,978 liabilities, other liabilities claims liability, pension liability, compensated absences, unearned revenue and liability for payments for a fire engine. The amounts of these liabilities are listed above. Additional liabilities include \$375,331 for payroll obligations incurred but not paid prior to June 30, 2023, as well as for services and supplies received but not paid for prior to fiscal year end.

Total assets were \$3,904,861 at fiscal year end. Of this total, \$1,527,425 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 \$2,180,168, which includes the \$1,414,747 in unearned revenue explained above and receivables of \$186,673 as of June 30, 2023.

Central Marin Fire Authority
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Statement of Activities

The Statement of Activities is summarized on page 15. Personnel costs account for approximately 75% of total expenditures. This includes salaries, benefits, and retirement, as well as overtime costs reimbursed by the State. Services and other contract services total approximately 11% of total expenditures, including the dispatch contract and services related to vegetation management paid for by Measure C. Supplies account for 3% of total expenditures. The remaining 11% includes training, equipment maintenance, building maintenance, vehicle maintenance, utilities, insurance claims, depreciation and other miscellaneous expenditures.

FUNDS FINANCIAL STATEMENTS

Government Funds

There were three active Governmental active funds for the Authority during the 2022-2023 fiscal year: the General 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, and also includes expenditures and revenue related to equipment and to insurance claims and premiums.

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 20 to 23.

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 29 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 and the Fire Chief. 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, CA 94925.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Central Marin Fire Authority
Statement of Net Position
June 30, 2023

	Primary Government
	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 2,180,168
Intergovernmental receivable	170,278
Interest receivable	16,395
Prepaid items and deposits	10,595
Total current assets	2,377,436
Noncurrent assets:	
Capital assets:	
Depreciable, net	1,527,425
Total capital assets	1,527,425
Total noncurrent assets	1,527,425
Total assets	3,904,861
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related deferred outflows of resources	2,631,537
OPEB-related deferred outflows of resources	1,995,897
Total deferred outflows of resources	4,627,434

Central Marin Fire Authority
Statement of Net Position (Continued)
June 30, 2023

	Primary Government
	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	375,331
Interest payable	5,440
Unearned revenue	1,414,747
Compensated absences - due within one year	28,316
Claims payable - due within one year	452,643
Long-term debt - due within one year	142,434
Total current liabilities	2,418,911
Noncurrent liabilities:	
Compensated absences - due in more than one year	254,847
Claims payable - due in more than one year	840,622
Long-term debt - due in more than one year	295,569
Net OPEB liability	7,823,279
Net pension liability	368,750
Total noncurrent liabilities	9,583,067
Total liabilities	12,001,978
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows of resources	6,882
OPEB-related deferred inflows of resources	4,236,285
Total deferred inflows of resources	4,243,167
NET POSITION (DEFICIT)	
Net investment in capital assets	1,089,422
Restricted:	
Fire protection	192,071
Total restricted	192,071
Unrestricted (deficit)	(8,994,343)
Total net position (deficit)	\$ (7,712,850)

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Central Marin Fire Authority
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

	Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Governmental Activities
Expenses:	
Governmental activities:	
Personnel	\$ 10,801,851
Outside services	1,640,269
Training and education	34,748
Dues and subscriptions	8,435
Equipment maintenance	33,472
Building maintenance	18,063
Vehicle maintenance	119,465
Utilities	112,125
Supplies	432,651
Minor equipment	61,695
Insurance claims	1,016,525
Interest and fiscal charges	12,606
Depreciation	140,408
Total governmental activities	14,432,313
Program revenues:	
Charges of services	145,962
Operating grants and contributions	12,321,236
Total revenues	12,467,198
General Revenues:	
Miscellaneous revenue	638,114
Total general revenues	638,114
Change in net position	(1,327,001)
Net Position (Deficit):	
Beginning of year	(6,385,849)
End of year	\$ (7,712,850)

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

General Fund - This fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Measure C Special Revenue Fund - This fund accounts for the Measure C Wildfire JPA tax revenue received and the expenditures paid with this tax revenue.

Measure F Special Revenue Fund - This fund accounts for the Measure F sales tax ordinance revenue received and the expenditures paid with this tax revenue.

