

TOWN OF CORTE MADERA
California

Annual Financial Report
June 30, 2021

TOWN OF CORTE MADERA

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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, 2021, 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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
October 22, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

*As Prepared by Management
(unaudited)*

**Town of Corte Madera
Management's Discussion and Analysis
June 30, 2021**

This discussion and analysis of the Town's financial activities and performance provides an overview for the fiscal year ended June 30, 2021. 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.

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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, 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 17 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
- 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
- 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.

**Town of Corte Madera
Management's Discussion and Analysis
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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, Housing Assistance Grants fund and the Central Marin Fire Authority.

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 non-major fund financial statements, which follow the required supplementary information section.

FINANCIAL HIGHLIGHTS

Pension Liability Reduction

In April 2021, the Town issued Pension Obligation Bonds in the amount of \$18,955,000. The Town participates in the California Public Employees' Retirement System (CalPERS). The proceeds of the Pension Obligation Bonds were used to reduce the Town's unfunded CalPERS pension liability. The payment is not included in the Net Pension Liability presented in the financial statements as the payment was not included in the most recent actuarial valuation prepared by CalPERS. Once the payment of approximately \$18.6 million is taken into account by CalPERS in the next actuarial valuation, the payment will be reflected in the Town's Net Pension Liability. After taking the payment into account, the most recent documents received from CalPERS indicate that the Town's unfunded retirement liability is \$2,488,086 as of June 30, 2021, as opposed to \$21,354,885 shown in the most recent actuarial valuation and in the June 30, 2021 financial statements.

The Pension Obligation bonds will result in savings to the Town of approximately \$12.2 million over the next 15 years, with average annual savings of approximately \$815,000.

Government-wide Financial Statement Highlights

- The Government-wide statement of net position, appearing as the first statement of the basic Town's total assets and deferred outflows of \$143,810,785, total liabilities and deferred inflows of \$65,437,552, and net position of \$78,373,233. Sanitary District No. 2 of Marin County is included in this total and accounts for \$33,001,227 of the Town's net position. The Sanitary District is a subsidiary of the Town. Net position for the Town, excluding the Sanitary District, is \$45,372,006.

**Town of Corte Madera
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- The total net position increased by \$9,969,250 as compared to the previous year. Of this total, governmental activities accounted for \$7,831,707 of the increase and the Sanitary District accounted for an increase of \$2,137,543.
- The Town's capital assets totaled \$ 78,497,031 net of depreciation. This includes Sanitary District net capital assets of \$ 21,938,452.
- The Town's long-term debt and obligations totaled \$61,473,669 as of June 30, 2021, an increase of \$26,451,665 as compared to the previous year. The increase is attributable to Pension Obligation Bonds noted above and to Certificates of Participation issued in the amount of \$6,890,000. The Certificates of Participation were issued for the purpose of constructing a new Town Hall building.

Fund Financial Statement Highlights

- At the close of fiscal year 2021, the Town's governmental funds reported a combined ending fund balance of \$28,580,081 as compared to \$16,931,103 at June 30, 2020; an increase of \$11,648,978. The funds comprising the General Fund accounted for an increase of \$11,748,427. Included in the increase is \$7,626,692, proceeds of the Certificates of Participation issued in 2021, held by an outside trustee.
- Non-major governmental funds decreased by a total of \$99,449 due to planned expenditures of funds that had been accumulated for capital projects.

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.

**Town of Corte Madera
Management's Discussion and Analysis
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**Statement of Net Position
Comparison of FY 2021 and FY 2020**

	June 30		Increase (Decrease)	Percent Change
	2021	2020		
<u>Assets</u>				
Current and other assets	\$ 42,297,581	\$ 31,449,215	\$ 10,848,366	34%
Capital assets, net	78,497,031	71,586,335	6,910,696	10%
Total assets	120,794,612	103,035,550	17,759,062	17%
<u>Deferred outflows</u>	23,016,173	4,865,492	18,150,681	373%
Totals	143,810,785	107,901,042	35,909,743	33%
<u>Liabilities</u>				
Current and other liabilities	2,246,963	2,281,790	(34,827)	-2%
Noncurrent liabilities	61,473,669	35,022,004	26,451,665	76%
Total liabilities	63,720,632	37,303,794	26,416,838	71%
<u>Deferred inflows</u>	1,716,920	2,193,265	(476,345)	-22%
Totals	65,437,552	39,497,059	25,940,493	66%
<u>Net Position</u>				
Net investment in				
capital assets	63,293,041	62,836,713	456,328	1%
Restricted	10,420,069	12,279,297	(1,859,228)	-15%
Unrestricted	4,660,123	(6,712,027)	11,372,150	-169%
Total net position	\$ 78,373,233	\$ 68,403,983	\$ 9,969,250	15%

Net position of \$ 78,383,233 at June 30, 2021 increased by \$9,969,250 as compared to the prior fiscal year due to the following:

- Current assets increased by \$10,848,366. Of this amount, \$7,626,692 is proceeds of the Certificates of Participation issuance and is being held by an outside trustee. Additionally, a receivable for the American Rescue Plan Act in the amount of \$1,166,323 is included in this increase.
- Noncurrent liabilities increased by \$26,451,665. As noted above, the majority of the increase was due to the issuance of Pension Obligation Bonds and Certificates of Participation. As also explained above, the Town's Net Pension Liability is expected to decrease by approximately \$18.9 million when next year's CalPERS actuarial valuation is issued. Additionally, the proceeds of the Certificates of Participation are currently held by an outside trustee in the amount of \$7,626,692 and are included in the current assets listed above.
- Noncurrent liabilities of \$61,473,669 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.

**Town of Corte Madera
Management's Discussion and Analysis
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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.

**Statement of Activities
Comparison of FY 2021 and FY 2020**

	June 30		Increase (Decrease)	Percent Change
	2021	2020		
<u>Governmental Activities</u>				
Program Revenue:				
Charges for Services	\$ 3,623,744	\$ 2,395,129	\$ 1,228,615	51%
Operating Grants	495,160	931,151	(435,991)	-47%
Capital Grants	1,678,696	-	1,678,696	
subtotals	5,797,600	3,326,280	2,471,320	74%
General Revenue	24,991,136	22,685,191	2,305,945	10%
Total Revenue	30,788,736	26,011,471	4,777,265	18%
Total Expenses	22,512,275	22,834,337	(322,062)	-1%
Transfers in (out)	(444,754)	-	(444,754)	
Change in Net Position	7,831,707	3,177,134	4,654,573	147%
Net Position:				
Beginning	37,540,299	34,363,165	3,177,134	9%
End of Year	<u>\$ 45,372,006</u>	<u>\$ 37,540,299</u>	<u>\$ 7,831,707</u>	21%

