

**TOWN OF CORTE MADERA**  
***California***

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**Annual Financial Report**  
**June 30, 2020**

**Town Council**

<b>Eli Beckman</b>	<b>Mayor</b>
<b>David Kunhardt</b>	<b>Vice Mayor</b>
<b>Bob Ravasio</b>	<b>Member</b>
<b>Charles Lee</b>	<b>Member</b>
<b>Fred Casissa</b>	<b>Member</b>

**Appointed Officials**

***Town Manager***  
**Todd Cusimano**

***Director of Finance and Town Treasurer***  
**Daria Carrillo**

# TOWN OF CORTE MADERA

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# MARCELLO & COMPANY

## CERTIFIED PUBLIC ACCOUNTANTS

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Post Office Box 60127 / Sacramento, California 95860-0127

### **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor  
Members of the Town Council  
Town of Corte Madera, California

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Corte Madera, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

Honorable Mayor  
Members of the Town Council  
Town of Corte Madera, California

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Corte Madera, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules and schedules of funding progress, other postemployment benefits plan schedule of funding progress, and the respective budgetary comparison information of the general and major funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Corte Madera's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Marcello & Company***

Certified Public Accountants  
Sacramento, California  
November 16, 2020

**MANAGEMENT'S DISCUSSION & ANALYSIS**

*As Prepared by Management  
(unaudited)*

**Town of Corte Madera  
Management's Discussion and Analysis  
June 30, 2020**

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2020. Please read this in conjunction with the Town's financial statements, which follow this discussion and analysis.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: Government-wide Financial Statements, Fund Financial Statements, and Notes to the Basic Financial Statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The Government-wide Financial Statements consist of the Statement of Net Position, and the Statement of Activities. These statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some of the revenue and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenue related to uncollected taxes or interest expense incurred but not paid.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of governmental entities are divided into three categories: Governmental Funds, Proprietary Funds, and Trust and Agency Funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on both short-term inflows and outflows of spendable resources and the remaining year-end balances available for spending. This information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenue,

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Management's Discussion and Analysis  
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expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

The Town maintains 12 individual governmental funds. In the governmental funds balance sheet, and the statement of revenue, expenditures, and change in fund balances, information is presented separately for the General Fund, Capital Improvement Fund, and the SB1 Road Maintenance Fund which are the major governmental funds this year, as well as 9 nonmajor governmental funds.

The General Fund is the primary operating fund of the Town. It is used to account for governmental funds that are not classified as special revenue, capital project or debt service funds, and includes the following funds:

- General Fund
- Corte Madera Sales Tax Override Fund
- Street Impact Fee Fund
- Equipment and Technology Fund
- Beautification Fund
- Recreation Capital Fund
- Park Madera Center Fund
- Recreation Fund

Special Revenue Funds generally account for revenue derived from specific sources. These funds are required by statute or ordinance to finance particular functions or activities of the government or are restricted as to their use, and include the following funds:

- Gas Tax Fund
- Westside Park in Lieu Fund
- Traffic Improvement Fund
- Village Traffic Improvement Fund
- Affordable Housing Fund
- Capital Improvement Fund
- Measure A Parks Fund
- Storm Drain Tax Fund
- Tam Ridge Traffic Improvement Fund
- SB1 Road Maintenance Fund
- Traffic Congestion Improvement Fund

Proprietary Funds

Services for which the Town charges customers a fee are generally reported in proprietary funds. The Town maintains two different types of proprietary funds; a business-type enterprise fund and an internal service fund. The business-type enterprise fund, Sanitary District No. 2, provides wastewater treatment service. The internal service fund; an Insurance fund, accounts for insurance premium payments as well as the self-insured portion of the Town's workers' compensation and liability insurance programs.

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**Trust and Agency Funds**

Trust and Agency funds are used to account for assets held for the benefit of other individuals or entities. The Town currently acts as an agent on behalf of the Shoreline Parking Debt Service Fund, Shoreline Parking Maintenance District Fund, Age Friendly Corte Madera Fund, Old Landing Road Fund, and the Central Marin Fire Authority. Additionally, the Town established new funds in 2019-20 for Housing Assistance Grants and Business Grant Payments.

**Notes to the Financial Statements**

The Notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The Notes follow the Basic Financial Statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in addition to this discussion and analysis concerning the Town's budgetary to actual comparison schedules, its schedule of funding progress for the other postemployment benefits plan, and its cost-sharing multiple-employer defined benefit pension plan schedule which is administered by CalPERS as trustee for the plan. This report presents combining nonmajor fund financial statements, which follow the required supplementary information section.

**FINANCIAL HIGHLIGHTS**

**Government-wide Financial Statement Highlights**

- The Government-wide statement of net position, appearing as the first statement of the basic financial statements and summarized in Management's Discussion and Analysis, reports the Town's total assets and deferred outflows of \$107,901,042, total liabilities and deferred inflows of \$39,497,059, and net position of \$68,403,983. The Sanitary District is included in this total and accounts for \$30,863,684 of the Town's net position. The net position for governmental activities is \$37,540,299.
- The total net position increased by \$4,983,706 as compared to the previous year. Of this total, governmental activities accounted for \$3,177,134 of the increase and the Sanitary District accounted for an increase of \$1,806,572.
- The Town's capital assets totaled \$71,586 net of depreciation. This includes Sanitary District net capital assets of \$19,087,224.
- The Town's long-term debt and obligations totaled \$35,022,004 as of June 30, 2020, a decrease of \$2,615,293 as compared to the previous year. The Town's net OPEB obligation decreased by \$3,491,000, mainly due to the transfer of OPEB liability to Central Marin Fire Authority, and the Town's net pension obligation increased by \$1,303,137, in part due to lowering of the CalPERS discount rate. These two changes, along with payments for debt related to the Park Madera Center and the Central Marin Police Authority building, accounted for most of the decrease in long term debt.



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**Fund Financial Statement Highlights**

- At the close of fiscal year 2020, the Town's governmental funds reported a combined ending fund balance of \$16,931,103 as compared to \$19,287,364 at June 30, 2019; a decrease of \$2,356,261. The funds comprising the General Fund accounted for \$1,492,309 of the decrease, due primarily to capital project expenditures from the Corte Madera Sales Tax Override Fund and the Street Impact Fee Fund, as well as purchases from the Equipment and Technology Fund. A payment of \$1 million was made to the Pension Stabilization trust in 2019-20 due to a larger than expected surplus in FY 2018-19.
- Capital project expenditures from the Capital Improvements Fund, SB1 Road Maintenance and other Special Revenue Funds accounted for nearly all of the remaining decrease to the total fund balance.

**Government-wide Financial Statement Analysis**

A condensed presentation of the Statement of Net Position is presented in the following table comparing last fiscal year to the most recently completed fiscal year. This includes both the Sanitary District and Governmental funds.

<b>Statement of Net Position</b>				
<b>Comparison of FY 2020 and FY 2019</b>				
	June 30		Increase	Percent
	2020	2019	(Decrease)	Change
<b><u>Assets</u></b>				
Current and other assets	\$ 31,449,215	\$ 35,785,782	\$ (4,336,567)	-12%
Capital assets, net	71,586,335	63,219,535	8,366,800	13%
Total assets	103,035,550	99,005,317	4,030,233	4%
<b><u>Deferred outflows</u></b>	4,865,492	5,381,563	(516,071)	-10%
Totals	107,901,042	104,386,880	3,514,162	3%
<b><u>Liabilities</u></b>				
Current and other liabilities	2,281,790	2,130,782	151,008	7%
Noncurrent liabilities	35,022,004	37,637,297	(2,615,293)	-7%
Total liabilities	37,303,794	39,768,079	(2,464,285)	-6%
<b><u>Deferred inflows</u></b>	2,193,265	1,198,524	994,741	83%
Totals	39,497,059	40,966,603	(1,469,544)	-4%
<b><u>Net Position</u></b>				
Net investment in				
capital assets	62,836,713	54,050,654	8,786,059	16%
Restricted	12,279,297	2,876,329	9,402,968	327%
Unrestricted	(6,712,027)	6,493,294	(13,205,321)	-203%
Total net position	\$ 68,403,983	\$ 63,420,277	\$ 4,983,706	8%

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Net position of \$ 68,403,983 at June 30, 2020 increased by \$4,983,706 as compared to the prior fiscal year due to the following:

- Cash and investments decreased \$3,007,624 and capital assets net of depreciation increased by \$8,366,600 compared to the previous fiscal year, largely due to work done on capital projects, both on behalf of the Town and the Sanitary District.
- Receivables decreased by \$1,269,639, due mostly to declines in sales tax and transient occupancy tax revenue for the quarter ending June 30, 2020. These declines were due to local businesses being closed due to government *stay at home orders*.
- Noncurrent liabilities decreased by \$2,615,000. As noted above, the majority of the decrease was due to reduction in OPEB liability in the amount of \$3,491,000 due to the transfer of Town employees to the newly formed Central Marin Fire Authority. This decrease was partially offset by an increase in pension liability in the amount of \$1,303,127, due mainly to CalPERS lowering its discount rate. Other factors contributing to the decreased liability were payments for debt related to the Park Madera Center and the Central Marin Police Authority buildings.
- Noncurrent liabilities of \$35,022,004 include the unfunded net pension liability, noncurrent portion of insurance claim liabilities, the noncurrent portion of long-term debt, and the postemployment benefits plan obligation.

A condensed presentation of the Statement of Activities is presented in the following table comparing last fiscal year to the most recently completed fiscal year.