Central Marin Fire Authority
Balance Sheet
Governmental Funds
June 30, 2023

	<u>Major Funds</u>		<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Measure C Special Revenue Fund</u>	<u>Measure F Special Revenue Fund</u>	
ASSETS				
Cash and investments	\$ 1,935,112	\$ 244,468	\$ 588	\$ 2,180,168
Intergovernmental receivable	131,899	38,379	-	170,278
Interest receivable	16,395	-	-	16,395
Prepaid items and deposits	10,595	-	-	10,595
Total assets	<u>\$ 2,094,001</u>	<u>\$ 282,847</u>	<u>\$ 588</u>	<u>\$ 2,377,436</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 283,967	\$ 91,364	\$ -	\$ 375,331
Unearned revenues	1,414,747	-	-	1,414,747
Total liabilities	<u>1,698,714</u>	<u>91,364</u>	<u>-</u>	<u>1,790,078</u>
Fund Balances:				
Restricted	-	191,483	588	192,071
Unassigned	384,692	-	-	384,692
Total fund balances	<u>395,287</u>	<u>191,483</u>	<u>588</u>	<u>587,358</u>
Total liabilities and fund balances	<u>\$ 2,094,001</u>	<u>\$ 282,847</u>	<u>\$ 588</u>	<u>\$ 2,377,436</u>

Central Marin Fire Authority
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	<u>\$ 587,358</u>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	1,527,425
Total capital assets	<u>1,527,425</u>
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Compensated absences - due within one year	(28,316)
Compensated absences - due in more than one year	(452,643)
Claims payable - due within one year	(254,847)
Claims payable - due in more than one year	(142,434)
Long-term debt - due within one year	(840,622)
Long-term debt - due in more than one year	(295,569)
Total long-term liabilities	<u>(2,014,431)</u>
Aggregate net pension liability and net OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Aggregate net pension liability	(368,750)
Net OPEB liability	(7,823,279)
Total net pension liability and total OPEB liability	<u>(8,560,779)</u>
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	
	(5,440)
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to pensions	2,631,537
Deferred outflows of resources related to OPEB	1,995,897
Total deferred outflows of resources	<u>4,627,434</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to pensions	(6,882)
Deferred inflows of resources related to OPEB	(4,236,285)
Total deferred inflows of resources	<u>(4,243,167)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (8,081,600)</u>

Central Marin Fire Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds		Non-Major Fund	
	General Fund	Measure C Special Revenue Fund	Measure F Special Revenue Fund	Total Governmental Funds
REVENUES:				
Intergovernmental:				
Contributions from Larkspur	\$ 5,184,011	\$ -	\$ -	\$ 5,184,011
Contributions from Corte Madera	5,184,011	91,828	7,500	5,283,339
State revenue	524,750	-	-	524,750
Local agencies revenue	544,970	-	-	544,970
Grant revenue	17,497	-	-	17,497
Special taxes	-	766,669	-	766,669
Charges for services	145,962	-	-	145,962
Miscellaneous revenue	231,052	407,062	-	638,114
Total revenues	11,832,253	1,265,559	7,500	13,105,312
EXPENDITURES:				
Current:				
Personnel	9,639,358	199,965	-	9,839,323
Outside services	716,017	916,752	7,500	1,640,269
Training and education	34,748	-	-	34,748
Dues and subscriptions	8,435	-	-	8,435
Equipment maintenance	33,472	-	-	33,472
Building maintenance	18,063	-	-	18,063
Vehicle maintenance	119,465	-	-	119,465
Utilities	112,125	-	-	112,125
Supplies	420,639	12,012	-	432,651
Minor equipment	32,013	29,682	-	61,695
Insurance claims	551,734	-	-	551,734
Debt service:				
Principal	138,982	-	-	138,982
Interest and fiscal charges	14,332	-	-	14,332
Total expenditures	11,839,383	1,158,411	7,500	13,005,294
NET CHANGE IN FUND BALANCES	(7,130)	107,148	-	100,018
FUND BALANCES:				
Beginning of year	402,417	84,335	588	487,340
End of year	\$ 395,287	\$ 191,483	\$ 588	\$ 587,358

Central Marin Fire Authority
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 100,018
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources.	(140,408)
Claims payable expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(464,791)
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	71,080
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	138,982
Principal payment of long-term debt	
Interest expenses on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.	1,726
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in net pension assets	(160,264)
Changes in pension related deferred outflows of resources	36,743
Changes in net pension liabilities	(368,750)
Changes in pension related deferred inflows of resources	20,674
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Changes in OPEB related deferred outflows of resources	(168,188)
Changes in net OPEB liabilities	1,056,912
Changes in OPEB related deferred inflows of resources	(1,450,735)
Change in Net Position of Governmental Activities	\$ (1,327,001)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Central Marin Fire Authority
Index of Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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Central Marin Fire Authority
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the Central Marin Fire Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to Governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

A. Reporting Entity

The Town of Corte Madera, California (the “Town”) and the City of Larkspur, California (the “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 City while Central Marin Fire Authority operated as a single agency. The Town and the City 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, the Town fire department employees enrolled in the classic CalPERS safety plan were enrolled in the 3% at 50 plan while the City 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 and the City each retain pension liability for service incurred prior to March 25, 2019.

