MARIN LOCAL AGENCY FORMATION COMMISSION

BOARD OF COMMISSIONERS & MANAGEMENT REPORT

For the Year Ended
JUNE 30, 2019

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Commissioners
Marin Local Agency Formation Commission
San Rafael, California

In planning and performing our audit of the basic financial statements of Marin Local Agency Formation Commission (LAFCo) for the fiscal year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Marin Local Agency Formation Commission's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Marin Local Agency Formation Commission in implementing the recommendations.

This report is intended solely for the information and use of management, the Commissioners, and officials of the federal and state grantor agencies and should not be used by anyone other than these specified parties.

We thank Marin Local Agency Formation Commission's staff for its cooperation during our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 13, 2021

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Commissioners
Marin Local Agency Formation Commission
San Rafael, California

We have audited the basic financial statements of the Marin Local Agency Formation Commission (LAFCo) for the year ended June 30, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 9, 2019, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of LAFCo. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by LAFCo are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by LAFCo during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimate(s) affecting the financial statements were:

- Accrual and disclosure of compensated absences;
- Calculation of unearned revenue;
- Pension plan and post employment benefit actuarial computations;
- Fair value of investments and financial instruments.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements (Audit Adjustments)
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Of the four accounting adjustments detected as a result of audit procedures and corrected by management most were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated January 13, 2021.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LAFCo's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LAFCo's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This report is intended solely for the information and use of management and the Board of Commissioners of Marin Local Agency Formation Commission and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Current Year Observation

Nothing came to our attention.

Prior Year Observations

1) Payroll Tax Return Reconciliation

Observation:

During our audit it was noted that Marin Local Agency Formation Commission (LAFCo) does not reconcile the salaries and payroll tax amounts on the quarterly payroll tax returns to the general ledger.

Recommendation:

We recommended LAFCo reconcile the quarterly payroll tax returns to the general ledger on a quarterly basis.

Status:

This recommendation has been implemented.

2) Wells Fargo Checking

Observation:

During the course of our audit it was noted the Wells Fargo Checking account reconciliation had a $659 irreconcilable difference at June 30, 2017.

Recommendation:

The difference is immaterial to the financial statements but future reconciliations should be monitored for an increase in the amount noted above.

Status:

Bank of Marin account 4033 had an irreconcilable difference of $883 at 6-30-19. The 6-30-19 bank reconciliation report could not be located.

3) Vendor Invoices

Observation:

During the course of our audit it was noted some vendor invoices could not be located by LAFCo due to employee turnover.

Recommendation:

We recommended all vendor invoices be approved, retained and properly filed for future reference.

Status:

This recommendation has been implemented.

MARIN LOCAL AGENCY FORMATION COMMISSION

SAN RAFAEL, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Commissioners
Marin Local Agency Formation Commission
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marin Local Agency Formation Commission, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Marin Local Agency Formation Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 our 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, we consider internal control relevant to Marin Local Agency Formation Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marin Local Agency Formation Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Marin Local Agency Formation Commission, as of June 30, 2019, 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-6) and the required supplementary information (page 24-28), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 13, 2021

This section of Marin Local Agency Formation Commission's (LAFCo's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2019. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to LAFCo's audited financial statements, which are composed of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used, which best represents the activities of LAFCo.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet; and the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

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

The Basic Financial Statements

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

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

All of LAFCo's activities are grouped into Government Activities, as explained below.

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

Major Funds account for the major financial activities of LAFCo and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Analyses of Major Funds

Governmental Funds
General Fund revenue increased this fiscal year compared to the prior year due primarily to increases in intergovernmental charges. Actual revenues were greater than budgeted amounts by $5,924.

General Fund expenditures were $509,745, an increase of ($68,664) from the prior year primarily due to an increase in employees' salaries and benefit costs due to staff increases. Expenditures were $182,630 less than budgeted.

Governmental Activities

Table 1
Governmental Net Position

	2019 Governmental Activities	2018 Governmental Activities
Current assets	$ 366,723	$ 292,619
Total assets	366,723	292,619
Deferred outflows of resources	17,964	24,254
Current liabilities	14,652	28,602
Non-current liabilities	6,829	55,337
Total liabilities	21,481	83,939
Deferred inflows of resources	-	6,134
Net position		
Unrestricted	363,206	226,800
Total net position	$ 363,206	$ 226,800

LAFCo's governmental net position amounted to $363,206 as of June 30, 2019, an increase of $136,406 from 2018. This increase is the Change in Net Position reflected in the Statement of Activities shown in Table 2 and the prior period adjustment. LAFCo's net position as of June 30, 2019 comprised the following:

- Cash and investments comprised $366,173 of cash on deposit with the Marin County Treasury and Bank of Marin.
- Accounts payable totaling $14,652.
- OPEB liabilities totaling $860
- Compensated absences of $5,969 and net pension liability of $0.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. LAFCo had $363,206 of unrestricted net position as of June 30, 2019.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are +-*/*-/`457?.-*elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	2019 Governmental Activities	2018 Governmental Activities
Expenses		
Services and supplies	$ 461,393	$ 430,195
Total expenses	461,393	430,195
Revenues		
Program revenues:		
Charges for services	31,068	27,637
Total program revenues	31,068	27,637
General revenues:		
Intergovernmental	559,875	514,781
Interest income	6,856	2,853
Total general revenues	566,731	517,634
Total revenues	597,799	545,271
Change in net position	$ 136,406	$ 115,076

As Table 2 above shows, $31,068 or 5% of LAFCo's fiscal year 2019 governmental revenue, came from program revenues and $566,731 or 95%, came from general revenues such as contributions from local agencies.