<b>Statement of Activities</b>				
<b>Comparison of FY 2020 and FY 2019</b>				
	June 30		Increase	Percent
	2020	2019	(Decrease)	Change
<b><u>Governmental Activities</u></b>				
Program Revenue:				
Charges for Services	\$ 2,395,129	\$ 3,239,019	\$ (843,890)	-26%
Operating Grants	931,151	1,696,944	(765,793)	-45%
Capital Grants	-	-	-	
subtotals	3,326,280	4,935,963	(1,609,683)	-33%
General Revenue	22,685,191	24,461,753	(1,776,562)	-7%
Total Revenue	26,011,471	29,397,716	(3,386,245)	-12%
Total Expenses	22,834,337	23,047,638	(213,301)	-1%
Transfers in (out)	-	-	-	
Change in Net Position	3,177,134	6,350,078	(3,172,944)	-50%
Net Position:				
Beginning	34,363,165	28,013,087	6,350,078	23%
End of Year	\$ 37,540,299	\$ 34,363,165	\$ 3,177,134	9%

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**Statement of Activities  
Comparison of FY 2020 and FY 2019**

	June 30		Increase (Decrease)	Percent Change
	2020	2019		
<u>Business-type Activities</u>				
Program Revenue:				
Charges for Services	\$ 3,062,593	\$ 3,137,786	\$ (75,193)	-2%
Operating Grants	-	-	-	
Capital Grants	-	-	-	
subtotals	3,062,593	3,137,786	(75,193)	-2%
General Revenue	3,764,037	3,715,723	48,314	1%
Total Revenue	6,826,630	6,853,509	(26,879)	0%
Total Expenses	5,020,058	4,058,236	961,822	24%
Transfers in (out)	-	-	-	
Change in Net Position	1,806,572	2,795,273	(988,701)	-35%
Net Position:				
Beginning	29,057,112	26,261,839	2,795,273	11%
End of Year	<u>\$ 30,863,684</u>	<u>\$ 29,057,112</u>	<u>\$ 1,806,572</u>	6%

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

General Fund

Funds that comprise the “combined” General Fund, as presented in the financial statements on pages 53 and 54, include the Corte Madera Sales Tax Override Fund, Street Impact Fee Fund, Equipment and Technology Fund, Beautification Fund, Recreation Fund, Park Madera Center Fund and Recreation Capital Fund, as well as the General Fund, which is the Town’s primary operating fund. The combined General Fund’s ending fund balance decreased by \$1,492,309. The combined decrease includes decreases of \$178,151 in the operating fund, \$386,722 in the Corte Madera Sales Tax Override Fund, \$227,186 in the Street Impact Fee Fund, \$434,767 in the Equipment and Technology Fund, \$189,222 in the Recreation Capital Fund and \$75,809 in the Park Madera Center Fund. The ending fund balance of the “combined” General Fund is \$14,918,726. This includes a deficit of (\$2,037,239) in the Park Madera Center Fund.

All of the funds mentioned above, except for Park Madera Center, had included operating deficits in their approved budgets as planned spending of fund balances. In the case of Park Madera Center, rent deferrals due to COVID 19, as well for unanticipated expenses, contributed to the deficit spending in that fund.

Special Revenue Funds

The Special Revenue Funds are listed on page 4 and are mainly used for capital improvements to streets, roads, parks and other Town infrastructure. The ending fund balances of these funds decreased by \$863,952, mainly due to planned infrastructure projects. The total ending balance of these funds is \$2,014,381. These funds will be used primarily for capital improvements.

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Management's Discussion and Analysis  
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**SANITARY DISTRICT NO. 2 of MARIN COUNTY**

The Sanitary District is reported as a business enterprise fund of the Town, and is audited separately. As of June 30, 2020, the District's net position increased by \$1.8 million to \$30,863,684, including construction-in-progress for capital projects in the amount of approximately \$4 million. Town employees perform contract work on behalf of the District. The Town invoices the District for this work as well as other operating and maintenance expenses incurred. In 2019-20, the District paid \$1,019,723 to the Town for contract services

**ECONOMIC OUTLOOK AND BUDGET FOR FISCAL YEAR 2020-21**

REVENUE

The Town's largest revenue sources are property tax and sales tax which together account for 64% of the Town's total operating revenue. Additionally, the 0.75% Corte Madera sales tax override will fund more than half of the Town's budgeted capital projects in 2020-21. Based on the most recent information available, General Fund property tax is expected to increase by 2%, or \$130,931 as compared with the 2019-20 fiscal year.

The Town's annual budget, as revised in July 2020, includes a 30% reduction in sales tax revenue due to the COVID 19 emergency which has resulted in several businesses in Town being closed or being able to offer only limited services. However, sales tax revenue received for the quarter ending September 30, 2020 was virtually the same as the amount received in the previous year at this time. The local sales tax *override* revenue decreased by \$243,067, or 25%, as compared to the previous year at this time.

Transient Occupancy Tax, also known as "hotel tax" was reduced by 30% in the most recent budget approved in July 2020. The COVID 19 emergency has resulted in drastic reductions to the travel and hospitality sector. Revenue received to date indicates that the budget for this estimated revenue source may need to be reduced by an additional \$164,135, or another 30% in fiscal year 2020-21.

The budget for permits and fee revenue was decreased by \$71,000 as Fire Inspection Fees will be transferred to the newly formed Central Marin Fire Authority.

Overall, other revenue sources are expected to be stable.

EXPENDITURES

Employee-related expenses make up 70% of the Town operating expenditures, including the Fire and Police Service contract payments. In 2019-20, Town employees received a 2% to 3% increase in their salary schedules, depending upon their bargaining groups. The overall increase to operating fund salaries for 2020-21 is estimated at approximately 4%. The overall increase provides an increase to both salary schedules and scheduled step increases.

On January 1, 2013, the California Public Employees Pension Reform Act of 2013 (PEPRA) went into effect. The Pension Reform Bill impacts new public employees and establishes a cap on the amount of compensation that can be used to calculate a retirement benefit. It also increases the age at which an employee is eligible for service credit retirement. In 2019-20, approximately half of the Town's employees were enrolled in the PEPRA plan. PEPRA Plan Employees pay at least half their share of the normal retirement pension costs.

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Normal retirement pension costs, the annual cost of service accrual for the upcoming year for active employees, is expected to increase by approximately \$51,157. This is the result of increased salary costs, and the discount rate increase. The Town pays no portion of the CalPERS retirement plan employee contribution. "Classic Employees," those enrolled in CalPERS or a reciprocal plan prior to January 1, 2013 without a significant break in service, pay 8% of salary as employee contributions, plus an additional 5.5% or 4.5% (depending on bargaining group) toward the employer contribution.

In May 2014, the CalPERS Board adopted changes to the existing risk pooling structure policies and a new policy for allocating the pools' unfunded accrued liability. Due to unintended consequences resulting from the PEPRAs changes and existing PERS policies on risk pools, changes were necessary to ensure the proper funding of the risk pools. In order to address the problem, CalPERS combined twelve risk pools into two, one for Safety Employees and one for Miscellaneous Employees, and employer contributions toward the unfunded liability for plans in a risk pool will be collected for the foreseeable future as dollar amounts instead of contribution rates expressed as a percentage of payroll. The Town has experienced significant increases in required CalPERS contributions for unfunded liabilities due to CalPERS lowering the discount rate from 7.5% to 7%, and to changing the amortization schedule for unfunded liability payments from 30 years to 20 years.

In order to address unfunded pension liabilities and establish a long term plan, the Town hired an actuarial firm to complete a pension analysis, which forecast that CalPERS will move to a 6% discount over the next several years. To mitigate rate volatility, the Town established a pension stabilization trust, with a goal to make contributions to the trust as if the rate were 6%. As of November 30, 2020, the balance in the trust was approximately \$3.78 million, including \$1,956,000 contributed by the Town in 2019-20. No contribution to the pension trust is budgeted for 2020-21 due to the uncertainty of both sales tax and transient occupancy tax revenue as a result of the COVID 19 emergency.

In addition to the pension stabilization trust, the Town established a trust to prefund Other Post-Employment Benefits (OPEB) contributions. The most recent actuarial information dated September 2020 indicates that the Town's total OPEB liability is approximately \$8.6 million and that the Town has prefunded approximately 33% of this liability, for a net OPEB liability of approximately \$5.8 million. The balance in the trust as of September 2020 was approximately \$3.36 million. No contribution to this trust is budgeted for 2020-21.

The budget for 2019-20 police service contract was fixed, with no increase scheduled for 2020-21.

The budget for the fire service contract for 2020-21 is \$41,900 less than the 2019-20 budget due to the reorganization of the department following the retirement of the Fire Chief.

The Town is a member of the Bay Cities Joint Powers Insurance Authority, a self-insurance pool. In 2020-21, the required contribution from the Town's operating fund to its Insurance Fund to fund insurance expenditures will increase by approximately \$236,000 compared to the previous year. This is due to the transfer for 2019-20 being temporarily reduced when the Central Marin Fire Authority was formed and the associated estimated claims liability was transferred from the Town to the Central Marin Fire Authority. The Town's Internal Service Insurance Fund is reported as a Proprietary Fund.

The Town's 2019-20 Adopted Budget includes approximately \$9 million for capital project expenditures, not including Sanitary District projects. Town projects include flood control and storm drainage improvements, multimodal transportation projects, parks and recreation projects, projects related to recycling and zero waste, as well as energy conservation, and projects related to the

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improvement and remodel of Town owned facilities. The majority of these projects will be funded by the Corte Madera Sales Tax Override fund. Other funding sources include State Gasoline Tax, grants obtained by Town staff, Measure A Parks funding, Street Impact fees, and the Transportation Authority of Marin funding.

This financial report is designed to provide our citizens, taxpayers, creditors and government regulators with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Below is the contact address for questions about this report or requests for additional financial information.