The Town and the City 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.

The Authority is a legally separate and independent entity that is not a component unit of the Town or the City. Further, the Authority has no component unit organizations under its control. Therefore, the financial statements contained within represent solely the activities, transactions, and status of the Authority. The Authority is governed by a Council (“Fire Council”) consisting of representatives from each the Town and City.

The Authority maintains its headquarters at 342 Tamalpais Drive, Corte Madera, CA 94925.

B. Basis of Accounting and Measurement Focus

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government - Wide Financial Statements

The Authority's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the Authority.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents change in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the Authority in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Fund Financial Statements

Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. The Authority considers all funds as major funds since they met the applicable criteria in accordance with GASB Statement No. 34. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements.

All funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the Authority, are member agency operating contributions and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements (Continued)

The Authority reports the following major governmental funds:

General Fund is the general operating fund of the Authority. It is used to account for all financial resources of the Authority except those required to be accounted for in another fund.

Measure C Special Revenue Fund accounts for the Measure C Wildfire JPA tax revenue received and the expenditures paid with this taxes.

C. Cash and Investments

The Authority’s cash and investments considered to be cash equivalents, consist of cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and reported as cash and investments. The Authority's cash and investments are held by the Town in its pooled cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

D. Capital Assets and Depreciation

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. the Authority policy has set the capitalization threshold for reporting capital assets at \$25,000. As stipulated in the JPA agreement, fire stations remain the assets of the individual member agencies. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Asset Type</u>	<u>Years</u>
Machinery & equipment	5-15

Major outlays for capital assets are capitalized as construction in progress, once constructed, the repairs and maintenance costs are expensed.

E. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred. Gains or losses on bond refunding are reported as either deferred outflows of resources or deferred inflows of resources and amortized over the term of the related debt.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

E. Long-Term Debt (Continued)

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. 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.

In government-wide financial statements compensated absences are recorded as expenses and liabilities as incurred.

In fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is the Authority’s policy to liquidate any unpaid annual leave at year-end from future resources rather than currently available and expendable resources. The General Fund is typically used to liquidate compensated absences.

Employees accrue vacation, annual leave, earned time off, and holiday leave up to certain maximums, based on the employee’s bargaining unit. Employees may elect to be paid a portion of these leaves at various times according to the applicable Memorandum of Understanding. Sick leave may be accumulated without limit. Sick leave may be exchanged for service credit in the Authority’s pension plan upon retirement.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

G. Pensions (Continued)

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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

H. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

The following timeframes are used for other postemployment benefits reporting:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022

Gains and losses related to changes in total other postemployment benefits liability and fiduciary net position are recognized in other postemployment benefits expense systematically over time. The first amortized amounts are recognized in other postemployment benefits expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to other postemployment benefits and are to be recognized in future other postemployment benefits expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

I. Deferred Outflows and Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

J. Unearned Revenue

Inflows that do not meet the criteria for revenue recognition are recorded as unearned revenues in the governmental funds and the government-wide financial statements.

K. Net Position

In government-wide financial statements, net position is categorized as follows:

Net Investment in Capital Assets component of net position consists of capital assets, net of accumulated depreciation and reduced by any lease liability or long-term debt outstanding.

Restricted – This component of net position consists of restricted assets reduced by liabilities and related deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

L. Fund Balances

In fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Fire Council is considered the highest authority for the Authority. A Council resolution is required to have fund balance committed.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, it is not appropriate to report a positive unassigned fund balance amount. However, in funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

M. Spending Policy

Government-Wide Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted net position first.

Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, the Authority uses the unrestricted resources in the following order: committed, assigned, and unassigned.

N. Use of Estimates

The preparation of basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

O. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2023, the Authority has implemented the following new GASB Pronouncements:

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Implementation of this Statement did not have a significant effect on the Authority's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a 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. Implementation of this statement did not have a significant effect on Authority 's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of this Statement did not have a significant effect on Authority's financial statements for the fiscal year ended June 30, 2023.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

O. Implementation of New GASB Pronouncements (Continued)

GASB Statement No. 99 - In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on Authority's financial statements for the fiscal year ended June 30, 2023.