**Statement of Activities
Comparison of FY 2021 and FY 2020**

	June 30		Increase (Decrease)	Percent Change
	2021	2020		
<u>Business-type Activities</u>				
Program Revenue:				
Charges for Services	\$ 3,292,604	\$ 3,062,593	\$ 230,011	8%
Operating Grants	-	-	-	
Capital Grants	-	-	-	
subtotals	3,292,604	3,062,593	230,011	8%
General Revenue	3,825,467	3,764,037	61,430	2%
Total Revenue	7,118,071	6,826,630	291,441	4%
Total Expenses	4,980,528	5,020,058	(39,530)	-1%
Transfers in (out)	-	-	-	
Change in Net Position	2,137,543	1,806,572	330,971	18%
Net Position:				
Beginning	30,863,684	29,057,112	1,806,572	6%
End of Year	<u>\$ 33,001,227</u>	<u>\$ 30,863,684</u>	<u>\$ 2,137,543</u>	7%

**Town of Corte Madera
Management's Discussion and Analysis
June 30, 2021**

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, 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 increased by \$11,748,427, mainly due the reasons stated above related to the unspent proceeds of the Certificates of Participation and the receivable for the ARPA revenue, as well as increased property tax and sales tax revenue

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 \$99,449, mainly due to planned infrastructure projects. The total ending balance of these funds is \$1,912,928. These funds will be used primarily for capital improvements.

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, 2021, the District's net position increased by \$2.1 million to \$33,001,227, including construction-in-progress for capital projects in the amount of approximately \$3.7 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 2020-21, the District paid \$945,596 to the Town for contract services

ECONOMIC OUTLOOK AND BUDGET FOR FISCAL YEAR 2021-2022

REVENUE

The Town's largest revenue sources are property tax and sales tax which together account for 68% of the Town's total General Fund operating revenue, or 63% of total governmental funds revenue. Additionally, the 0.75% Corte Madera sales tax override will fund more than half of the Town's budgeted capital projects in 2021-21, not including the Town Hall construction. Based on the most recent information available, General Fund secured property tax is expected to increase by 2.7%, or approximately \$175,000 as compared with the 2020-21 fiscal year.

The Town's annual budget, adopted in June 2021, includes \$6,677,578 in basic sales tax revenue. This estimate was provided by the Town's sales tax consultant and will be reduced by \$683,000 due to an overpayment from the State in the previous fiscal year. Additionally, Measure C, the local Corte Madera sales tax, is expected to generate \$3,585,976 in revenue to be used for infrastructure projects, disaster preparedness, flood control and youth and senior programs.

Transient Occupancy Tax, also known as "hotel tax" declined by approximately 43%, or \$389,000 in 2020-21 as compared to the previous year. This revenue is not expected to significantly increase in 2021-2022 based on the year to date revenue received.

**Town of Corte Madera
Management's Discussion and Analysis
June 30, 2021**

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 account for approximately 70% of the Town operating expenditures, including the Fire and Police Service contract payments. In 2021-2022 Town employees received a 2% increase in their salary schedules. The overall increase to operating fund salaries for 2020-21 is estimated at approximately 6%. The overall increase provides an increase to salary schedules, scheduled step increases, and promotions.

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 2020-21, more than 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.

Normal retirement pension costs, the annual cost of service accrual for the upcoming year for active employees, is expected to increase by approximately \$32,945. 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.

As mentioned above, the Town has issued Pension Obligation Bonds to significantly reduce its unfunded pension liability. Additionally, the Town has established a pension stabilization trust. The balance of this trust was approximately \$4 million as of June 30, 2021. The balance in the trust can be used only to pay expenditures related to retirement costs.

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 indicates that the Town's total OPEB liability is approximately \$8.6 million and that the Town has prefunded approximately 37% of this liability, for a net OPEB liability of approximately \$5.4 million as of June 30, 2021. The balance in the trust as of June 2021 was approximately \$4.1 million. A \$250,000 contribution to this trust is budgeted for 2021-2022.

The budget for 2021-22 police service contract increased by \$98,944, or 2.7%.

The budget for 2021-22 fire service contract increased by \$208,550, or 4.4%.

The Town is a member of the Bay Cities Joint Powers Insurance Authority, a self-insurance pool. In 2021-22, the required contribution from the Town's operating fund to its Insurance Fund to fund insurance expenditures will increase by approximately \$214,000 compared to the previous year. This is due to the increased cost of liability and workers' compensation insurance, as well to an estimated increase in claims. The Town's Internal Service Insurance Fund is reported as a Proprietary Fund.

**Town of Corte Madera
Management's Discussion and Analysis
June 30, 2021**

The Town's 2021-2022 Adopted Budget includes approximately \$10.2 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 improvement and remodel of Town owned facilities, including Town Hall construction. 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 18,222,063	\$ 11,671,941	\$ 29,894,004
Receivables	4,635,244	56,399	4,691,643
Prepaid expenses	83,632	1,610	85,242
Cash with fiscal agent	7,626,692	-	7,626,692
Total current assets	<u>30,567,631</u>	<u>11,729,950</u>	<u>42,297,581</u>
Noncurrent Assets:			
Capital assets not being depreciated	21,555,320	4,310,034	25,865,354
Capital assets, net of depreciation	35,003,259	17,628,418	52,631,677
Total noncurrent assets	<u>56,558,579</u>	<u>21,938,452</u>	<u>78,497,031</u>
Total assets	<u>87,126,210</u>	<u>33,668,402</u>	<u>120,794,612</u>
Deferred Outflows of Resources:			
Deferred outflows of pension resources	22,491,792	-	22,491,792
Deferred outflows of OPEB resources	524,381	-	524,381
Total Assets and Deferred Outflows	<u>110,142,383</u>	<u>33,668,402</u>	<u>143,810,785</u>
LIABILITIES			
Current Liabilities:			
Payables	909,877	667,175	1,577,052
Accrued liabilities	333,298	-	333,298
Accrued interest	127,700	-	127,700
Deposits	208,913	-	208,913
Total current liabilities	<u>1,579,788</u>	<u>667,175</u>	<u>2,246,963</u>
Noncurrent Liabilities:			
Due within one year	1,283,794	-	1,283,794
Due after one year	60,189,875	-	60,189,875
Total noncurrent liabilities	<u>61,473,669</u>	<u>-</u>	<u>61,473,669</u>
Total liabilities	<u>63,053,457</u>	<u>667,175</u>	<u>63,720,632</u>
Deferred Inflows of Resources:			
Deferred inflows of pension resources	1,065,821	-	1,065,821
Deferred inflows of OPEB resources	651,099	-	651,099
Total Liabilities and Deferred Inflows	<u>64,770,377</u>	<u>667,175</u>	<u>65,437,552</u>
NET POSITION			
Net investment in capital assets	41,354,589	21,938,452	63,293,041
Restricted	10,420,069	-	10,420,069
Unrestricted	(6,402,652)	11,062,775	4,660,123
Total Net Position	<u>\$ 45,372,006</u>	<u>\$ 33,001,227</u>	<u>\$ 78,373,233</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, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charge for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
Governmental Activities							
Personnel	\$ 7,426,342	\$ -	\$ -	\$ -	\$ (7,426,342)		\$ (7,426,342)
Public safety - fire	4,670,310	-	-	-	(4,670,310)		(4,670,310)
Public safety - police	3,642,545	-	-	-	(3,642,545)		(3,642,545)
Outside services	2,163,569	-	-	-	(2,163,569)		(2,163,569)
Public works/streets	839,851	392,030	414,992	-	(32,829)		(32,829)
Utilities	303,385	-	-	-	(303,385)		(303,385)
Recreation	1,101,346	801,713	-	-	(299,633)		(299,633)
Community Development	770,886	2,430,001	\$ 80,168	-	1,739,283		1,739,283
Debt service	339,107	-	-	-	(339,107)		(339,107)
Capital projects	85,301	-	-	1,678,696	1,593,395		1,593,395
Depreciation	1,169,633	-	-	-	(1,169,633)		(1,169,633)
Total governmental activities	<u>22,512,275</u>	<u>3,623,744</u>	<u>495,160</u>	<u>1,678,696</u>	<u>(16,714,675)</u>		<u>(16,714,675)</u>
Business-type Activities							
Total Sanitary District	<u>4,980,528</u>	<u>3,292,604</u>	<u>-</u>	<u>-</u>		<u>\$ (1,687,924)</u>	<u>(1,687,924)</u>
Total primary government	<u>\$ 27,492,803</u>	<u>\$ 6,916,348</u>	<u>\$ 495,160</u>	<u>\$ 1,678,696</u>	<u>(16,714,675)</u>	<u>(1,687,924)</u>	<u>(18,402,599)</u>
General Revenue							
Property tax					7,295,998	3,719,195	11,015,193
Sales tax					12,040,336	-	12,040,336
Business licenses					552,644	-	552,644
Paramedic tax					503,738	-	503,738
Transient occupancy tax					523,666	-	523,666
Franchise fees					1,187,357	-	1,187,357
Intergovernmental					1,735,056	-	1,735,056
Use of money & property					1,139,009	64,016	1,203,025
Other revenue					13,332	42,256	55,588
Transfers in (out)					(444,754)	-	(444,754)
Totals					<u>24,546,382</u>	<u>3,825,467</u>	<u>28,371,849</u>
Change in Net Position							
Net Position - beginning					<u>37,540,299</u>	<u>30,863,684</u>	<u>68,403,983</u>
Net Position - end of year					<u>\$ 45,372,006</u>	<u>\$ 33,001,227</u>	<u>\$ 78,373,233</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, 2021