Finance & Administrative Services Director  
Town of Corte Madera  
300 Tamalpais Drive  
Corte Madera, CA

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**TOWN OF CORTE MADERA**  
**Government-wide Financial Statements**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 17,452,960	\$ 12,236,270	\$ 29,689,230
Receivables	1,612,070	103,991	1,716,061
Prepaid expenses	43,924	-	43,924
Total current assets	<u>19,108,954</u>	<u>12,340,261</u>	<u>31,449,215</u>
Noncurrent Assets:			
Capital assets not being depreciated	21,683,338	4,646,575	26,329,913
Capital assets, net of depreciation	<u>30,815,773</u>	<u>14,440,649</u>	<u>45,256,422</u>
Total noncurrent assets	<u>52,499,111</u>	<u>19,087,224</u>	<u>71,586,335</u>
Total assets	<u>71,608,065</u>	<u>31,427,485</u>	<u>103,035,550</u>
Deferred Outflows of Resources:			
Deferred outflows of pension resources	4,037,492	-	4,037,492
Deferred outflows of OPEB resources	<u>828,000</u>	-	<u>828,000</u>
Total Assets and Deferred Outflows	<u>76,473,557</u>	<u>31,427,485</u>	<u>107,901,042</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Payables	1,196,626	552,613	1,749,239
Accrued liabilities	306,002	-	306,002
Deposits	<u>215,361</u>	<u>11,188</u>	<u>226,549</u>
Total current liabilities	<u>1,717,989</u>	<u>563,801</u>	<u>2,281,790</u>
Noncurrent Liabilities:			
Due within one year	578,722	-	578,722
Due after one year	<u>34,443,282</u>	-	<u>34,443,282</u>
Total noncurrent liabilities	<u>35,022,004</u>	-	<u>35,022,004</u>
Total liabilities	<u>36,739,993</u>	<u>563,801</u>	<u>37,303,794</u>
Deferred Inflows of Resources:			
Deferred inflows of pension resources	1,198,524	-	1,198,524
Deferred inflows of OPEB resources	<u>994,741</u>	-	<u>994,741</u>
Total Liabilities and Deferred Inflows	<u>38,933,258</u>	<u>563,801</u>	<u>39,497,059</u>
<b>NET POSITION</b>			
Net investment in capital assets	43,749,489	19,087,224	62,836,713
Restricted	12,279,297	-	12,279,297
Unrestricted	<u>(18,488,487)</u>	<u>11,776,460</u>	<u>(6,712,027)</u>
Total Net Position	<u>\$ 37,540,299</u>	<u>\$ 30,863,684</u>	<u>\$ 68,403,983</u>

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



**TOWN OF CORTE MADERA**  
**Government-wide Financial Statements**  
**Statement of Activities**  
**Year Ended June 30, 2020**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
<b>Governmental Activities</b>							
Personnel	\$ 7,985,762	\$ -	\$ -	\$ -	\$ (7,985,762)		\$ (7,985,762)
Public safety - fire	4,635,907	1,041,473	-	-	(3,594,434)		(3,594,434)
Public safety - police	3,642,545	-	-	-	(3,642,545)		(3,642,545)
Outside services	2,259,686	-	-	-	(2,259,686)		(2,259,686)
Public works/streets	934,737	200,546	420,377	-	(313,814)		(313,814)
Utilities	387,696	-	-	-	(387,696)		(387,696)
Recreation	867,275	523,300	-	-	(343,975)		(343,975)
Community Development	1,087,652	629,810	84,610	-	(373,232)		(373,232)
Debt service	199,219	-	-	-	(199,219)		(199,219)
Capital projects	155,374	-	426,164	-	270,790		270,790
Depreciation	678,484	-	-	-	(678,484)		(678,484)
Total governmental activities	<u>22,834,337</u>	<u>2,395,129</u>	<u>931,151</u>	<u>-</u>	<u>(19,508,057)</u>		<u>(19,508,057)</u>
<b>Business-type Activities</b>							
Total Sanitary District	<u>5,020,058</u>	<u>3,062,593</u>	<u>-</u>	<u>-</u>		<u>(1,957,465)</u>	<u>(1,957,465)</u>
Total primary government	<u>\$ 27,854,395</u>	<u>\$ 5,457,722</u>	<u>\$ 931,151</u>	<u>\$ -</u>	<u>(19,508,057)</u>	<u>(1,957,465)</u>	<u>(21,465,522)</u>
<b>General Revenue</b>							
Property taxes					6,982,402	3,523,798	10,506,200
Sales taxes					9,603,029	-	9,603,029
Business licenses tax					603,550	-	603,550
Paramedic tax					503,686	-	503,686
Transient occupancy tax					909,753	-	909,753
Franchise fees					1,241,581	-	1,241,581
Intergovernmental					181,424	-	181,424
Use of money & property					1,415,740	240,239	1,655,979
Other revenue					1,244,026	-	1,244,026
Totals					<u>22,685,191</u>	<u>3,764,037</u>	<u>26,449,228</u>
<b>Change in Net Position</b>							
					3,177,134	1,806,572	4,983,706
Net Position - beginning					<u>34,363,165</u>	<u>29,057,112</u>	<u>63,420,277</u>
Net Position - end of year					<u>\$ 37,540,299</u>	<u>\$ 30,863,684</u>	<u>\$ 68,403,983</u>

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

***FUND FINANCIAL STATEMENTS***

**TOWN OF CORTE MADERA**

**Balance Sheet**

**Governmental Funds**

**June 30, 2020**

	General Fund	Capital Improvements	SB 1 Road Maintenance	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 14,226,699	\$ 195,403	\$ 164,208	\$ 2,335,936	\$ 16,922,246
Receivables	1,562,685	-	13,121	36,264	1,612,070
Prepaid expenses	3,924	-	-	-	3,924
Total assets	<u>\$ 15,793,308</u>	<u>\$ 195,403</u>	<u>\$ 177,329</u>	<u>\$ 2,372,200</u>	<u>\$ 18,538,240</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 450,919	\$ 567,514	\$ 163,037	\$ 2,004	\$ 1,183,474
Accrued liabilities	208,302	-	-	-	208,302
Deposits	215,361	-	-	-	215,361
Total liabilities	<u>874,582</u>	<u>567,514</u>	<u>163,037</u>	<u>2,004</u>	<u>1,607,137</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	692,012	-	14,292	2,370,196	3,076,500
Committed	-	-	-	-	-
Assigned	12,310,800	-	-	-	12,310,800
Unassigned	1,915,914	(372,111)	-	-	1,543,803
Total fund balances	<u>14,918,726</u>	<u>(372,111)</u>	<u>14,292</u>	<u>2,370,196</u>	<u>16,931,103</u>
Total liabilities and fund balances	<u>\$ 15,793,308</u>	<u>\$ 195,403</u>	<u>\$ 177,329</u>	<u>\$ 2,372,200</u>	<u>\$ 18,538,240</u>

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

**TOWN OF CORTE MADERA**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2020**

Total fund balances - governmental funds (page 14) \$ 16,931,103

Amounts reported for governmental activities in the statement of net position are different because:

(1) Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the balance sheet. 52,499,111

(2) Pension plan contributions are reported as deferred outflows of resources in the statement of net position. 4,037,492

(3) Other post-retirement employee medical benefit plan contributions are reported as deferred outflows of resources in the statement of net position. 828,000

(4) Accrued interest payable on long-term debt is reported in the statement of net position. (97,700)

(5) Long-term liabilities and obligations are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet. All such liabilities are reported in the statement of net position. (34,778,193)

(6) Deferred pension plan inflows of resources are not recognized as revenue in the governmental funds financial statements. (1,290,265)

(7) Other post-retirement employee medical benefit plan inflows of resources are not recognized as revenue in the governmental funds financial statements. (903,000)

(8) Internal Service Funds are used by management to charge the cost of insurance to one fund. Those assets and liabilities are included in governmental activities in the statement of net position. 313,751

Net position of governmental activities (page 12) \$ 37,540,299

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

**TOWN OF CORTE MADERA**  
**Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

	General Fund	Capital Improvements	SB 1 Road Maintenance	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Property tax	\$ 6,982,402	\$ -	\$ -	\$ -	\$ 6,982,402
Sales tax	9,603,029	-	-	-	9,603,029
Business licenses	603,550	-	-	-	603,550
Paramedic tax	503,686	-	-	-	503,686
Transient occupancy taxes	909,753	-	-	-	909,753
Franchise fees	1,241,581	-	-	-	1,241,581
Permits and fees	629,810	-	-	-	629,810
Intergovernmental	181,424	426,164	175,566	329,422	1,112,576
Charge for services	1,765,319	-	-	-	1,765,319
Use of money and property	1,408,158	-	1,763	5,819	1,415,740
Other revenue	1,244,025	-	-	-	1,244,025
Total revenue	<u>25,072,737</u>	<u>426,164</u>	<u>177,329</u>	<u>335,241</u>	<u>26,011,471</u>
<b>EXPENDITURES</b>					
Current -					
Personnel	8,446,114	-	-	-	8,446,114
Public safety - fire	4,635,907	-	-	-	4,635,907
Public safety - police	3,642,545	-	-	-	3,642,545
Outside services	2,259,686	-	-	-	2,259,686
Public works/streets	934,737	-	-	-	934,737
Utilities	387,696	-	-	-	387,696
Recreation services	867,275	-	-	-	867,275
Community development	1,087,652	-	-	-	1,087,652
Debt service	736,312	-	-	-	736,312
Capital projects	3,042,122	1,158,349	163,037	656,300	5,019,808
Total expenditures	<u>26,040,046</u>	<u>1,158,349</u>	<u>163,037</u>	<u>656,300</u>	<u>28,017,732</u>
Excess over (under)	<u>(967,309)</u>	<u>(732,185)</u>	<u>14,292</u>	<u>(321,059)</u>	<u>(2,006,261)</u>
Other Sources (Uses)					
Transfers in	986,907	175,000	-	-	1,161,907
Transfers (out)	(1,511,907)	-	-	-	(1,511,907)
Totals	<u>(525,000)</u>	<u>175,000</u>	<u>-</u>	<u>-</u>	<u>(350,000)</u>
<b>Change in Fund Balances</b>	(1,492,309)	(557,185)	14,292	(321,059)	(2,356,261)
Fund Balances - beginning	16,411,035	185,074	-	2,691,255	19,287,364
Fund Balances - year end	<u>\$ 14,918,726</u>	<u>\$ (372,111)</u>	<u>\$ 14,292</u>	<u>\$ 2,370,196</u>	<u>\$ 16,931,103</u>

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

**TOWN OF CORTE MADERA**  
**Reconciliation of the Statement of Revenue, Expenditures, and Change in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2020**