Note 2 – Cash and Investments

The carrying amounts of the Authority's pooled cash and investment with the Town was \$2,180,168 at June 30, 2023.

The Authority pools its cash and investments of all funds with the Town to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The pool is managed by the Town Treasurer for investing, except for certain restricted funds and investments held in trust, which are held and invested by outside custodians through contractual agreements. These restricted funds include cash with fiscal agents.

Investments held in the Town's cash and investments pool are available on demand. Information regarding the Town's cash and investment pools is described in the Town's Annual Financial Report.

The Authority does not have a specific investment policy but follows the guidelines of the Town'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 3 – Capital Assets

Summary of changes in capital assets activity for the year ended June 30, 2023, is shown below:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, being depreciated				
Machinery & equipment	\$ 4,862,661	\$ -	\$ (122,834)	\$ 4,739,827
Total capital assets, being depreciated	4,862,661	-	(122,834)	4,739,827
Accumulated depreciation:				
Machinery & equipment	(3,194,828)	(140,408)	122,834	(3,212,402)
Total accumulated depreciation	(3,194,828)	(140,408)	122,834	(3,212,402)
Total capital assets, being depreciated, net	1,667,833	(140,408)	-	1,527,425
Total capital assets, net	\$ 1,667,833	\$ (140,408)	\$ -	\$ 1,527,425

Depreciation expense was charged to the Governmental Activities in the amount of \$140,408.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Long-Term Debt

A summary of changes in the long-term debt of the governmental activities for the year ended June 30, 2023, is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due Within One Year	Due In More Than One Year
Note payable	\$ 576,985	\$ -	\$ (138,982)	\$ 438,003	\$ 142,434	\$ 295,569

Note Payable – Fire Engine (Lease-Purchase Agreement)

On January 4, 2021, the Authority entered into a lease-purchase agreement in the amount of \$712,598 for the purchase of one Pierce Enforcer Custom Pumper. The lease payments of \$153,314 due on January 4, 2022 through January 4, 2026 with an interest rate of 2.48 percent. At June 30, 2023, the outstanding principal balance of the lease-purchase agreement was \$438,003.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 142,434	\$ 10,880	\$ 153,314
2025	145,972	7,342	153,314
2026	149,597	3,717	153,314
Total	\$ 438,003	\$ 21,939	\$ 459,942

Note 5 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated absences	\$ 354,243	\$ 374,855	\$ (445,935)	\$ 283,163	\$ 28,316	\$ 254,847

The Authority's liability for vested and unpaid compensated absences (accrued vacation, sick time, comp time, and annual leave) has been accrued and amounts to \$283,163 at June 30, 2023. The amount due within one year of \$28,316 represents the estimated amount for anticipated retirees. The Authority primarily uses the General Fund to liquidate the liability for compensated absences for governmental funds.

Note 6 – 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.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Risk Management (Continued)

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.

The Authority contributes its pro-rata share of anticipated losses to a pool administered by BCJPIA. Should actual losses among participants be greater than the anticipated losses, the Authority will be assessed its pro-rata share of the deficit. Conversely, if the actual losses are less than anticipated, the Authority will be refunded its pro-rata share of the excess. The Authority paid insurance premiums of \$452,554 during the year ended June 30, 2023. Settled claims have not exceeded commercial excess liability coverage in any of the past three fiscal years.

The accrued claims payable is 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.

A summary of the changes in claims payable for the past three fiscal years is as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020-2021	\$ 379,521	\$ 360,602	\$ (26,704)	\$ 713,419
2021-2022	713,419	225,420	(110,365)	828,474
2022-2023	828,474	492,962	(28,171)	1,293,265

Note 7 – Pension Plans

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. the Authority sponsors eleven rate plans. Benefit provisions under the Plan are established by State statute and the Authority resolution.

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Employees Covered by Benefit Terms

At June 30, 2021 valuation date, the following members were covered by the benefit terms for each Plan:

	Miscellaneous Plans	Safety Plans
Active	3	38
Transferred or separated	-	4
Retired	-	2
Total	3	44

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Safety members with five years or more of total service are eligible to retire at age 50. Miscellaneous members with five years or more of total service are eligible to retire at age 50, with exception of those that fall under the 2% at 62 formula, who are eligible to retire at age 52. Those that retire before the “normal retirement age” listed in their formula will receive statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2021, valuation date, are summarized below:

	Classic - Misc	PEPRA - Misc	Classic - Safety	PEPRA - Safety
Benefit formula	2.5% at age 55	2% at age 62	3% at age 55	2.7% at age 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	62	55	57
Required employee contribution rates	8.000%	8.250%	9.000%	14.500%
Negotiated additional employee contribution rates	5.500%	0.000%	6.000%	0.000%
Required employer contribution rates	12.990%	7.730%	23.620%	13.980%
Final Annual Compensation	1 year	3 years	1 year	3 years

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change of Assumption

In 2021, the accounting discount rate was reduced from 7.15% to 6.90%.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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 cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

The expected real rates of return by asset class are as followed:

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1-10 ²
Global Equity	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-59.00%

¹In the CalPERS' ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

²An expected inflation of 2.30% used for this period

Figures are based on the 2021-22 Asset Liability Management study.

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

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

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

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plans	\$ 25,764	\$ 2,956	\$ (15,808)
Safety Plans	\$ 1,013,685	\$ 365,794	\$ (163,709)
Total	\$ 1,039,449	\$ 368,750	\$ (179,517)

Pension Plan Fiduciary Net Position

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

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous Plan:			
Balance at: 6/30/21 (Valuation date)	\$ 69,876	\$ 79,489	\$ (9,613)
Balance at: 6/30/22 (Measurement date)	167,309	164,353	2,956
Net Changes during 2021-2022	97,433	84,864	12,569
Safety Plan:			
Balance at: 6/30/21 (Valuation date)	\$ 2,757,329	\$ 2,907,980	\$ (150,651)
Balance at: 6/30/22 (Measurement date)	4,691,512	4,325,718	365,794
Net Changes during 2021-2022	1,934,183	1,417,738	516,445

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2021). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-22).
- (3) The individual plans’ TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plans’ TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plans’ NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension Plans (Continued)

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

The Authority’s proportionate share of the net pension liability as of June 30, 2023 was as follows:

	Miscellaneous Plan	Safety Plan
Proportion June 30, 2021	-0.000178%	-0.002786%
Proportion June 30, 2022	0.000026%	0.003167%
Change - Increase (Decrease)	0.000203%	0.005952%

For the year ended June 30, 2023, the Authority recognized pension expense (income) in the amounts of \$53,869 and \$1,552,559, for the Miscellaneous plans and Safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2021-22 measurement period is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired).

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plans</u>		<u>Safety Plans</u>	
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Contributions made after measurement date	\$ 37,698	\$ -	\$ 1,097,131	\$ -
Changes in assumptions	303	-	36,883	-
Difference between actual and expected experience	59	(40)	15,139	(3,972)
Difference between projected and actual earning on pension plan investments	541	-	57,764	-
Adjustment due to differences in proportions	1,872	(2,734)	174,606	(136)
Difference between Employer's actual contributions and proportionate share of contributions	40,320	-	1,169,221	-
Total	<u>\$ 80,793</u>	<u>\$ (2,774)</u>	<u>\$ 2,550,744</u>	<u>\$ (4,108)</u>
	<u>Total</u>			
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>		
Contributions made after measurement date	\$ 1,134,829	\$ -		
Difference between actual and expected experience	15,198	(4,012)		
Difference between projected and actual earning on pension plan investments	58,305	-		
Adjustment due to differences in proportions	176,478	(2,870)		
Difference between Employer's actual contributions and proportionate share of contributions	1,209,541	-		
Total	<u>\$ 2,631,537</u>	<u>\$ (6,882)</u>		

For the Miscellaneous plans and Safety plans, \$37,698 and \$1,097,131, respectively, was reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of collective the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	<u>Deferred Outflows/ (Inflows) of Resources</u>	
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
2024	\$ 21,786	\$ 802,030
2025	13,617	452,602
2026	4,588	159,637
2027	330	35,236
2028	-	-
Thereafter	-	-
Total	<u>\$ 40,321</u>	<u>\$ 1,449,505</u>

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits

A. General Information about OPEB

Plan Description

The Authority administers a single-employer defined benefit post-employment healthcare plan. The amount and type of benefit is contingent on date of hire.

Employees Covered

As of the July 1, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	37
Retired employees or beneficiaries currently receiving benefits	4
Total	41

Contribution

Beginning in the fiscal year 2019-20, the Authority funds the Plan partially through a trust held by Keenan by contributing the employee required every year.