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and investments	\$ 15,857,367	\$ 1,862,733	\$ 17,720,100
Receivables	4,616,927	18,317	4,635,244
Prepaid expenses	3,924	39,708	43,632
Cash with fiscal agent	<u>7,626,692</u>	<u>-</u>	<u>7,626,692</u>
Total assets	<u><u>\$ 28,104,910</u></u>	<u><u>\$ 1,920,758</u></u>	<u><u>\$ 30,025,668</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 895,546	\$ 7,830	\$ 903,376
Accrued liabilities	333,298	-	333,298
Deposits	<u>208,913</u>	<u>-</u>	<u>208,913</u>
Total liabilities	<u><u>1,437,757</u></u>	<u><u>7,830</u></u>	<u><u>1,445,587</u></u>
 Fund Balances:			
Nonspendable	3,924	-	3,924
Restricted	8,507,141	1,912,928	10,420,069
Committed	12,477,264	-	12,477,264
Assigned	644,127	-	644,127
Unassigned	<u>5,034,697</u>	<u>-</u>	<u>5,034,697</u>
Total fund balances	<u><u>26,667,153</u></u>	<u><u>1,912,928</u></u>	<u><u>28,580,081</u></u>
 Total liabilities and fund balances	 <u><u>\$ 28,104,910</u></u>	 <u><u>\$ 1,920,758</u></u>	 <u><u>\$ 30,025,668</u></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, 2021

Total fund balances - governmental funds (page 14)	\$ 28,580,081
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, net.	56,558,579
(2) Pension plan contributions are reported as deferred outflows of resources in the statement of net position.	22,491,792
(3) Other post-retirement employee medical benefit plan contributions are reported as deferred outflows of resources in the statement of net position.	524,381
(4) Accrued interest payable on long-term debt is reported in the statement of net position.	(127,700)
(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.	(61,311,600)
(6) Deferred pension plan inflows of resources are not recognized as revenue in the governmental funds financial statements.	(1,065,821)
(7) Other post-retirement employee medical benefit plan inflows of resources are not recognized as revenue in the governmental funds financial statements.	(651,099)
(8) Internal Service Funds are used by management to charge the cost of insurance to one fund. These assets and liabilities are included with the government-wide financial statements.	373,393
Net position of governmental activities (page 12)	\$ 45,372,006

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, 2021

REVENUE	General Fund	Other Governmental Funds	Total Governmental Funds
Property tax	\$ 7,295,998	\$ -	\$ 7,295,998
Sales tax	11,990,336	-	11,990,336
Business licenses	552,644	-	552,644
Paramedic tax	503,738	-	503,738
Transient occupancy tax	523,666	-	523,666
Franchise fees	1,187,357	-	1,187,357
Permits and fees	769,167	-	769,167
Intergovernmental	1,735,056	2,173,856	3,908,912
Charge for services	2,854,577	-	2,854,577
Use of money and property	1,138,499	510	1,139,009
Other revenue	63,332	-	63,332
Total revenue	<u>28,614,370</u>	<u>2,174,366</u>	<u>30,788,736</u>
EXPENDITURES			
Current -			
Personnel	24,980,393	-	24,980,393
Public safety - fire	4,670,310	-	4,670,310
Public safety - police	3,642,545	-	3,642,545
Outside services	2,163,569	-	2,163,569
Public works/streets	839,851	-	839,851
Utilities	303,385	-	303,385
Recreation services	1,101,346	-	1,101,346
Community development	770,886	-	770,886
Debt service	744,774	-	744,774
Capital projects	3,469,374	2,273,815	5,743,189
Total expenditures	<u>42,686,433</u>	<u>2,273,815</u>	<u>44,960,248</u>
Excess over (under)	<u>(14,072,063)</u>	<u>(99,449)</u>	<u>(14,171,512)</u>
Other Sources (Uses)			
Proceeds from financing, net	26,265,244	-	26,265,244
Transfers in	1,480,618	-	1,480,618
Transfers (out)	(1,925,372)	-	(1,925,372)
Totals	<u>25,820,490</u>	<u>-</u>	<u>25,820,490</u>
Change in Fund Balances	11,748,427	(99,449)	11,648,978
Fund Balances - beginning	14,918,726	2,012,377	16,931,103
Fund Balances - year end	<u>\$ 26,667,153</u>	<u>\$ 1,912,928</u>	<u>\$ 28,580,081</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, 2021