Change in fund balances - governmental funds (page 16) \$ (2,356,261)

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

**Capital Assets**

(1) The acquisition of capital assets uses current financial resources but has no effect on net position. The cost of capital assets is allocated over the estimated useful lives and reported as depreciation expense in the statement of activities. 4,535,950

**Measurement focus**

(2) Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Change in accrued interest expense on long-term debt	117,834
Change in compensated absences expense liability	(27,564)
Change in net pension plan expense liability and deferrals	(1,970,949)
Change in net OPEB plan expense liability and deferrals	2,648,000

**Long-term Liabilities and Obligations**

(3) Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 419,259

**Internal Service funds**

(4) Internal service funds are used by management to charge the costs of insurance to an individual fund. The net revenue (loss) is reported with governmental activities in the statement of activities. (189,135)

Change in net position of governmental activities (page 13) \$ 3,177,134

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

**TOWN OF CORTE MADERA**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2020**

	<b>Business Enterprise- Sanitary District</b>	<b>Internal Service- Insurance Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 12,236,270	\$ 530,714
Receivables	103,991	-
Other asset	-	40,000
Total current assets	<u>12,340,261</u>	<u>570,714</u>
Noncurrent assets:		
Capital assets not being depreciated	4,646,575	-
Capital assets, net of depreciation	<u>14,440,649</u>	<u>-</u>
Total noncurrent assets	<u>19,087,224</u>	<u>-</u>
Total assets	<u>31,427,485</u>	<u>570,714</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	552,613	13,152
Deposits	11,188	-
Claims payable	-	72,020
Total current liabilities	<u>563,801</u>	<u>85,172</u>
Noncurrent liabilities:		
Claims due after one year	-	171,791
Total liabilities	<u>563,801</u>	<u>256,963</u>
<b>NET POSITION</b>		
Net investment in capital assets	19,087,224	-
Unrestricted	<u>11,776,460</u>	<u>313,751</u>
Total net position	<u>\$ 30,863,684</u>	<u>\$ 313,751</u>

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

**TOWN OF CORTE MADERA**  
**Proprietary Funds**  
**Statement of Revenue, Expenses, and Change in Net Position**  
**Year Ended June 30, 2020**

	<b>Business Enterprise- Sanitary District</b>	<b>Internal Service- Insurance Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Operating Revenue</b>		
Charge for services	\$ 2,977,371	\$ -
Permits and fees	85,222	-
Total revenue	<u>3,062,593</u>	<u>-</u>
 <b>Operating Expenses</b>		
Treatment and disposal	993,458	-
Collection maintenance and repairs	1,375,190	-
Pump station maintenance	575,837	-
Utilities	185,394	-
General and administrative	175,576	-
Depreciation	1,134,300	-
Insurance claims	-	339,135
Total operating expenses	<u>4,439,755</u>	<u>339,135</u>
 <b>Operating Income (Loss)</b>	 <u>(1,377,162)</u>	 <u>(339,135)</u>
 <b>Nonoperating Revenue (Expense)</b>		
Property tax assessments	3,523,798	-
Investment earnings	240,239	-
CMSA debt service commitment	(580,303)	-
Total nonoperating revenue	<u>3,183,734</u>	<u>-</u>
 <b>Income Before Contributions/Transfers</b>	 1,806,572	 (339,135)
Transfers in	-	150,000
Transfers (out)	<u>-</u>	<u>-</u>
 <b>Change in Net Position</b>	 1,806,572	 (189,135)
Net Position - beginning	<u>29,057,112</u>	<u>502,886</u>
Net Position - end of year	<u><u>\$ 30,863,684</u></u>	<u><u>\$ 313,751</u></u>

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



**TOWN OF CORTE MADERA**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**Year Ended June 30, 2020**

<b>CASH FLOWS PROVIDED BY (USED FOR)</b>	<b>Business Enterprise- Sanitary District</b>	<b>Internal Service- Insurance Fund</b>
<b>Operating Activities</b>		
Cash received from customers	\$ 3,087,260	\$ -
Cash payments for contract services and supplies	(2,971,100)	-
Cash payments for insurance claims	-	(362,557)
Net cash provided (used)	116,160	(362,557)
<b>Noncapital Financing Activities</b>		
Property tax assessments	3,523,798	-
CMSA debt service commitment	(580,303)	150,000
Transfers in (out)	-	-
Net cash provided (used)	2,943,495	150,000
<b>Capital &amp; Related Financing Activities</b>		
Purchase of property and equipment	(4,965,150)	-
Net cash provided (used)	(4,965,150)	-
<b>Investing Activities</b>		
Investment earnings	240,239	-
Net cash provided (used)	240,239	-
<b>Net Increase (Decrease) in Cash</b>	(1,665,256)	(212,557)
Cash and investments - beginning	13,901,526	743,271
Cash and investments - end of year	\$ 12,236,270	\$ 530,714
<b>Operating Activities Analysis</b>		
Operating Income (Loss) - page 19	\$ (1,377,162)	\$ (339,135)
Reconciliation adjustments:		
Add depreciation, a noncash expense	1,134,300	-
(Increase) decrease in receivables	24,667	-
Increase (decrease) in payables	334,355	-
Net cash provided (used)	\$ 116,160	\$ (339,135)

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

**TOWN OF CORTE MADERA**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2020**

	Shoreline Parking Debt Svc	Parking Maintenance District	Age Friendly CM	Old Landing Debt Svc	CM Fire Authority	Business Grant Payments	Housing Assistance Grants	OPEB Stabilization Trust	Pension Stabilization Trust	Totals
<b>Assets</b>										
Cash and										
investments	\$ 190,842	\$ 34,415	\$ -	\$ 86,953	\$ 744,014	\$ 42,000	\$ 25,000	\$ -	\$ -	\$ 1,123,224
Receivables	942	117	-	536	701	-	-	-	-	2,296
Cash with										
trustee	-	-	7,298	-	-	-	-	3,187,692	3,460,281	6,655,271
	<u>\$ 191,784</u>	<u>\$ 34,532</u>	<u>\$ -</u>	<u>\$ 87,489</u>	<u>\$ 744,715</u>	<u>\$ 42,000</u>	<u>\$ 25,000</u>	<u>\$ 3,187,692</u>	<u>\$ 3,460,281</u>	<u>\$ 7,780,791</u>
<b>Liabilities</b>										
Payables	\$ -	\$ -	\$ -	\$ -	\$ 475,837	\$ -	\$ -	\$ -	\$ -	\$ 475,837
Long-term										
debt	693,875	-	-	88,225	-	-	-	-	-	782,100
	<u>\$ 693,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,225</u>	<u>\$ 475,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,257,937</u>

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

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

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

- Note 1 - Defining the Financial Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Stewardship, Compliance and Accountability
- Note 4 - Cash and Investments
- Note 5 - Capital Assets
- Note 6 - Long-term Obligations
- Note 7 - Other Postemployment Benefits Plan (OPEB)
- Note 8 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 9 - Jointly Governed Organizations
- Note 10 - Commitments and Contingencies
- Note 11 - Risk Management
- Note 12 - Subsequent Events
- Note 13 - New Pronouncements
- Note 14 - Fund Balance Designations Section of the Balance Sheet

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

***Note 1 - Defining the Financial Reporting Entity***

The Town of Corte Madera (the Town) was incorporated in 1916 under the laws of the State of California. Corte Madera operates under a Council-Manager form of government. The Town provides municipal services to its citizens including public safety, public works, community development, parks and recreation, sewer services, and general administrative support. These financial statements present the financial status of the Town and its blended component unit.

The Sanitary District No. 2 of Marin County is a subsidiary district, with the Town Council acting as the governing body and is reported as a component unit. Financial statements of the District may be obtained from the Town's Department of Finance.

The Town participates in several Joint Powers Agreements (JPAs) with the following entities:

- Bay Cities Joint Powers Insurance Authority
- Central Marin Fire Authority
- Central Marin Police Authority
- Central Marin Sanitation Agency
- Hazardous Materials Spills Management JPA
- Marin Climate and Energy Partnership
- Marin Emergency Radio Authority
- Marin General Services Authority
- Marin Telecommunications Agency
- Transportation Authority of Marin

The financial activities of the JPAs are not included in the accompanying financial statements because they are administered by governing boards which are separate from, and independent of the Town.

***Note 2 - Summary of Significant Accounting Policies***

**Basis of Presentation**

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) as applicable to governments. The following is a summary of the more significant policies.

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported instead as general revenue. Expenses reported for functional activities include allocated indirect expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the Town, or the government has determined that a fund is important to the financial statement user, or it meets the following criteria:

- Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Fund Types

Governmental funds are those through which most general government functions typically are financed. The Town maintains the following fund types:

- General Fund - this fund accounts for all unrestricted resources except those required to be accounted for in another fund.
- Special Revenue Funds - these funds are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- Capital Projects Funds - these funds are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and major capital projects.
- Proprietary Fund Types - these funds are used to account for activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and cost reimbursement.

(1) *Enterprise Funds* are established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Town is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

(2) *Internal Service Funds* are established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, and to other government units on a cost reimbursement basis. The Town's self-insurance employee benefit program is reported as an internal service fund.

- Fiduciary Fund Types - these funds are used to account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments.

Major Funds

The following are the Town's major funds this year:

- *General Fund* - this fund is the Town's primary operating fund, which is used to account for all financial resources of the general government, except those required to be accounted for in another fund.
- *Capital Improvements Fund* - this fund accounts for an aggregate of intergovernmental financial resources, voter approved tax measures, and utility reimbursements. Expenditures include street and sidewalk improvements, updates to the Town's general plan, conservation and climate plans, and zoning updates.
- *SB 1 Road Maintenance Fund* - this fund accounts for State Legislature approved funding of street improvements for local governments.