The Authority’s net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2022, was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Contribution Policy	Contributes full ADC
Discount Rate	3.55%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 6.50% for 2021, decreasing to an ultimate rate of 3.75% in 2076 Medicare - 5.65% or 4.60% for 2021, decreasing to an ultimate rate of 3.75% in 2076

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 1997 through June 30, 2015.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Actuarial Assumptions

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	45.00%	4.56%
Fixed Income	55.00%	0.78%
	100.00%	
Long-term assumed rate of inflation		2.50%
Long-term expected rate of return		5.25%

The discount rate used to measure the total OPEB liability was 3.55 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Authority plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2022:

Plan's Net OPEB Liability		
Discount Rate -1% (2.55%)	Current Discount Rate (3.55%)	Discount Rate +1% (4.55%)
\$ 9,109,273	\$ 7,823,279	\$ 6,788,599

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2022:

Plan's Net OPEB Liability		
1% Decrease (5.50% - 2.75%)	Current Healthcare Trend Rate (6.50% - 3.75%)	1% Increase (7.50% - 4.75%)
\$ 6,524,430	\$ 7,823,279	\$ 9,491,310

Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021, measurement date	\$ 8,939,755	\$ 59,564	\$ 8,880,191
Changes Recognized for the Measurement Period:			
Service Cost	624,198	-	624,198
Interest on the total OPEB liability	208,013	-	208,013
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	(1,841,556)	-	(1,841,556)
Contribution from the employer	-	44,380	(44,380)
Contribution from the employee	-	16,559	(16,559)
Net investment income	-	(13,158)	13,158
Benefit payments	(44,231)	(44,231)	-
Administrative expenses	-	(214)	214
Net changes during July 1, 2021 to June 30, 2022	(1,053,576)	3,336	(1,056,912)
Balance at June 30, 2022, measurement date	\$ 7,886,179	\$ 62,900	\$ 7,823,279

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, OPEB expense in the amount of \$626,079 is included in the accompanying statement of activities.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

At June 30, 2023, 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 made after measurement date	\$ 64,068	\$ -
Differences between expected and actual experience	-	(1,380,645)
Changes in assumptions	1,922,163	(2,855,640)
Net difference between projected and actual earnings of OPEB Plan investments	9,666	-
	\$ 1,995,897	\$ (4,236,285)

Amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2024	\$ (186,236)
2025	(186,237)
2026	(186,159)
2027	(184,978)
2028	(188,319)
Thereafter	(1,372,527)
Total	\$ (2,304,456)

Note 9 – Deferred Compensation

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.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Classification of Fund Balances

The Authority classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2023:

	General Fund	Measure C Special Revenue Fund	Measure F Special Revenue Fund	Total
Restricted				
Wildfire prevention and mitigation	\$ -	\$ 191,483	\$ -	\$ 191,483
Measure F taxes	-	-	588	588
Total restricted	-	191,483	588	192,071
Unassigned	384,692	-	-	384,692
Total fund balances	<u>\$ 395,287</u>	<u>\$ 191,483</u>	<u>\$ 588</u>	<u>\$ 587,358</u>

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

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

Note 11 – Other Required Disclosures

A. Deficit Net Position

At June 30, 2023, the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(8,994,343). This is mainly due to reporting of reporting of net Pension Liability and net OPEB liability of \$(8,192,029) as required under GASB Statements No. 68 and 75.

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following funds:

Fund	Excess Expenditures over Appropriations
General Fund	\$ 537,227
Measure C Special Revenue Fund	317,107

Note 12 – Commitments and Contingencies

A. Commitments

The Authority had no significant outstanding or planned construction commitments as of June 30, 2023.

Central Marin Fire Authority
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Commitments and Contingencies (Continued)

B. Litigation

The Authority is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

C. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

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Central Marin Fire Authority
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2023

A. Budgetary Control and Budgetary Accounting

Budgets are adopted annually for the General Fund and Measure C Special Revenue Fund. The Budget is adopted by the Council and can be amended only by the Council.

An annual operating budget is adopted by the Council on or before June 30. The operating budget may be reallocated among programs, but expenditures may not exceed budgeted appropriations each year without Council acknowledgment and approval.