Change in fund balances - governmental funds (page 16) \$ 11,648,978

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. 4,488,255

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	(30,000)
Change in compensated absences expense liability	(71,922)
Net change in net pension plan expense liability and deferrals	7,669,563
Net change in net OPEB plan expense liability and deferrals	426,914

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. 435,667

(4) Proceeds from the issuance of long-term debt obligations were applied to Personnel expenses, thereby reducing the current year expense. (17,249,111)

Internal Service Funds change in net position of governmental activities

(5) 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. 513,363

Change in net position of governmental activities (page 13) \$ 7,831,707

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, 2021

	Business Enterprise- Sanitary District	Internal Service- Insurance Fund
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and investments	\$ 11,671,941	\$ 501,963
Receivables	56,399	-
Other asset	1,610	40,000
Total current assets	<u>11,729,950</u>	<u>541,963</u>
Noncurrent assets:		
Capital assets not being depreciated	4,310,034	-
Capital assets, net of depreciation	17,628,418	-
Total noncurrent assets	<u>21,938,452</u>	<u>-</u>
Total assets	<u>33,668,402</u>	<u>541,963</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	667,175	6,501
Deposits	-	-
Claims payable	-	52,700
Total current liabilities	<u>667,175</u>	<u>59,201</u>
Noncurrent liabilities:		
Claims due after one year	-	109,369
Total liabilities	<u>667,175</u>	<u>168,570</u>
 NET POSITION		
Net investment in capital assets	21,938,452	-
Unrestricted	11,062,775	373,393
Total net position	<u>\$ 33,001,227</u>	<u>\$ 373,393</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, 2021

	Business Enterprise- Sanitary District	Internal Service- Insurance Fund
Operating Revenue		
Charge for services	\$ 3,207,792	\$ -
Permits and fees	84,812	-
Total revenue	<u>3,292,604</u>	<u>-</u>
Operating Expenses		
Treatment and disposal	1,030,384	-
Collection maintenance and repairs	1,335,324	-
Pump station maintenance	456,321	-
Utilities	220,229	-
General and administrative	234,538	-
Depreciation	1,124,939	-
Insurance claims	-	408,087
Total operating expenses	<u>4,401,735</u>	<u>408,087</u>
Operating Income (Loss)	<u>(1,109,131)</u>	<u>(408,087)</u>
Nonoperating Revenue (Expense)		
Property tax assessments	3,719,195	-
CMSA debt service commitment	(578,793)	-
Investment earnings	64,016	-
Other revenue (expense)	42,256	-
Total nonoperating revenue	<u>3,246,674</u>	<u>-</u>
Income Before Contributions/Transfers	2,137,543	(408,087)
Transfers in	-	385,988
Transfers (out)	-	-
Change in Net Position	2,137,543	(22,099)
Net Position - beginning	30,863,684	395,492
Net Position - end of year	<u>\$ 33,001,227</u>	<u>\$ 373,393</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, 2021

CASH FLOWS PROVIDED BY (USED FOR)	Business Enterprise- Sanitary District	Internal Service- Insurance Fund
Operating Activities		
Cash received from customers	\$ 3,340,196	\$ -
Cash payments for contract services and supplies	(3,175,032)	-
Cash payments for insurance claims	-	(414,739)
Net cash provided (used)	165,164	(414,739)
Noncapital Financing Activities		
Property tax assessments	3,719,195	-
CMSA debt service commitment	(578,793)	-
Transfers in (out)	-	385,988
Net cash provided (used)	3,140,402	385,988
Capital & Related Financing Activities		
Purchase of property and equipment	(3,976,167)	-
Net cash provided (used)	(3,976,167)	-
Investing Activities		
Investment earnings	64,016	-
Other revenue (expense)	42,256	-
Net cash provided (used)	106,272	-
Net Increase (Decrease) in Cash	(564,329)	(28,751)
Cash and investments - beginning	12,236,270	530,714
Cash and investments - end of year	\$ 11,671,941	\$ 501,963
Operating Activities Analysis		
Operating Income (Loss) - page 19	\$ (1,109,131)	\$ (408,087)
Reconciliation adjustments:		
Add depreciation, a noncash expense	1,124,939	-
(Increase) decrease in receivables	47,592	19,319
Increase (decrease) in payables	101,764	(25,971)
Net cash provided (used)	\$ 165,164	\$ (414,739)

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, 2021

	Shoreline Parking Debt Svc	Parking Maintenance District	Age Friendly CM	Old Landing Debt Svc	CM Fire Authority	Housing Assistance Grants	OPEB Stabilization Trust	Pension Stabilization Trust	Totals
Assets									
Cash and									
investments	\$ 194,539	\$ 44,644	\$ -	\$ 65,748	\$ 795,637	\$ 246	\$ -	\$ -	\$ 1,100,814
Receivables	974	113	-	220	-	-	-	-	1,307
Cash with									
trustee	-	-	6,583	-	-	-	4,062,012	4,011,446	8,080,041
	<u>\$ 195,513</u>	<u>\$ 44,757</u>	<u>\$ -</u>	<u>\$ 65,968</u>	<u>\$ 795,637</u>	<u>\$ 246</u>	<u>\$ 4,062,012</u>	<u>\$ 4,011,446</u>	<u>\$ 9,182,162</u>
Liabilities									
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term									
debt	595,000	-	-	44,680	-	-	-	-	639,680
	<u>\$ 595,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,680</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, 2021

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the 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, 2021

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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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 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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

- (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.
 - (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.

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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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 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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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 & use taxes, related to the current fiscal year, are accrued as revenue and accounts receivable, and are considered available if received within 60 days of fiscal year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The 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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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:

- 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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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.

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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

- 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 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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

Economic Dependency

In fiscal year 2020-21, the Town received 67% of its General Fund revenue from two sources: sales taxes 42% and property taxes 25%. 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.

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, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 29,894,004
Cash with fiscal agent	7,626,692
Statement of Fiduciary Assets & Liabilities	
Cash and investments	1,100,814
	<u>\$ 38,621,510</u>

Cash and Investments are comprised of the following:

Deposits with financial institutions	1,834,358
Investment with Local Agency Investment Fund	29,160,460
Cash with fiscal agent	7,626,692
	<u>\$ 38,621,510</u>

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, 2021, PMIA had approximately \$196 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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)	\$29,160,460	due on demand, 0.22% 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 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 2020-21, 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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

Permitted Investments / Deposits	Maximum Percentages	Maximum Maturity
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Investment Type A:

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

Investment Type B:

Negotiable Certificates of Deposit	30%	n/a
Bankers Acceptances	30%	180 days
Repurchase Agreements	n/a	1 year
Medium Term Notes	30%	n/a