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The government-wide statement of net position and the statement of activities, and both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes an "economic resources" measurement focus. Proprietary fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide statement of net position, and in the statement of activities, both governmental and business-like activities are presented using the "accrual basis of accounting." Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when the liability is incurred and the amount of obligation is ascertainable. Revenue, expenses, gains, losses, assets, and

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liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the “modified accrual basis of accounting.” Under this modified accrual basis of accounting, revenue is recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenue which is susceptible to accrual includes property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, penalties, charges for services, and miscellaneous revenue are recorded as governmental fund type revenue when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant revenue, which is normally reimbursements of expenses under contractual agreements, is recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the “accrual basis of accounting” which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise.

**Budgetary Data**

General Budget Policies: the Town maintains budgetary controls of which the objective is to ensure compliance with legal provisions embodied in the annual budget approval by the Town Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The Town’s budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon Town Council approval.

Budget Basis of Accounting: budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America as prescribed by the GASB and the AICPA. The Budgetary Comparison Schedule of the general fund presents comparisons of legally adopted budget amounts (both the original budget and final budget), and actual amounts, on the budgetary basis. The budgeting basis is substantially equivalent to the Town's accounting basis; thus no reconciliation between the two is considered necessary.

**Other Accounting Policies**

**Cash and Investments**

Deposits in financial institutions, money market funds, and the State Treasurer’s investment pool are reported as cash and investments since funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

**Receivables and Payables**

Property, franchise fees, TOT, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable are considered available if received within 60 days of fiscal year end.

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

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements).

Allowance for Doubtful Accounts

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

Capital Assets

Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available and at estimated replacement cost when original cost was not available. Donated assets are stated at estimated market value at date of donation. Infrastructure assets are reported prospectively beginning in fiscal year 2003-04. The Town's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$25,000, with an estimated useful life in excess of two years. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from five to fifty years.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and compensated time off with a maximum of 300 hours. The Town's method of calculating the liability is in accordance with GASB, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions and payroll taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Net Position and Fund Balances

Net position designations are classified on the government-wide statement of net position as follows:



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- Net Investment in Capital Assets - represents the Town's total investment in capital assets reduced by any outstanding debt used to acquire those assets.
- Restricted Net Position - includes resources that the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted Net Position - represents resources derived from sources without spending restrictions, are used for transactions relating to the general operations of the Town, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

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

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b) not in spendable form such as long-term notes receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the specific purposes determined by a *formal action* of the Town Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Town Council or its appointed official.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Other Postemployment Benefits Plan (OPEB)

In government-wide financial statements, OPEB plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Town recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position (*plan assets owned*) as reflected in the actuarial report provided by the plan actuarial analyst. The net OPEB liability is measured as of the Town's prior fiscal year-end. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective OPEB plan and are recorded as a component of OPEB expense beginning with the period in which they are incurred.

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Pension Plan

In government-wide financial statements, retirement plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position (*plan assets owned*) of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Property Tax Revenue

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- Property Valuations - are established by the Assessor of Marin County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- Tax Collections - are the responsibility of the Marin County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- Tax Levy Apportionments - due to the nature of the Town-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by

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each County auditor-controller based primarily on the ratio that each agency represented of the total Town-wide levy for the three fiscal years prior to fiscal year 1979.

- Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

***Note 3 - Stewardship, Compliance and Accountability***

Budgetary Information

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

1. The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various Town departments. The Town Council may amend the budget by resolution during the fiscal year. The Town Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Economic Dependency

In fiscal year 2019-20, the Town received 64% of its total governmental revenue from two sources: sales taxes 37% and property taxes 27%. Any disruption to the ongoing economic growth in Marin County, or reduction in assessed property values, or reduction in the Town's property tax share due to the State's ongoing budget issues could have fiscal consequences to the Town's operating budget.

Revenue Limitations Imposed By California Proposition 218

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

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**Note 4 - Cash and Investments**

The Town follows the practice of pooling cash and investments of all funds except for restricted funds when required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments at June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	\$	29,689,230
Statement of Fiduciary Assets & Liabilities		
Cash and investments		1,123,224
		\$ 30,812,454
		\$ 30,812,454
Cash and Investments are comprised of the following:		
Deposits with financial institutions:		
checking accounts	\$	1,175,340
certificates of deposit		747,586
Investment with Local Agency Investment Fund		28,889,528
		\$ 30,812,454
		\$ 30,812,454

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2020, PMIA had approximately \$103 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$28,889,528	due on demand, 1.47% yield

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical

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rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies." California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investments Authorized by the Town's Investment Policy

The table below identifies the investment types that are authorized under provisions of the Town's investment policy adopted for fiscal year 2019-20, and in accordance with Section 53600 of the California Government Code. The table also identifies certain provisions of the investment policy that address concentration or maximum percentages and maturity.

<u>Permitted Investments/Deposits</u>	<u>Maximum Percentages</u>	<u>Maximum Maturity</u>
<u>Investment Type A:</u>		
Securities of the US Government, Treasury obligations, Agency obligations, and Federal Instrumentalities	n/a	n/a
State of California Bonds and Registered Warrants	n/a	n/a
Commercial Paper (A-1, P-1 or better)	10% to 25%	270 days
Local Agency Investment Fund (LAIF)	n/a	n/a
Passbook Savings Account Demand Deposits	n/a	n/a
<u>Investment Type B:</u>		
Negotiable Certificates of Deposit	30%	n/a
Bankers Acceptances	30%	180 days
Repurchase Agreements	n/a	1 year
Medium Term Notes	30%	n/a

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**Note 5 - Capital Assets**

Governmental-type capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 19,440,491	\$ -	\$ -	\$ 19,440,491
Construction-in-progress	1,386,939	855,908	-	2,242,847
	<u>20,827,430</u>	<u>855,908</u>	<u>-</u>	<u>21,683,338</u>
<u>Depreciable Assets</u>				
Infrastructure	51,855,687	3,861,276	-	55,716,963
Structures/improvements	12,326,341	-	-	12,326,341
Machinery/equipment	580,614	81,122	-	661,736
Vehicles	912,515	416,128	-	1,328,643
	65,675,157	4,358,526	-	70,033,683
<u>Accumulated Depreciation</u>	<u>(38,539,426)</u>	<u>(678,484)</u>	<u>-</u>	<u>(39,217,910)</u>
Depreciable assets, net	<u>27,135,731</u>	<u>3,680,042</u>	<u>-</u>	<u>30,815,773</u>
Total capital assets, net	<u>\$ 47,963,161</u>	<u>\$ 4,535,950</u>	<u>\$ -</u>	<u>\$ 52,499,111</u>

Business-type capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 580,265	\$ -	\$ -	\$ 580,265
Construction-in-progress	-	4,066,310	-	4,066,310
	<u>580,265</u>	<u>4,066,310</u>	<u>-</u>	<u>4,646,575</u>
<u>Depreciable Assets</u>				
CMSA Treatment plant	2,798,561	-	-	2,798,561
Structures/pump stations	13,501,934	629,589	-	14,131,523
Underground lines	19,012,450	-	-	19,012,450
Improvements	-	269,251	-	269,251
Machinery/equipment	73,698	-	-	73,698
Vehicles	451,867	-	-	451,867
	35,838,510	898,840	-	36,737,350
<u>Accumulated Depreciation</u>	<u>(21,162,401)</u>	<u>(1,134,300)</u>	<u>-</u>	<u>(22,296,701)</u>
Depreciable assets, net	<u>14,676,109</u>	<u>(235,460)</u>	<u>-</u>	<u>14,440,649</u>
Total capital assets, net	<u>\$ 15,256,374</u>	<u>\$ 3,830,850</u>	<u>\$ -</u>	<u>\$ 19,087,224</u>

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**Note 6 - Long-term Obligations**

The following is a summary changes in the Town's long-term debt and obligations as reported in the Government-wide financial statements:

<u>Governmental Activities</u>	Beginning Balance	Additions	Reductions	End of Year	Due Within One Year
2016 COPs	\$ 8,560,000	\$ -	\$ (365,000)	\$ 8,195,000	\$ 380,000
Bank real estate loan	608,881	-	(54,259)	554,622	55,634
Net pension liability	18,594,161	1,303,137	-	19,897,298	-
Net OPEB liability	9,338,000	-	(3,491,000)	5,847,000	-
Compensated absences	256,709	27,564	-	284,273	71,068
Insurance claims	279,546	-	(35,735)	243,811	72,020
	<u>\$ 37,637,297</u>	<u>\$ 1,330,701</u>	<u>\$ (3,945,994)</u>	<u>\$ 35,022,004</u>	<u>\$ 578,722</u>

2016 Certificates of Participation

On September 28, 2006, the Town issued \$10,575,000 in taxable, variable-rate Certificates of Participation (COPs) to finance the acquisition of land, structures and improvements known as the Park Madera Center, a retail property. The debt is secured by a pledge of rental income. The debt was refunded in 2016. Total principal and interest payments are due each May 1<sup>st</sup>. Payments increase annually due to the fluctuating interest rate which was 1.7% in 2019 and increases to 4.0% in 2032. The debt matures in May 2037.

Future debt service requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 380,000	\$ 282,538	\$ 662,538
2022	385,000	274,938	659,938
2023	390,000	266,274	656,274
2024	400,000	256,524	656,524
2025	410,000	245,524	655,524
2026-2030	2,265,000	1,021,322	3,286,322
2031-2035	2,720,000	581,074	3,301,074
2036-2038	1,245,000	75,200	1,320,200
	<u>\$ 8,195,000</u>	<u>\$ 3,003,394</u>	<u>\$ 11,198,394</u>

Bank Real Estate Loan

On March 17, 2009, Town Council authorized the purchase of a 50 percentage interest in land used for the Central Marin Police Authority facility. The loan is secured by the other real estate owned by the Town. Principal and interest payments are due each March 20<sup>th</sup> and September 20<sup>th</sup>, with interest at 2.5% per annum.