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) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable/ (Unfavorable)
REVENUES:				
Intergovernmental:				
Contributions from Larkspur	\$ 5,184,011	\$ 5,184,011	\$ 5,184,011	\$ -
Contributions from Corte Madera	5,184,011	5,184,011	5,184,011	-
State revenue	-	531,000	524,750	(6,250)
Local agencies revenue	30,000	30,000	544,970	514,970
Grant revenue	-	-	17,497	17,497
Charges for services	162,000	162,000	145,962	(16,038)
Miscellaneous revenue	187,121	213,121	231,052	17,931
Total revenues	<u>10,747,143</u>	<u>11,304,143</u>	<u>11,832,253</u>	<u>528,110</u>
EXPENDITURES:				
Current:				
Personnel	8,639,875	9,180,875	9,639,358	(458,483)
Outside services	658,705	690,883	716,017	(25,134)
Training and education	45,000	45,000	34,748	10,252
Dues and subscriptions	9,000	9,000	8,435	565
Equipment maintenance	40,944	40,944	33,472	7,472
Building maintenance	25,000	25,000	18,063	6,937
Vehicle maintenance	75,000	75,000	119,465	(44,465)
Utilities	88,180	92,002	112,125	(20,123)
Supplies	362,125	362,125	420,639	(58,514)
Minor equipment	50,000	30,000	32,013	(2,013)
Minor equipment	598,013	598,013	551,734	46,279
Debt service:				
Principal	153,314	138,982	138,982	-
Interest and fiscal charges	-	14,332	14,332	-
Total expenditures	<u>10,745,156</u>	<u>11,302,156</u>	<u>11,839,383</u>	<u>(537,227)</u>
Net change in fund balance	<u>\$ 1,987</u>	<u>\$ 1,987</u>	(7,130)	<u>\$ (9,117)</u>
FUND BALANCE:				
Beginning of year			<u>402,417</u>	
End of year			<u>\$ 395,287</u>	

Central Marin Fire Authority
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Measure C Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
Contributions from Corte Madera	\$ 89,707	\$ 89,707	\$ 91,828	\$ 2,121
Property taxes	751,597	751,597	766,669	15,072
Miscellaneous revenue	-	-	407,062	407,062
Total revenues	841,304	841,304	1,265,559	424,255
EXPENDITURES:				
Current:				
Personnel	203,739	203,739	199,965	3,774
Outside services	630,000	630,000	916,752	(286,752)
Supplies	7,565	7,565	12,012	(4,447)
Minor equipment	-	-	29,682	(29,682)
Total expenditures	841,304	841,304	1,158,411	(317,107)
Net change in fund balance	\$ -	\$ -	107,148	\$ 107,148
FUND BALANCE:				
Beginning of year			84,335	
End of year			\$ 191,483	

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Central Marin Fire Authority
Required Supplementary Information (Unaudited) (Continued)
Schedules of the Authority's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Miscellaneous Plans

Measurement period, year ended	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019¹</u>
Plan's proportion of the net pension liability	0.000026%	-0.000178%	-0.000010%	n/a
Plan's proportionate share of the net pension liability (asset)	\$ 2,956	\$ (9,613)	\$ (1,036)	n/a
Plan's covered payroll	\$ 395,868	\$ 379,392	\$ 230,412	n/a
Plan's proportionate share of the net pension liability (asset) as a percentage of covered payroll	0.75%	-2.53%	-0.45%	n/a
Plan's fiduciary net position	\$ 164,353	\$ 79,489	\$ 79,489	n/a
Plan's fiduciary net position as a percentage of the total pension liability (asset)	1.80%	-12.09%	-1.30%	n/a
Plan's proportionate share of aggregate employer contributions	\$ 35,677	\$ 36,169	\$ 26,012	n/a

¹ Information is only presented from the start of Authority operations in March 2019.
n/a - information is not available.

Safety Plans

Measurement period, year ended	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019¹</u>
Plan's proportion of the net pension liability	0.003167%	-0.002786%	0.000011%	n/a
Plan's proportionate share of the net pension liability (asset)	\$ 365,794	\$ (150,651)	\$ 1,157	n/a
Plan's covered payroll	\$ 4,988,885	\$ 4,668,318	\$ 4,629,737	n/a
Plan's proportionate share of the net pension liability (asset) as a percentage of covered payroll	7.33%	-3.23%	0.02%	n/a
Plan's fiduciary net position	\$ 4,325,718	\$ 2,907,980	\$ 501,928	n/a
Plan's fiduciary net position as a percentage of the total pension liability (asset)	8.46%	-5.18%	0.23%	n/a
Plan's proportionate share of aggregate employer contributions	\$ 1,020,144	\$ 996,253	\$ 1,208,868	n/a

¹ Information is only presented from the start of Authority operations in March 2019.
n/a - information is not available.