Program revenues were composed of application and related fees of $31,068.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Capital Assets

LAFCo has no capital assets.

Debt Administration

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

Economic Outlook and Major Initiatives

Financial planning is based on specific assumptions from recent trends, State of California economic forecasts and historical growth patterns in the various agencies served by LAFCo.

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

Contacting LAFCo's Financial Management

The basic financial statements are intended to provide citizens, taxpayers, and creditors with a general overview of LAFCo's finances. Questions about this report should be directed to Marin Local Agency Formation Commission, 1401 Los Gamos Drive, Suite 220, San Rafael, California 94903.

Marin Local Agency Formation Commission

STATEMENT OF NET POSITION AND

GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2019

	General	Adjustments (Note 9)	Statement of Net Position
ASSETS			
Cash and investments	$ 366,173	$ -	$ 366,173
Accounts receivable	550	-	550
Total assets	$ 366,723	-	366,723
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow of resources-pension		13,318	13,318
Deferred outflow of resources-OPEB		4,646	4,646
Total deferred outflows		17,964	17,964
LIABILITIES			
Accounts payable	$ 14,652	-	14,652
Long term liabilities:			
Compensated absences	-	5,969	5,969
Net OPEB liability	-	860	860
Net pension liability	-	-	-
Total liabilities	14,652	6,829	21,481
DEFERRED INFLOW OF RESOURCES			
Deferred inflow of resources-pension		-	-
Deferred inflow of resources-OPEB		-	-
Total deferred inflows		-	-
FUND BALANCES/NET POSITION			
Fund balances:			
Unassigned fund balance	352,071	11,135	363,206
Total fund balances	352,071	11,135	363,206
Total liabilities and fund balances	$ 366,723		
Net position:			
Unrestricted		363,206	363,206
Total net position		$ 363,206	$ 363,206

The accompanying notes are an integral part of these financial statements.

Marin Local Agency Formation Commission

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES

For the period ended June 30, 2019

	General	Adjustments (Note 10)	Statement of Activities
Expenditures/expenses:			
Services and supplies	$ 509,745	$ (48,352)	$ 461,393
Total expenditures/expenses	509,745	(48,352)	461,393
Program revenues:			
Charges for services	31,068	-	31,068
Net program expense			(430,325)
General revenues:			
Intergovernmental	559,875	-	559,875
Interest income	6,856	-	6,856
Total general revenues and transfers	566,731	-	566,731
Excess (deficiency) of revenues and transfer in over (under) expenditures and transfers out	88,054	(88,054)	-
Changes in net position	-	136,406	136,406
Fund balance/Net position at beginning of period	264,017	(37,217)	226,800
Fund balance/Net position at end of period	$ 352,071	$ 11,135	$ 363,206

The accompanying notes are an integral part of these financial statements.

NOTE 1 - REPORTING ENTITY

A. Organization of LAFCo

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

B. Principles that Determine the Scope of Reporting Entity

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

LAFCo has chosen to present its basic financial statements using the reporting model for special purpose governments engaged in a single government program.

This model allows the fund financial statements and the government-wide statements to be combined using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

Government-wide Financial Statements

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (concluded)

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

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

B. Basis of Accounting

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

C. LAFCo Budget

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

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

D. Property, Plant and Equipment

LAFCo currently has no fixed assets.

E. Compensated Absences

Compensated absences comprise unpaid vacation. Vacation and sick time are accrued as earned.

F. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, LAFCo recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by LAFCo that is applicable to a future reporting period.

Pensions

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

NOTE 3 - CASH AND INVESTMENTS

LAFCo's cash is maintained with the Marin County Treasury in an interest-bearing account. LAFCo's cash on deposit with Marin County Treasury and Bank of Marin at June 30, 2019 was $366,173.

NOTE 3 - CASH AND INVESTMENTS (concluded)

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

Marin County's investment policy authorizes Marin County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2019, LAFCo's cash with the Marin County Treasurer was maintained in an interest-bearing account.

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

NOTE 4 - USE OF ESTIMATES

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

NOTE 5 - CONTINGENCIES

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

NOTE 6 - FUND EQUITY

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting of the components of Fund Balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

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

NOTE 6 - FUND EQUITY (concluded)

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

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

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

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

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

Net Position

Net Position is the excess of all LAFCo's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Invested in capital assets, net of related debt describes the portion of Net Position that is represented by the current net book value of LAFCo's capital assets, less the outstanding balance of any debt issued to finance these assets. *Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCo cannot unilaterally alter. *Unrestricted* describes the portion of Net Position that is not restricted to use.