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Future debt service requirements consist of the following:

Year Ending	Principal	Interest	Total
June 30,			
2021	\$ 55,634	\$ 13,628	\$ 69,262
2022	57,045	12,217	69,262
2023	58,492	10,770	69,262
2024	59,975	9,287	69,262
2025	61,497	7,767	69,264
2026-2029	261,981	15,073	277,054
	<u>\$ 554,624</u>	<u>\$ 68,742</u>	<u>\$ 623,366</u>

Insurance Claims

The Town is a member of Bay Cities Joint Insurance Authority (BCJIA), a self-insurance pool that provides liability and workers compensation insurance to member government agencies. Each member agency selects a self-insured retention limit, which in the Town's case is \$250,000 for liability claims and \$250,000 for workers' compensation claims. The Town pays all claim costs below the self-insured retention amount. Workers' compensation coverage through BCJIA has a \$2 million limit, while liability coverage has a \$30 million limit. BCJIA is responsible for all costs above the self-insured retention limit, and purchases excess insurance coverage through a commercial insurance agency to cover those potential costs. An actuarial valuation is performed each year to determine total claims liability for each member agency. At June 30, 2020, BCJIA determined that the Town's total insurance claims liability was estimated at \$243,811. This amount is reported in the statement of net position, of which \$72,020 is estimated of be paid within the next fiscal year.

Compensated Absences

Town employees accumulate earned but unused vacation benefits up to a maximum of 300 hours, which can be converted to cash at termination of employment. No expenditure is reported for these accrued amounts in the governmental funds financial statements. However, in the statement of activities, the expenditure is allocated to each function or department. Vested compensated absences are payable in accordance with various collective bargaining agreements. At year end, \$284,273 was reported in the statement of net position of which \$71,068 is estimated to be paid within the next fiscal year.

**Note 7 - Other Postemployment Benefits Plan (OPEB)**

Overview of the Plan

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



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may be a negative expense (OPEB income), which should be reported as a credit in OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB plans are certain changes in total OPEB liability and fiduciary net position that are to be recognized in future OPEB expense.

Plan Description and Eligibility

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

California Public Employees Retirement System Trust

In fiscal year 2018-19, the Town elected to begin prefunding its OPEB obligation through the use of an irrevocable trust established with the California Employers' Retiree Benefit Trust Fund (CERBT). This trust fund is an agent multiple-employer plan which is administered by the CalPERS Board of Administration. The trust is used to accumulate and invest funds necessary to pay for future retiree benefits and to reduce the Town's future cash flow requirements. For the 2019-20 fiscal year, the Town contributed \$250,000 to the trust. At June 30, 2020, the balance in this trust account was \$3,187,692.

Contributions

The obligation of the Town to contribute to the Plan is established and may be amended by the Town Council. For the 2019-20 fiscal year, benefit payments made outside of the trust were \$576,000. Employees are currently not required to contribute to the plan.

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019
Valuation Date	June 30, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Implied Subsidy	Employer cost for allowing retirees to participate in the medical plans at active rates. Implied subsidy included.
Discount Rate	6.75% at June 30, 2019
General Inflation	2.75%
Salary Increases	Aggregate - 3.00% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.
PEMHCA Minimum Increase	4.25% annually
Participation at Retirement	Tier 1 Actives: 100% Tier 2 Actives: 70%
Mortality Factors	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2018

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Funded Status

Total OPEB Plan Liability	\$ 8,690,000
Plan Fiduciary Net Position	2,843,000
Net OPEB Plan Liability	5,847,000

OPEB plan expense for the fiscal year      \$(1,820,000)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% which the Actuary has determined is a reasonable long-term assumption of the Town's expected return on its investments. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

The following presents the net OPEB liability of the Town calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	5.75%	6.75%	7.75%
Net OPEB liability / (asset)	\$ 6,875,000	\$ 5,847,000	\$ 4,995,000

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

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

	1% Decrease	Current Trend	1% Increase
Net OPEB liability / (asset)	\$ 4,972,000	\$ 5,847,000	\$ 6,898,000

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 828,000	\$ -
Differences between projected and actual experience	-	863,000
Changes of assumptions	-	5,000
Net difference between projected and actual earnings of OPEB Plan investments	-	35,000
Totals	<u>\$ 828,000</u>	<u>\$ 903,000</u>

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

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<u>Year Ending June 30:</u>	
2021	\$ 350,000
2022	349,000
2023	201,000
2024	3,000
2025	-

**Note 8 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**

Overview of the Plan

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

Public Agency Retirement System Trust

In 2019, Town Council passed a resolution to establish a comprehensive strategy for the acceptance and accumulation of invested assets under the Pension Stabilization Trust for California Municipalities Act. The Trust is used to accumulate and invest funds necessary to pay for future retiree benefits and to reduce the Town's future cash flow requirements. For the 2019-20 fiscal year, the Town contributed \$1,956,000 to the trust. At June 30, 2020, the balance in this trust account was \$3,460,281.

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2019 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the

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actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
Valuation Date	June 30, 2018
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Straight-line amortization over 5-year period
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using Membership Data
Investment Rate of Return	7.00%, net of investment expense
Post Retirement Benefit Increase	Contract COLA up to 2.50%

Funded Status

Total Pension Plan Liability	\$ 71,579,069
Plan Fiduciary Net Position ( <i>assets owned</i> )	51,681,771
Net Pension Plan Liability	19,897,298
Pension plan expense for the fiscal year	\$ 3,683,324

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all

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future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds’ asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.

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- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

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

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

	Discount Rate -1%	Current Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 29,624,995	\$ 19,897,298	\$ 11,897,935

Deferred Outflows/Inflows of Resources Related to Pensions

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,308,806	\$ (21,181)
Changes of assumptions	878,718	(243,150)
Differences between projected and actual investment earnings	-	(308,870)
Change in employer's proportion	87,743	(258,252)
Differences between employer's share of contributions	49,880	(458,812)
Pension contributions subsequent to the measurement date	1,712,345	-
Totals	\$ 4,037,492	\$ (1,290,265)

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

Fiscal Year Ending June 30:	
2021	\$ 1,207,458
2022	(369,749)
2023	135,840
2024	61,333
2025	-

**Note 9 - Jointly Governed Organizations**

Central Marin Fire Authority

The Central Marin Fire Authority is a full service public safety fire protection agency for the communities of Corte Madera and Larkspur.

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

Central Marin Police Authority

The Central Marin Police Authority is a full service public safety police and dispatch agency for the communities of Corte Madera, Larkspur, San Anselmo and portions of Greenbrae.

Central Marin Sanitation Agency

The Central Marin Sanitation Agency operates a regional wastewater treatment facility for the San Rafael Sanitation District (City of San Rafael), the Ross Valley Sanitation District (Town of Ross), the Sanitary District No. 2 of Marin County (Town of Corte Madera) and the City of Larkspur.

Hazardous Materials Spills Management Authority

This multi-agency and multi-jurisdictional agency responds to hazardous materials emergencies in Marin County.

Marin Climate and Energy Partnership

The Marin Climate and Energy Partnership (MCEP) was created in 2007 by the County of Marin, eleven Marin cities and towns, the Transportation Authority of Marin, Marin Clean Energy, and the Marin Municipal Water District. The member agencies work together to reduce greenhouse gas emissions in the community.

Marin Emergency Radio Authority

The Town participates in a joint powers agreement through the Marin Emergency Radio Authority (MERA) under an operating agreement between certain public agencies in Marin County to provide a public safety radio system to its members.

Marin General Services Authority

The Marin General Services Authority was created to finance, implement, and manage various municipal services within the member agencies including the taxicab regulation program and information management services.

Marin Telecommunications Agency

The Marin Telecommunications Agency was created by an agreement between the County of Marin, the Cities of Belvedere, Larkspur, Mill Valley, Sausalito, and San Rafael, and the Towns of Corte Madera, Ross, Corte Madera, Fairfax, and Tiburon to provide for the regulation of rates for certain cable television services and equipment pursuant to the Cable Television Consumer Protection and Competition Act of 1992.

***Note 10 - Commitments and Contingencies***

The Town receives funding from a number of federal, state and local grant programs. These programs are subject to financial and compliance review by grantors. Accordingly, the Town's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The Town does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of this federal, state and local grant revenue is not assured in the future.

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 11 - Risk Management**

The Town participates in a joint powers agreement through the Bay Cities Joint Powers Insurance Authority (BCJPIA) which is a workers compensation and general liability risk pool. The Town currently reports all of its risk management activities in its Internal Service Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide vehicle, general liability, and workers compensation coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member city, town or agency.

The BCJPIA is an “account pool” as defined by Government Accounting Standards Board Statement No. 10. The BCJPIA manages separate accounts for each pool member. Losses and expenses are paid from these pools above the self-insured retention limit of \$250,000 per occurrence for the Town of Corte Madera. The BCJPIA annually evaluates the financial risk cash position, less claims reserves, claims incurred but not reported (IBNR), and claims development of each member in the Primary Liability Program. The BCJPIA purchases excess insurance above the \$2,000,000 limit for workers compensation, and above the \$30,000,000 limit for liability insurance, per occurrence. Financial statements may be obtained from BCJPIA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

**Note 12 - Subsequent Events**

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2020 through November 16, 2020 the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**Note 13 - New Pronouncements**

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

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment



**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

**TOWN OF CORTE MADERA**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 15 - Fund Balance Designations Section of the Balance Sheet**

<b>Fund Balances</b>	General Fund	Capital Improvements	SB 1 Road Maintenance	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>					
Street Impact Fees	692,012	-	-	-	692,012
Streets capital projects	-	-	14,292	-	14,292
Westside Park in-lieu	-	-	-	209,269	209,269
Traffic improvements	-	-	-	314,652	314,652
Village traffic improvements	-	-	-	754,000	754,000
Affordable housing	-	-	-	553,539	553,539
Measure A parks	-	-	-	254,728	254,728
TAM Ridge traffic	-	-	-	250,224	250,224
Traffic congestion	-	-	-	33,784	33,784
Total restricted fund balances	<u>692,012</u>	<u>-</u>	<u>14,292</u>	<u>2,370,196</u>	<u>3,076,500</u>
<b>Committed to:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Assigned:</b>					
Emergency Reserve	2,500,000	-	-	-	2,500,000
Equipment & Technology	144,152	-	-	-	144,152
Recreation Capital	463,851	-	-	-	463,851
Sales Tax Override	9,202,797	-	-	-	9,202,797
Total assigned fund balances	<u>12,310,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,310,800</u>
<b>Unassigned:</b>	<u>1,915,914</u>	<u>(372,111)</u>	<u>-</u>	<u>-</u>	<u>1,543,803</u>
<b>Total Fund Balances</b>	<u><u>\$ 14,918,726</u></u>	<u><u>\$ (372,111)</u></u>	<u><u>\$ 14,292</u></u>	<u><u>\$ 2,370,196</u></u>	<u><u>\$ 16,931,103</u></u>