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	2,242,847	-	(128,018)	2,114,829
	21,683,338	-	(128,018)	21,555,320
<u>Depreciable Assets</u>				
Infrastructure	55,716,963	-	-	55,716,963
Structures/improvements	12,326,341	5,592,233	-	17,918,574
Equipment	661,736	65,655	-	727,391
Vehicles	1,328,643	-	(300,769)	1,027,874
	70,033,683	5,657,888	(300,769)	75,390,802
<u>Accumulated Depreciation</u>	(39,217,910)	(1,169,633)	-	(40,387,543)
Depreciable assets, net	30,815,773	4,488,255	(300,769)	35,003,259
Total capital assets, net	\$ 52,499,111	\$ 4,488,255	\$ (428,787)	\$ 56,558,579

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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

	Beginning	Additions/	Retirements/	Ending
	Balance	Completions	Adjustments	Balance
<u>Non-depreciable Assets</u>				
Land	\$ 580,265	\$ -	\$ -	\$ 580,265
Construction-in-progress	4,066,310	-	(336,541)	3,729,769
	<u>4,646,575</u>	<u>-</u>	<u>(336,541)</u>	<u>4,310,034</u>
<u>Depreciable Assets</u>				
CMSA Treatment plant	2,798,561	-	-	2,798,561
Structures/pump stations	14,131,523	1,347,221	-	15,478,744
Underground lines	19,012,450	2,965,487	-	21,977,937
Improvements	269,251	-	-	269,251
Machinery/equipment	73,698	-	-	73,698
Vehicles	451,867	-	-	451,867
	<u>36,737,350</u>	<u>4,312,708</u>	<u>-</u>	<u>41,050,058</u>
<u>Accumulated Depreciation</u>	<u>(22,296,701)</u>	<u>(1,124,939)</u>	<u>-</u>	<u>(23,421,640)</u>
Depreciable assets, net	<u>14,440,649</u>	<u>3,187,769</u>	<u>-</u>	<u>17,628,418</u>
Total capital assets, net	<u>\$ 19,087,224</u>	<u>\$ 3,187,769</u>	<u>\$ (336,541)</u>	<u>\$ 21,938,452</u>

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			End of	Due Within
	Balance	Additions	Reductions	Year	One Year
2016 COPs	\$ 8,195,000	\$ -	\$(380,000)	\$ 7,815,000	\$ 385,000
Bank real estate loan	554,622	-	(55,634)	498,988	57,045
2021 Pension bonds	-	18,955,000	-	18,955,000	450,000
2021 COPS	-	6,890,000	-	6,890,000	250,000
Net pension liability	19,897,298	1,457,587	-	21,354,885	-
Net OPEB liability	5,847,000	-	(405,468)	5,441,532	-
Compensated absences	284,273	71,922	-	356,195	89,049
Insurance claims	243,811	-	(81,742)	162,069	52,700
	<u>\$ 35,022,004</u>	<u>\$ 27,374,509</u>	<u>\$(922,844)</u>	<u>\$ 61,473,669</u>	<u>\$ 1,283,794</u>

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

2016 Certificates of Participation

In 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 1st. Payments increase annually due to the fluctuating interest rates 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
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	425,000	233,224	658,224
2027-2031	2,345,000	944,172	3,289,172
2032-2036	2,825,000	474,800	3,299,800
2037	635,000	25,400	660,400
	<u>\$ 7,815,000</u>	<u>\$ 2,720,856</u>	<u>\$ 10,535,856</u>

Bank Real Estate Loan

In 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 20th and September 20th, with interest at 2.5% per annum.

Future debt service requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
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	63,055	6,207	69,262
2027-2029	198,924	8,866	207,790
	<u>\$ 498,988</u>	<u>\$ 55,114</u>	<u>\$ 554,102</u>

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

2021 Pension Obligation Bonds

In 2021, the Town issued \$18,955,000 in bonds to reduce the Town's unfunded pension obligation at a reduced interest rate. Total principal and interest payments are due each June 1st at a blended rate of 2.932% per annum. The debt matures in June 2045.

Future debt service requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 450,000	\$ 532,767	\$ 982,767
2023	455,000	496,984	951,984
2024	475,000	495,555	970,555
2025	485,000	492,762	977,762
2026	485,000	487,844	972,844
2027-2031	2,505,000	2,320,430	4,825,430
2032-2036	4,170,000	1,960,620	6,130,620
2037-2041	5,165,000	1,279,887	6,444,887
2042-2045	4,765,000	393,990	5,158,990
	<u>\$ 18,955,000</u>	<u>\$ 8,460,839</u>	<u>\$ 27,415,839</u>

2021 Certificates of Participation

In 2021, the Town issued \$6,890,000 in Certificates of Participation (COPs) to finance Town Hall remodel costs. Total principal and interest payments are due each May 1st at a blended rate of 3.180% per annum. The debt matures in May 2041.

Future debt service requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 250,000	\$ 224,202	\$ 474,202
2023	245,000	226,269	471,269
2024	255,000	216,469	471,469
2025	265,000	206,269	471,269
2026	275,000	195,669	470,669
2027-2031	1,535,000	827,745	2,362,745
2032-2036	1,855,000	502,545	2,357,545
2037-2041	2,210,000	152,565	2,362,565
	<u>\$ 6,890,000</u>	<u>\$ 2,551,733</u>	<u>\$ 9,441,733</u>

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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, 2021, BCJIA determined that the Town's total insurance claims liability was estimated at \$162,069. This amount is reported in the statement of net position, of which \$52,700 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, \$356,195 was reported in the statement of net position of which \$89,049 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 certain accounting and financial reporting standards. Under GASB 75, employers that participate in an OPEB plan administered as a trust or equivalent arrangement are required to record their portion of the net OPEB liability, OPEB expense, and deferred outflows/deferred inflows of resources related to OPEB plans in their financial statements as part of their financial position. Net OPEB liability is the plan's total OPEB liability less the plan's fiduciary net position (assets owned). This may be a net OPEB asset when the Plan's fiduciary net position exceeds its total OPEB liability. OPEB expense is the change in net OPEB liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (OPEB income), which should be reported as a credit in OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB plans are certain changes in total OPEB liability and fiduciary net position that are to be recognized in future OPEB expense.

Plan Description and Eligibility

The 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 2019, 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. At June 30, 2021, the balance in this trust account was \$4,062,012.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

Contributions

The obligation of the Town to contribute to the Plan is established and may be amended by the Town Council. For the 2020-21 fiscal year, benefit payments made outside of the trust were \$455,792. Employees are currently not required to contribute to the plan.

Actuarial Methods and Assumptions

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020
Actuarial Valuation Date	June 30, 2019
Report Date	June 30, 2021

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, 2020
General Inflation	2.75%
Salary Increases	Aggregate - 3.00% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076.
PEMHCA Minimum Increase	4.25% annually
Participation at Retirement	Tier 1 Actives: 100% Tier 2 Actives: 70%
Mortality Factors	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2018

Funded Status

Total OPEB Plan Liability	\$ 8,627,515
Plan Fiduciary Net Position	3,185,983
Net OPEB Plan Liability	5,441,532

OPEB plan expense for the fiscal year	\$ 104,405
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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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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)	\$ 6,450,289	\$ 5,441,532	\$ 4,606,769

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)	\$ 4,508,722	\$ 5,441,532	\$ 6,565,579

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

Year Ending June 30:	
2022	\$ (366,726)
2023	(218,726)
2024	(20,726)
2025	21,035
2026	-
Thereafter	-

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2021, 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	\$ 458,155	\$ -
Differences between projected and actual experience	-	531,000
Changes of assumptions	-	120,099
Net difference between projected and actual earnings of OPEB Plan investments	66,226	-
Totals	\$ 524,381	\$ 651,099

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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. At June 30, 2021, the balance in this trust account was \$4,011,446.