Central Marin Fire Authority
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions - Pension
For the Year Ended June 30, 2023

Miscellaneous Plans

Fiscal Year:	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19¹</u>
Contractually determined contribution (actuarially determined)	\$ 37,698	\$ 35,677	\$ 36,169	\$ 26,012	n/a
Contributions in relation to the actuarially determined contributions	(37,698)	(35,677)	(36,169)	(26,012)	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 407,744	\$ 395,868	\$ 379,392	\$ 230,412	n/a
Contributions as a percentage of covered payroll	9.25%	9.01%	9.53%	11.29%	n/a

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.50%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2016 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2016 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information is only presented from the start of Authority operations in March 2019.

Central Marin Fire Authority
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions – Pension (Continued)
For the Year Ended June 30, 2023

Safety Plans					
Fiscal Year:	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19¹</u>
Contractually determined contribution (actuarially determined)	\$ 1,097,131	\$ 1,020,144	\$ 996,253	\$ 1,208,868	n/a
Contributions in relation to the actuarially determined contributions	(1,097,131)	(1,020,144)	(996,253)	(1,208,868)	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,138,552	\$ 4,988,885	\$ 4,668,318	\$ 4,629,737	n/a
Contributions as a percentage of covered payroll	21.35%	20.45%	21.34%	26.11%	n/a

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.500%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2016 CalPERS Experience Study for the period from 1997 and 2011.
Mortality	The probabilities of mortality are based on the 2016 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information is only presented from the start of Authority operations in March 2019.

Central Marin Fire Authority
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Measurement period, year ending:	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019¹</u>
Total OPEB liability				
Service cost	\$ 624,198	\$ 814,109	\$ 568,643	\$ 140,000
Interest	208,013	261,137	296,893	75,000
Changes of benefit terms	-	-	-	7,303,000
Differences between expected and actual experience	-	(1,641,143)	-	-
Changes of assumptions	(1,841,556)	(1,379,153)	2,127,789	396,000
Benefit payments, including refunds of member contributions	(44,231)	(22,520)	-	-
Net change in total OPEB liability	<u>(1,053,576)</u>	<u>(1,967,570)</u>	<u>2,993,325</u>	<u>7,914,000</u>
Total OPEB liability - beginning	<u>8,939,755</u>	<u>10,907,325</u>	<u>7,914,000</u>	<u>-</u>
Total OPEB liability - ending (a)	<u>\$ 7,886,179</u>	<u>\$ 8,939,755</u>	<u>\$ 10,907,325</u>	<u>\$ 7,914,000</u>
OPEB fiduciary net position				
Contributions - employer	\$ 44,380	\$ 22,563	\$ -	\$ -
Contributions - employee	16,559	17,195	32,402	-
Net investment income	(13,158)	8,446	1,585	-
Benefit payments, including refunds of member contributions	(44,231)	(22,520)	(18)	-
Administrative expense	(214)	(89)	-	-
Net change in plan fiduciary net position	<u>3,336</u>	<u>25,595</u>	<u>33,969</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>59,564</u>	<u>33,969</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 62,900</u>	<u>\$ 59,564</u>	<u>\$ 33,969</u>	<u>\$ -</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 7,823,279</u>	<u>\$ 8,880,191</u>	<u>\$ 10,873,356</u>	<u>\$ 7,914,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.80%	0.67%	0.31%	0.00%
Covered-employee payroll	\$ 7,619,518	\$ 7,397,590	\$ 10,873,356	\$ 1,270,000
Plan net OPEB liability as a percentage of covered-employee payroll	103.50%	120.85%	100.31%	623.15%

¹ Information is only presented from the start of Authority operations in March 2019.
n/a - information is not available.

Central Marin Fire Authority
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions – OPEB
For the Year Ended June 30, 2023

	2022-23	2021-22	2020-21	2019-20	2018-19 ¹
Actuarially determined contribution	\$ 64,068	\$ 44,380	\$ 22,563	\$ 33,969	\$ -
Contributions in relation to the actuarially determined contributions	(64,068)	(44,380)	(22,563)	(33,969)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,848,103	\$ 7,619,518	\$ 7,397,590	\$ 10,873,356	\$ 1,270,000
Contributions as a percentage of covered payroll	0.82%	0.58%	0.31%	0.31%	0.00%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2021 were as follows:

Methods and assumptions used to determine contribution rates:

ADC for fiscal year	6/30/2022
Actuarial valuation date	6/30/2021
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.50%
Investment rate of return	5.25%
Healthcare cost trend rate	Non-Medicare - 6.50% for 2019, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 4.0% in 2076;
Projected salary growth and increase	2.75%
Mortality	Based on CalPERS 2017 experience study report using data for the period from 1997 to 2015.

¹ Information is only presented from start of Authority operations in March 2019.

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