***REQUIRED SUPPLEMENTARY INFORMATION***

***(unaudited)***

**TOWN OF CORTE MADERA**  
**Required Supplementary Information (unaudited)**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**As of June 30, 2020**

Schedule of Proportionate Share of the Net Pension Liability

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

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

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

Schedule of Contributions

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

**TOWN OF CORTE MADERA**  
**Required Supplementary Information (unaudited)**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**Last Six Fiscal Years\***

Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability	Measurement Date - Fiscal Year Ending June 30					
	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.19%	0.19%	0.19%	0.20%	0.21%	0.20%
Town's proportionate share of the net pension liability	\$ 19,897,298	\$ 18,594,161	\$ 19,180,989	\$ 17,275,610	\$ 14,263,877	\$ 12,146,336
Town's covered-employee payroll **	\$ 4,719,523	\$ 4,964,063	\$ 4,907,134	\$ 4,775,667	\$ 4,850,172	\$ 4,607,570
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	422%	375%	391%	362%	294%	264%
Plan fiduciary net position as a percentage of the total pension liability	75%	75%	73%	74%	78%	80%

Schedule of the Town's Contributions	Fiscal Year Ending June 30					
	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 1,712,345	\$ 1,815,179	\$ 1,656,467	\$ 1,903,472	\$ 1,810,099	\$ 1,667,342
Contributions in relation to the contractually required employer contribution	1,712,345	1,815,179	1,656,467	1,903,472	1,810,099	1,667,342
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll ***	\$ 3,387,902	\$ 4,719,523	\$ 4,964,063	\$ 4,907,134	\$ 4,775,667	\$ 4,850,172
Contributions as a percentage of covered employee payroll	51%	38%	33%	39%	38%	34%

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

\*\* for the measurement date fiscal year

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

**TOWN OF CORTE MADERA**  
**Required Supplementary Information (unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Last Three Fiscal Years\***

For Reporting at Fiscal Year Ended June 30:	2020	2019	2018
Measurement Date - Fiscal Year Ending June 30:	2019	2018	2017
<u>Total OPEB Liability</u>			
Service cost	\$ 270,000	\$ 268,000	\$ 260,000
Interest on the total OPEB liability	792,000	762,000	731,000
Changes of benefit terms	(2,364,000)	-	-
Differences between expected and actual experience	(1,195,000)	-	-
Changes of assumptions	(7,000)	-	-
Benefit payments	<u>(560,000)</u>	<u>(575,000)</u>	<u>(519,000)</u>
Net Change in Total OPEB Liability	(3,064,000)	455,000	472,000
Total OPEB Liability - beginning	<u>11,754,000</u>	<u>11,299,000</u>	<u>10,827,000</u>
Total OPEB Liability - ending (a)	<u><u>\$ 8,690,000</u></u>	<u><u>\$ 11,754,000</u></u>	<u><u>\$ 11,299,000</u></u>
<u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ 812,000	\$ 1,077,000	\$ 1,019,000
Net investment income	178,000	142,000	160,000
Administrative expenses	(3,000)	(5,000)	(1,000)
Benefit payments	<u>(560,000)</u>	<u>(575,000)</u>	<u>(519,000)</u>
Net Change in Plan Fiduciary Net Position	427,000	639,000	659,000
Plan Fiduciary Net Position - beginning	<u>2,416,000</u>	<u>1,777,000</u>	<u>1,118,000</u>
Plan Fiduciary Net Position - ending (b)	<u><u>\$ 2,843,000</u></u>	<u><u>\$ 2,416,000</u></u>	<u><u>\$ 1,777,000</u></u>
<u>Net OPEB Liability - ending (a) - (b)</u>	<u><u>\$ 5,847,000</u></u>	<u><u>\$ 9,338,000</u></u>	<u><u>\$ 9,522,000</u></u>
Covered-employee payroll	\$ 5,455,000	\$ 6,102,000	\$ 6,719,000
Net OPEB liability as a percentage of covered-employee payroll	107%	153%	142%

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

**TOWN OF CORTE MADERA**  
**Required Supplementary Information (unaudited)**  
**Budgetary Comparison Information**  
**Year Ended June 30, 2019**

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

- Prior to the close of each fiscal year, the Town Manager submits to the Town 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 Town 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 Council approved resolution.
- The Town Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the Town's needs; however, revisions that alter the total expenditures must be approved by the Town 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 Town Council.

**TOWN OF CORTE MADERA**  
**Required Supplementary Information**  
**Budgetary Comparison Information (unaudited)**  
**General Fund No. 01**  
**Year Ended June 30, 2020**

<b>Resources</b>	<b>Budget Amounts (unaudited)</b>		<b>Actual Results</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
Property tax	\$ 6,786,126	\$ 6,786,126	\$ 6,982,402	\$ 196,276
Sales tax - 1%	6,814,784	5,814,784	6,349,011	534,227
Business licenses	589,000	589,000	603,550	14,550
Paramedic tax	510,000	510,000	503,686	(6,314)
Transient Occupancy tax	1,194,495	961,495	909,753	(51,742)
Property transfer tax	90,000	90,000	108,424	18,424
Franchise fees	1,239,216	1,239,216	1,241,581	2,365
Permits and fees	1,646,000	1,521,000	1,588,048	67,048
Cost Recovery	131,000	131,000	83,235	(47,765)
Fines	30,800	30,800	53,544	22,744
Leases	22,800	22,800	22,067	(733)
Rents	360,000	360,000	359,250	(750)
Interest	150,000	150,000	332,189	182,189
State revenue	101,977	101,977	120,902	18,925
Federal revenue	-	-	13,956	13,956
Local agency revenue	95,000	95,000	92,650	(2,350)
Sewer District reimbursement revenue	675,000	675,000	1,155,815	480,815
Other revenue	15,000	15,000	34,666	19,666
Transfers in	155,000	155,000	182,018	27,018
Amounts Available for Appropriation	<u>20,606,198</u>	<u>19,248,198</u>	<u>20,736,747</u>	<u>1,488,549</u>
<b>Charges to Appropriations</b>				
Personnel	7,945,370	9,079,970	8,446,114	633,856
Public safety - fire	4,712,210	4,712,210	4,635,907	76,303
Public safety - police	3,642,545	3,642,545	3,642,545	-
Outside services	2,059,407	2,159,407	2,259,686	(100,279)
Public works/streets	1,025,700	1,125,700	898,157	227,543
Utilities	410,100	410,100	387,696	22,404
Community development	203,064	203,064	153,206	49,858
Debt service	69,263	69,263	69,263	-
Capital projects	-	-	47,618	(47,618)
Transfers out	156,000	356,000	374,706	(18,706)
Total Charges to Appropriations	<u>20,223,659</u>	<u>21,758,259</u>	<u>20,914,898</u>	<u>843,361</u>
<b>Surplus (Deficit)</b>	<u>\$ 382,539</u>	<u>\$ (2,510,061)</u>	<u>\$ (178,151)</u>	<u>\$ 2,331,910</u>



**TOWN OF CORTE MADERA**  
**Required Supplementary Information**  
**Budgetary Comparison Information (unaudited)**  
**Capital Improvements Fund No. 25**  
**Year Ended June 30, 2020**

	<b>Budget Amounts (unaudited)</b>		<b>Actual Results</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
<b>Resources</b>				
State revenue	\$ 1,076,000	\$ 1,076,000	\$ 190,514	\$ (885,486)
Local agency revenue	234,343	234,343	235,650	1,307
Other - PGE rebate	270,000	270,000	-	(270,000)
Transfers in	225,000	225,000	175,000	(50,000)
Amounts Available for Appropriation	<u>1,805,343</u>	<u>1,805,343</u>	<u>601,164</u>	<u>(1,204,179)</u>
<b>Charges to Appropriations</b>				
Outside services	115,000	115,000	64,063	50,937
Supplies	5,000	5,000	-	5,000
Capital projects	1,481,869	1,481,869	1,094,286	387,583
Transfers out	-	-	-	-
Total Charges to Appropriations	<u>1,601,869</u>	<u>1,601,869</u>	<u>1,158,349</u>	<u>443,520</u>
<b>Surplus (Deficit)</b>	<u>\$ 203,474</u>	<u>\$ 203,474</u>	<u>\$ (557,185)</u>	<u>\$ (760,659)</u>

**TOWN OF CORTE MADERA**  
**Required Supplementary Information**  
**Budgetary Comparison Information (unaudited)**  
**SB 1 Road Maintenance Fund No. 35**  
**Year Ended June 30, 2020**

	Budget Amounts (unaudited)		Actual Results	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Resources</b>				
State revenue	\$ 166,162	\$ 166,162	\$ 175,566	\$ 9,404
Interest	-	-	1,763	1,763
Transfers in	-	-	-	-
Amounts Available for Appropriation	166,162	166,162	177,329	11,167
<b>Charges to Appropriations</b>				
Outside services	-	-	-	-
Supplies	-	-	-	-
Capital projects	168,746	168,746	163,037	5,709
Transfers out	-	-	-	-
Total Charges to Appropriations	168,746	168,746	163,037	5,709
<b>Surplus (Deficit)</b>	\$ (2,584)	\$ (2,584)	\$ 14,292	\$ 16,876