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, 2020 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

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

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Valuation Date	June 30, 2019
Report Date	June 30, 2021

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	\$ 72,766,660
Plan Fiduciary Net Position (<i>assets owned</i>)	51,411,775
Net Pension Plan Liability	21,354,885
Pension plan expense for the fiscal year	\$ 3,114,444

Discount Rate

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

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

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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

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

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

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

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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	\$ 31,147,946	\$ 21,354,885	\$ 13,294,140

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	\$ 1,399,218	\$ -
Changes of assumptions	-	(108,654)
Differences between projected and actual investment earnings	542,821	-
Change in employer's proportion	214,152	(114,780)
Differences between employer's share of contributions	-	(842,387)
Pension contributions subsequent to the measurement date	20,335,601	-
Totals	\$ 22,491,792	\$ (1,065,821)

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

Fiscal Year Ending June 30:	
2022	\$ (33,980)
2023	474,768
2024	383,882
2025	265,700
2026	-
Thereafter	-

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.

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.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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.

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

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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, 2021 through November 8, 2021 the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 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 2020, GASB issued Statement No. 92 – Omnibus 2020. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

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

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

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

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

In June 2020, GASB issued Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Paragraphs 4 and 5 are applicable to fiscal year 2019-2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

TOWN OF CORTE MADERA
Notes to Financial Statements
June 30, 2021

Note 14 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Prepaid insurance	\$ 3,924	\$ -	\$ 3,924
Restricted for:			
Street Impact Fees	880,449	-	880,449
Bond construction proceeds	7,626,692	-	7,626,692
Gasoline tax	-	38,153	38,153
Capital improvements	-	14,141	14,141
Westside Park in-lieu	-	184,581	184,581
Traffic improvements	-	300,833	300,833
Village traffic improvements	-	754,000	754,000
Affordable housing	-	553,539	553,539
SB1 road maintenance	-	33,897	33,897
Traffic congestion	-	33,784	33,784
Total restricted fund balances	<u>8,507,141</u>	<u>1,912,928</u>	<u>10,420,069</u>
Committed to:			
Sales Tax Override (STO)	6,129,738	-	6,129,738
STO Emergency Reserve	2,500,000	-	2,500,000
General Operating Reserve	<u>3,847,526</u>	<u>-</u>	<u>3,847,526</u>
	<u>12,477,264</u>	<u>-</u>	<u>12,477,264</u>
Assigned:			
Equipment & Technology	235,959	-	235,959
Recreation Capital	<u>408,168</u>	<u>-</u>	<u>408,168</u>
Total assigned fund balances	<u>644,127</u>	<u>-</u>	<u>644,127</u>
Unassigned:	<u>5,034,697</u>	<u>-</u>	<u>5,034,697</u>
Total Fund Balances	<u><u>\$ 26,667,153</u></u>	<u><u>\$ 1,912,928</u></u>	<u><u>\$ 28,580,081</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, 2021

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 Seven Fiscal Years*

Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability	Measurement Date - Fiscal Year Ending June 30,						
	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.20%	0.19%	0.19%	0.19%	0.20%	0.21%	0.20%
Town's proportionate share of the net pension liability	\$ 21,354,885	\$ 19,897,298	\$ 18,594,161	\$ 19,180,989	\$ 17,275,610	\$ 14,263,877	\$ 12,146,336
Town's covered-employee payroll **	\$ 3,387,902	\$ 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	630%	422%	375%	391%	362%	294%	264%
Plan fiduciary net position as a percentage of the total pension liability	75%	75%	75%	73%	74%	78%	80%

Schedule of the Town's Contributions	Fiscal Year Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 1,697,050	\$ 1,712,345	\$ 1,815,179	\$ 1,656,467	\$ 1,903,472	\$ 1,810,099	\$ 1,667,342
Contributions in relation to contractually required employer contributions	20,335,601	1,712,345	1,815,179	1,656,467	1,903,472	1,810,099	1,667,342
Contribution (excess) deficiency	\$ (18,638,551)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll ***	\$ 3,491,553	\$ 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	582%	51%	38%	33%	39%	38%	34%

* Fiscal year 2015 was the first year of implementation, therefore only seven 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 Four Fiscal Years*

For Reporting at Fiscal Year Ended June 30:	2021	2020	2019	2018
Measurement Date - Fiscal Year Ending June 30:	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 96,030	\$ 270,000	\$ 268,000	\$ 260,000
Interest on the total OPEB liability	573,617	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	(156,132)	(7,000)	-	-
Benefit payments	(576,000)	(560,000)	(575,000)	(519,000)
Net Change in Total OPEB Liability	(62,485)	(3,064,000)	455,000	472,000
Total OPEB Liability - beginning	8,690,000	11,754,000	11,299,000	10,827,000
Total OPEB Liability - ending (a)	<u>\$ 8,627,515</u>	<u>\$ 8,690,000</u>	<u>\$ 11,754,000</u>	<u>\$ 11,299,000</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 828,000	\$ 812,000	\$ 1,077,000	\$ 1,019,000
Net investment income	94,434	178,000	142,000	160,000
Administrative expenses	(3,451)	(3,000)	(5,000)	(1,000)
Benefit payments	(576,000)	(560,000)	(575,000)	(519,000)
Net Change in Plan Fiduciary Net Position	342,983	427,000	639,000	659,000
Plan Fiduciary Net Position - beginning	2,843,000	2,416,000	1,777,000	1,118,000
Plan Fiduciary Net Position - ending (b)	<u>\$ 3,185,983</u>	<u>\$ 2,843,000</u>	<u>\$ 2,416,000</u>	<u>\$ 1,777,000</u>
Net OPEB Liability - ending (a) - (b)	<u>\$ 5,441,532</u>	<u>\$ 5,847,000</u>	<u>\$ 9,338,000</u>	<u>\$ 9,522,000</u>
Fiduciary Net Position as a percentage of the				
Total OPEB Liability	36.9%	32.7%	20.6%	15.7%
Covered-employee payroll	\$ 3,611,795	\$ 5,455,000	\$ 6,102,000	\$ 6,719,000
Net OPEB liability as a percentage of covered-employee payroll	151%	107%	153%	142%

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

TOWN OF CORTE MADERA
Required Supplementary Information (unaudited)
Budgetary Comparison Information
Year Ended June 30, 2021

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 (unaudited)
Budgetary Comparison Information
General Fund No. 01
Year Ended June 30, 2021

Resources	Budget Amounts (unaudited)		Actual	Variance with
	Original	Final	Results	Final Budget
				Positive
				(Negative)
Property tax	\$ 6,965,384	\$ 7,113,333	\$ 7,295,998	\$ 182,665
Sales tax 1%	6,921,380	5,542,874	8,590,074	3,047,200
Business licenses	589,000	600,000	552,644	(47,356)
Paramedic tax	510,000	478,833	503,738	24,905
Transient Occupancy tax	1,194,495	520,232	523,666	3,434
Property transfer tax	90,000	100,000	184,143	84,143
Franchise fees	1,239,216	1,224,192	1,187,357	(36,835)
Permits and fees	1,746,000	105,000	1,538,283	1,433,283
Cost Recovery	131,000	131,000	82,214	(48,786)
Fines	30,800	45,000	37,489	(7,511)
Leases	22,800	22,800	23,223	423
Rents	360,000	360,000	355,800	(4,200)
Interest	150,000	130,000	79,046	(50,954)
State revenue	101,977	101,977	249,101	147,124
Federal revenue	-	-	1,166,323	1,166,323
Other local agency revenue	95,000	95,000	85,488	(9,512)
Sewer District reimbursement	675,000	898,087	809,504	(88,583)
Other revenue	15,000	-	25,841	25,841
Proceeds from bond issue (note 1)	-	-	26,792,587	26,792,587
Transfers in	159,000	279,685	155,232	(124,453)
Amounts Available for Appropriation	<u>20,996,052</u>	<u>17,748,013</u>	<u>50,237,751</u>	<u>32,489,738</u>
Charges to Appropriations				
Personnel (note 1)	8,022,124	6,717,189	24,980,393	(18,263,204)
Public safety - fire	4,853,576	4,670,310	4,670,310	-
Public safety - police	3,751,821	3,642,545	3,642,545	-
Outside services	2,059,866	1,851,158	2,163,569	(312,411)
Public works/streets	1,030,200	933,700	826,832	106,868
Utilities	410,100	410,100	303,385	106,715
Community development	203,064	85,416	91,467	(6,051)
Debt service	69,262	69,262	64,158	5,104
Bond issuance costs	-	-	527,338	(527,338)
Transfers out	591,998	591,988	1,108,281	(516,293)
Total Charges to Appropriations	<u>20,992,011</u>	<u>18,971,668</u>	<u>38,378,278</u>	<u>(19,406,610)</u>
Surplus (Deficit)	<u>\$ 4,041</u>	<u>\$ (1,223,655)</u>	<u>\$ 11,859,473</u>	<u>\$ 13,083,128</u>

Note 1 - includes \$18,955,000 used to reduce the Town's net pension liability.

OTHER SUPPLEMENTARY INFORMATION

Combining Funds Financial Statements

TOWN OF CORTE MADERA
General Fund
Combining Balance Sheet
June 30, 2021

	General Fund	Sales Tax Override	Street Impact Fee	Equipment & Technology	Recreation Capital	Park Madera Center	PMC Property Management	Recreation Fund	TOTAL GENERAL FUND
ASSETS									
Cash & investments	\$ 7,457,266	\$ 8,333,888	\$ 880,449	\$ 252,128	\$ 408,168	\$ (1,743,996)	\$ -	\$ 269,464	\$ 15,857,367
Receivables	3,783,846	832,841	-	-	-	-	-	240	4,616,927
Prepaid expense	3,924	-	-	-	-	-	-	-	3,924
Cash with fiscal agent	7,626,692	-	-	-	-	-	-	-	7,626,692
Totals	<u>\$ 18,871,728</u>	<u>\$ 9,166,729</u>	<u>\$ 880,449</u>	<u>\$ 252,128</u>	<u>\$ 408,168</u>	<u>\$ (1,743,996)</u>	<u>\$ -</u>	<u>\$ 269,704</u>	<u>\$ 28,104,910</u>
LIABILITIES									
Accounts payable	\$ 303,222	\$ 536,991	\$ -	\$ 16,169	\$ -	\$ -	\$ -	\$ 39,164	\$ 895,546
Accrued liabilities	46,967	-	-	-	-	55,791	-	230,540	333,298
Deposits	208,913	-	-	-	-	-	-	-	208,913
Totals	<u>559,102</u>	<u>536,991</u>	<u>-</u>	<u>16,169</u>	<u>-</u>	<u>55,791</u>	<u>-</u>	<u>269,704</u>	<u>1,437,757</u>
FUND BALANCES									
Nonspendable	3,924	-	-	-	-	-	-	-	3,924
Restricted	7,626,692	-	880,449	-	-	-	-	-	8,507,141
Committed	3,847,526	8,629,738	-	-	-	-	-	-	12,477,264
Assigned	-	-	-	235,959	408,168	-	-	-	644,127
Unassigned	6,834,484	-	-	-	-	(1,799,787)	-	-	5,034,697
Totals	<u>18,312,626</u>	<u>8,629,738</u>	<u>880,449</u>	<u>235,959</u>	<u>408,168</u>	<u>(1,799,787)</u>	<u>-</u>	<u>-</u>	<u>26,667,153</u>
Total Liabilities & Fund Balances	<u>\$ 18,871,728</u>	<u>\$ 9,166,729</u>	<u>\$ 880,449</u>	<u>\$ 252,128</u>	<u>\$ 408,168</u>	<u>\$ (1,743,996)</u>	<u>\$ -</u>	<u>\$ 269,704</u>	<u>\$ 28,104,910</u>

TOWN OF CORTE MADERA
General Fund
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2021