**OTHER SUPPLEMENTARY INFORMATION**

***Combining Funds Financial Statements***

**TOWN OF CORTE MADERA**  
**General Fund**  
**Combining Balance Sheet**  
**June 30, 2020**

	General	Sales Tax	Street	Equipment &	Beautification	Recreation	Park Madera	PMC	Recreation	TOTAL
	Fund	Override	Impact Fee	Technology	Fund	Capital	Center	Property	Fund	GENERAL
								Management		FUND
<b>ASSETS</b>										
Cash & investments	\$ 5,705,240	\$ 9,124,688	\$ 692,441	\$ 145,127	\$ -	\$ 463,851	\$ (1,977,793)	\$ (55,296)	\$ 128,441	\$ 14,226,699
Receivables	1,197,415	309,974	-	-	-	-	-	55,296	-	1,562,685
Prepaid expense	3,924	-	-	-	-	-	-	-	-	3,924
Totals	<u>\$ 6,906,579</u>	<u>\$ 9,434,662</u>	<u>\$ 692,441</u>	<u>\$ 145,127</u>	<u>\$ -</u>	<u>\$ 463,851</u>	<u>\$ (1,977,793)</u>	<u>\$ -</u>	<u>\$ 128,441</u>	<u>\$ 15,793,308</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 207,214	\$ 231,865	\$ 429	\$ 975	\$ -	\$ -	\$ -	\$ -	\$ 10,436	\$ 450,919
Accrued liabilities	30,851	-	-	-	-	-	59,446	-	118,005	208,302
Deposits	215,361	-	-	-	-	-	-	-	-	215,361
Totals	<u>453,426</u>	<u>231,865</u>	<u>429</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>59,446</u>	<u>-</u>	<u>128,441</u>	<u>874,582</u>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	692,012	-	-	-	-	-	-	692,012
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,500,000	9,202,797	-	144,152	-	463,851	-	-	-	12,310,800
Unassigned	3,953,153	-	-	-	-	-	(2,037,239)	-	-	1,915,914
Totals	<u>6,453,153</u>	<u>9,202,797</u>	<u>692,012</u>	<u>144,152</u>	<u>-</u>	<u>463,851</u>	<u>(2,037,239)</u>	<u>-</u>	<u>-</u>	<u>14,918,726</u>
Total Liabilities &										
Fund Balances	<u>\$ 6,906,579</u>	<u>\$ 9,434,662</u>	<u>\$ 692,441</u>	<u>\$ 145,127</u>	<u>\$ -</u>	<u>\$ 463,851</u>	<u>\$ (1,977,793)</u>	<u>\$ -</u>	<u>\$ 128,441</u>	<u>\$ 15,793,308</u>

**TOWN OF CORTE MADERA**  
**General Fund**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Year Ended June 30, 2020**

Page 2 of 4

	General	Sales Tax	Street	Equipment &	Beautification	Recreation	Park Madera	PMC	Recreation	TOTAL
	Fund	Override	Impact Fee	Technology	Fund	Capital	Center	Property	Fund	GENERAL
								Management		FUND
<b>REVENUE</b>										
Property tax	\$ 6,982,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,982,402
Sales tax	6,349,011	3,254,018	-	-	-	-	-	-	-	9,603,029
Business licenses	603,550	-	-	-	-	-	-	-	-	603,550
Paramedic tax	503,686	-	-	-	-	-	-	-	-	503,686
Transient Occupancy tax	909,753	-	-	-	-	-	-	-	-	909,753
Franchise fees	1,241,581	-	-	-	-	-	-	-	-	1,241,581
Permits and fees	629,810	-	-	-	-	-	-	-	-	629,810
Intergovernmental	335,932	-	-	7,000	-	(168,522)	-	-	7,014	181,424
Charge for services	1,041,473	-	200,546	-	-	-	-	-	523,300	1,765,319
Use of money and property	713,506	-	-	-	-	-	-	580,183	114,469	1,408,158
Other revenue	1,244,025	-	-	-	-	-	-	-	-	1,244,025
Total Revenue	20,554,729	3,254,018	200,546	7,000	-	(168,522)	-	580,183	644,783	25,072,737
<b>EXPENDITURES</b>										
Current -										
Personnel	8,446,114	-	-	-	-	-	-	-	-	8,446,114
Public safety - fire	4,635,907	-	-	-	-	-	-	-	-	4,635,907
Public safety - police	3,642,545	-	-	-	-	-	-	-	-	3,642,545
Outside services	2,259,686	-	-	-	-	-	-	-	-	2,259,686
Public works/streets	898,157	-	-	36,580	-	-	-	-	-	934,737
Utilities	387,696	-	-	-	-	-	-	-	-	387,696
Recreation services	-	-	-	-	-	-	-	-	867,275	867,275
Community development	153,206	911,081	-	-	2,665	20,700	-	-	-	1,087,652
Debt service	69,263	-	-	11,056	-	-	655,993	-	-	736,312
Capital projects	47,618	2,172,641	427,732	394,131	-	-	-	-	-	3,042,122
Total Expenditures	20,540,192	3,083,722	427,732	441,767	2,665	20,700	655,993	-	867,275	26,040,046
Excess Revenue over (under) Expenditures	14,537	170,296	(227,186)	(434,767)	(2,665)	(189,222)	(655,993)	580,183	(222,492)	(967,309)
<b>OTHER FINANCING SOURCES</b>										
Operating transfers in	182,018	-	-	-	2,665	-	580,183	-	222,041	986,907
Operating transfers (out)	(374,706)	(557,018)	-	-	-	-	-	(580,183)	-	(1,511,907)
Total Other Sources (Uses)	(192,688)	(557,018)	-	-	2,665	-	580,183	(580,183)	222,041	(525,000)
<b>CHANGE IN FUND BALANCES</b>										
Fund Balances - Beginning	6,631,304	9,589,519	919,198	578,919	-	653,073	(1,961,429)	-	451	16,411,035
Fund Balances - End of Year	\$ 6,453,153	\$ 9,202,797	\$ 692,012	\$ 144,152	\$ -	\$ 463,851	\$ (2,037,239)	\$ -	\$ -	\$ 14,918,726

**TOWN OF CORTE MADERA**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Gas	Westside	Traffic	Village	Affordable	Measure A	Storms	TAM Ridge	Traffic	TOTAL
	Tax	Park in-lieu	Improvement	Traffic Imp.	Housing	Parks	Drains	Traffic	Congestion	NONMAJOR
										FUNDS
<b>ASSETS</b>										
Cash & investments	\$ -	\$ 211,010	\$ 314,652	\$ 754,000	\$ 553,539	\$ 218,848	\$ -	\$ 250,224	\$ 33,663	\$ 2,335,936
Receivables	-	-	-	-	-	36,143	-	-	121	36,264
Prepaid expense	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 211,010</u>	<u>\$ 314,652</u>	<u>\$ 754,000</u>	<u>\$ 553,539</u>	<u>\$ 254,991</u>	<u>\$ -</u>	<u>\$ 250,224</u>	<u>\$ 33,784</u>	<u>\$ 2,372,200</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ 1,741	\$ -	\$ -	\$ -	\$ 263	\$ -	\$ -	\$ -	\$ 2,004
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Totals	<u>-</u>	<u>1,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,004</u>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	209,269	314,652	754,000	553,539	254,728	-	250,224	33,784	2,370,196
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Totals	<u>-</u>	<u>209,269</u>	<u>314,652</u>	<u>754,000</u>	<u>553,539</u>	<u>254,728</u>	<u>-</u>	<u>250,224</u>	<u>33,784</u>	<u>2,370,196</u>
Total Liabilities &										-
Fund Balances	<u>\$ -</u>	<u>\$ 211,010</u>	<u>\$ 314,652</u>	<u>\$ 754,000</u>	<u>\$ 553,539</u>	<u>\$ 254,991</u>	<u>\$ -</u>	<u>\$ 250,224</u>	<u>\$ 33,784</u>	<u>\$ 2,372,200</u>

**TOWN OF CORTE MADERA**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenue, Expenditures, and Change in Fund Balances**  
**Year Ended June 30, 2020**

	Gas Tax	Westside Park in-lieu	Traffic Improvement	Village Traffic Imp.	Affordable Housing	Measure A Parks	Storms Drains	TAM Ridge Traffic	Traffic Congestion	TOTAL NONMAJOR FUNDS
<b>REVENUE</b>										
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-	-	-	-	-
Business licenses	-	-	-	-	-	-	-	-	-	-
Paramedic tax	-	-	-	-	-	-	-	-	-	-
Transient Occupancy tax	-	-	-	-	-	-	-	-	-	-
Franchise fees	-	-	-	-	-	-	-	-	-	-
Permits and fees	-	-	-	-	-	-	-	-	-	-
Intergovernmental	226,090	-	7,427	-	9,536	75,074	-	-	11,295	329,422
Charge for services	-	-	-	-	-	-	-	-	-	-
Use of money and property	632	-	-	-	-	4,803	-	-	384	5,819
Other revenue	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>226,722</b>	<b>-</b>	<b>7,427</b>	<b>-</b>	<b>9,536</b>	<b>79,877</b>	<b>-</b>	<b>-</b>	<b>11,679</b>	<b>335,241</b>
<b>EXPENDITURES</b>										
Capital projects & equipment	411,528	12,761	40,621	-	-	116,390	75,000	-	-	656,300
<b>Total Expenditures</b>	<b>411,528</b>	<b>12,761</b>	<b>40,621</b>	<b>-</b>	<b>-</b>	<b>116,390</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>656,300</b>
Excess Revenue over (under) Expenditures	(184,806)	(12,761)	(33,194)	-	9,536	(36,513)	(75,000)	-	11,679	(321,059)
<b>OTHER FINANCING SOURCES</b>										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCES</b>	(184,806)	(12,761)	(33,194)	-	9,536	(36,513)	(75,000)	-	11,679	(321,059)
Fund Balances - Beginning	184,806	222,030	347,846	754,000	544,003	291,241	75,000	250,224	22,105	2,691,255
Fund Balances - End of Year	\$ -	\$ 209,269	\$ 314,652	\$ 754,000	\$ 553,539	\$ 254,728	\$ -	\$ 250,224	\$ 33,784	\$ 2,370,196