	General Fund	Sales Tax Override	Street Impact Fee	Equipment & Technology	Recreation Capital	Park Madera Center	PMC Property Management	Recreation Fund	TOTAL GENERAL FUND
REVENUE									
Property tax	\$ 7,295,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,295,998
Sales tax	8,590,074	3,400,262	-	-	-	-	-	-	11,990,336
Business license	552,644	-	-	-	-	-	-	-	552,644
Paramedic tax	503,738	-	-	-	-	-	-	-	503,738
Transient Occupancy tax	523,666	-	-	-	-	-	-	-	523,666
Franchise fees	1,187,357	-	-	-	-	-	-	-	1,187,357
Permits and fees	769,167	-	-	-	-	-	-	-	769,167
Intergovernmental	1,685,056	50,000	-	-	-	-	-	-	1,735,056
Charge for services	1,660,834	-	392,030	-	-	-	-	801,713	2,854,577
Use of money and property	458,069	-	-	-	-	-	603,090	77,340	1,138,499
Other revenue	63,332	-	-	-	-	-	-	-	63,332
Total Revenue	<u>23,289,935</u>	<u>3,450,262</u>	<u>392,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,090</u>	<u>879,053</u>	<u>28,614,370</u>
EXPENDITURES									
Current -									
Personnel	24,980,393	-	-	-	-	-	-	-	24,980,393
Public safety - fire	4,670,310	-	-	-	-	-	-	-	4,670,310
Public safety - police	3,642,545	-	-	-	-	-	-	-	3,642,545
Outside services	2,163,569	-	-	-	-	-	-	-	2,163,569
Public works/streets	826,832	-	-	13,019	-	-	-	-	839,851
Utilities	303,385	-	-	-	-	-	-	-	303,385
Recreation services	-	-	-	-	-	-	-	1,101,346	1,101,346
Community development	91,468	679,418	-	-	-	-	-	-	770,886
Debt service	64,158	-	-	14,978	-	665,638	-	-	744,774
Capital projects	-	3,129,902	203,593	80,196	55,683	-	-	-	3,469,374
Total Expenditures	<u>36,742,660</u>	<u>3,809,320</u>	<u>203,593</u>	<u>108,193</u>	<u>55,683</u>	<u>665,638</u>	<u>-</u>	<u>1,101,346</u>	<u>42,686,433</u>
Excess Revenue over (under) Expenditures	<u>(13,452,725)</u>	<u>(359,058)</u>	<u>188,437</u>	<u>(108,193)</u>	<u>(55,683)</u>	<u>(665,638)</u>	<u>603,090</u>	<u>(222,293)</u>	<u>(14,072,063)</u>
OTHER FINANCING SOURCES									
Proceeds from financing, net	26,265,244	-	-	-	-	-	-	-	26,265,244
Operating transfers in	155,235	-	-	200,000	-	903,090	-	222,293	1,480,618
Operating transfers (out)	<u>(1,108,281)</u>	<u>(214,001)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(603,090)</u>	<u>-</u>	<u>(1,925,372)</u>
Total Other Sources (Uses)	<u>25,312,198</u>	<u>(214,001)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>903,090</u>	<u>(603,090)</u>	<u>222,293</u>	<u>25,820,490</u>
CHANGE IN FUND BALANCES	11,859,473	(573,059)	188,437	91,807	(55,683)	237,452	-	-	11,748,427
Fund Balances - Beginning	6,453,153	9,202,797	692,012	144,152	463,851	(2,037,239)	-	-	14,918,726
Fund Balances - End of Year	<u>\$ 18,312,626</u>	<u>\$ 8,629,738</u>	<u>\$ 880,449</u>	<u>\$ 235,959</u>	<u>\$ 408,168</u>	<u>\$ (1,799,787)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,667,153</u>

TOWN OF CORTE MADERA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Gas Tax	Westside Park in-lieu	Traffic Improvement	Village Traffic Imp.	Affordable Housing	Capital Improvement	Measure A Parks	TAM Ridge Traffic	SB 1 Road Maintenance	Traffic Congestion	TOTAL NONMAJOR FUNDS
ASSETS											
Cash & investments	\$ 38,125	\$ 184,581	\$ 300,833	\$ 754,000	\$ 553,539	\$ 21,971	\$ (39,708)	\$ -	\$ 15,608	\$ 33,784	\$ 1,862,733
Receivables	28	-	-	-	-	-	-	-	18,289	-	18,317
Prepaid expense	-	-	-	-	-	-	39,708	-	-	-	39,708
Totals	<u>\$ 38,153</u>	<u>\$ 184,581</u>	<u>\$ 300,833</u>	<u>\$ 754,000</u>	<u>\$ 553,539</u>	<u>\$ 21,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,897</u>	<u>\$ 33,784</u>	<u>\$ 1,920,758</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,830	\$ -	\$ -	\$ -	\$ -	\$ 7,830
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,830</u>
FUND BALANCES											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	38,153	184,581	300,833	754,000	553,539	14,141	-	-	33,897	33,784	1,912,928
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>38,153</u>	<u>184,581</u>	<u>300,833</u>	<u>754,000</u>	<u>553,539</u>	<u>14,141</u>	<u>-</u>	<u>-</u>	<u>33,897</u>	<u>33,784</u>	<u>1,912,928</u>
Total Liabilities & Fund Balances	<u>\$ 38,153</u>	<u>\$ 184,581</u>	<u>\$ 300,833</u>	<u>\$ 754,000</u>	<u>\$ 553,539</u>	<u>\$ 21,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,897</u>	<u>\$ 33,784</u>	<u>\$ 1,920,758</u>

TOWN OF CORTE MADERA
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2021

	Gas Tax	Westside Park in-lieu	Traffic Improvement	Village Traffic Imp.	Affordable Housing	Capital Improvement	Measure A Parks	TAM Ridge Traffic	SB 1 Road Maintenance	Traffic Congestion	TOTAL NONMAJOR FUNDS
REVENUE											
Intergovernmental	\$ 229,340	\$ -	\$ -	\$ -	\$ -	\$ 1,678,696	\$ 80,168	\$ -	\$ 185,652	\$ -	\$ 2,173,856
Charge for services	-	-	-	-	-	-	-	-	-	-	-
Use of money and property	359	-	-	-	-	-	36	-	115	-	510
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>229,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,678,696</u>	<u>80,204</u>	<u>-</u>	<u>185,767</u>	<u>-</u>	<u>2,174,366</u>
EXPENDITURES											
Current -											
Town administration	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Legislative boards	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Capital projects & equipment	191,546	24,688	13,819	-	-	1,292,444	334,932	250,224	166,162	-	2,273,815
Total Expenditures	<u>191,546</u>	<u>24,688</u>	<u>13,819</u>	<u>-</u>	<u>-</u>	<u>1,292,444</u>	<u>334,932</u>	<u>250,224</u>	<u>166,162</u>	<u>-</u>	<u>2,273,815</u>
Excess Revenue over (under) Expenditures	<u>38,153</u>	<u>(24,688)</u>	<u>(13,819)</u>	<u>-</u>	<u>-</u>	<u>386,252</u>	<u>(254,728)</u>	<u>(250,224)</u>	<u>19,605</u>	<u>-</u>	<u>(99,449)</u>
OTHER FINANCING SOURCES											
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCES	<u>38,153</u>	<u>(24,688)</u>	<u>(13,819)</u>	<u>-</u>	<u>-</u>	<u>386,252</u>	<u>(254,728)</u>	<u>(250,224)</u>	<u>19,605</u>	<u>-</u>	<u>(99,449)</u>
Fund Balances - Beginning	<u>-</u>	<u>209,269</u>	<u>314,652</u>	<u>754,000</u>	<u>553,539</u>	<u>(372,111)</u>	<u>254,728</u>	<u>250,224</u>	<u>14,292</u>	<u>33,784</u>	<u>2,012,377</u>
Fund Balances - End of Year	<u>\$ 38,153</u>	<u>\$ 184,581</u>	<u>\$ 300,833</u>	<u>\$ 754,000</u>	<u>\$ 553,539</u>	<u>\$ 14,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,897</u>	<u>\$ 33,784</u>	<u>\$ 1,912,928</u>