All of LAFCo's Net Position is unrestricted.

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN

A. Plan Description

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

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

A. Plan Description (concluded)

MCERA operates as a cost-sharing multiple employer defined benefit plan for the County and eight other participating employers: City of San Rafael, Local Agency Formation Commission (LAFCo), Marin City Community Services District, Marin County Superior Court, Marin/Sonoma Mosquito and Vector Control District, Novato Fire Protection District, Southern Marin Fire Protection District, and Tamalpais Community Services District. Separate actuarial valuations are performed for these other agencies and districts, and the responsibility for funding their plans rest with those entities. Post-retirement benefits are administered by MCERA to qualified retirees.

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

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

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

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

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

B. Benefit Provisions

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

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

B. Benefit Provisions (continued)

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

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

Death Benefits
MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired.

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

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

For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were as follows:

Employer Contributions:	$ 13,318

As of June 30, 2019, LAFCo's reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plan as follows:

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

B. Benefit Provisions (continued)

	Proportionate Share of Net Pension Liability
Miscellaneous	$ -
Total Net Pension Liability	$ -

LAFCo's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. LAFCo's proportion of the net pension liability was based on a projection of LAFCo's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. LAFCo's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

LAFCo Miscellaneous Plan	
Proportion - June 30, 2017	.001%
Proportion - June 30, 2018	.000%
Change – Increase (Decrease)	.(001%)

For the year ended June 30, 2019, LAFCo recognized pension expense of $31,207. At June 30, 2019, LAFCo reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 13,318	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net differences between projected and actual earnings on plan investments	-	-
Total	$ 13,318	$ -

$13,318 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (continued)

B. Benefit Provisions (concluded)

Year Ended June 30	Inflows
2020	$ 13,444
2021	(2,933)
2022	(5,977)
2023	-
Thereafter	-

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date:	June 30, 2017 (to determine FY 2018-19 contributions)
Timing:	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Market Value
Amortization Method:	Closed 17 year period (13 years remaining as of 6/30/17)
Discount Rate	7.00%
Price Inflation:	2.75%
Salary Increases:	3.00% plus merit component based on employee classification and years of service.
Administrative Expenses:	Administrative expenses in the actuarial valuation are assumed to be \$5.065 million for FY 2018-19, to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY 2018-19 amounts.
Postretirement COLA:	Post retirement COLAs are assumed at the rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
Mortality Rates for Healthy Members and Inactives:	Rates of mortality for active Members are specified by CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions intended to fund benefits of current plan members and their beneficiaries are included.

NOTE 7 - LAFCO'S EMPLOYEES' RETIREMENT PLAN (concluded)

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

Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.0%	4.90%
Fixed Income	23.0%	1.50%
International Equity	22.0%	5.00%
Public Real Assets	7.0%	3.65%
Private Equity	8.0%	6.25%
Real Estate	8.0%	4.00%
Total	100.0%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents LAFCo's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what LAFCo's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.00%
Net Pension Liability	$0
Current Discount Rate	7.00%
Net Pension Liability	$0
1% Increase	8.00%
Net Pension Liability	$0

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT (OPEB)

Plan Description

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

For retirees hired between October 1, 1993 and December 31, 2007 (Plan 3), LAFCo would pay a percentage of retirees' single-coverage premiums up to a dollar cap based on years of service at retirement, where the dollar cap is reviewed each year by the Board of Supervisors. Through January 1, 2007 the cap was increased to cover single Blue Cross Prudent Buyer Classic and Delta Dental premiums. The Board of Supervisors has implemented a policy to limit annual increases in the cap to no more than 3%, subject to annual approval regarding whether any increase will be granted and, if so, the amount of the increase. Cap increases were 3% effective January 1, 2008 and January 1, 2009. No cap increases have been adopted since that time. The dollar cap is currently $442.65 per year of service up to $8,853 per year.

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

Funding Policy

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

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

Active plan members	2
Inactive employees or beneficiaries currently receiving benefit payments	1
Total	3

Contribution

As of June 30, 2019, LAFCo has accumulated $63,420 in an irrevocable trust toward this liability. With LAFCo's approval, the discount rate used in this valuation is 5.75% as of June 30, 2017; the long term expected return on trust assets.

Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Funding method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Market value of trust assets
Long term return on assets	5.75% as of June 30, 2017
Discount rates	5.75% as of June 30, 2017
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary increase	Not applicable, there are no active plan members
Assumed wage inflation	Not applicable, there are no active plan members
General inflation	2.75% per year
Mortality improvements	MacLeod Watts Scale 2017 applied generationally
Healthcare trend	5.0% per year over the long term.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) (continued)

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB Statement No. 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB Statement No. 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate. The discount rate as of June 30, 2017 and June 30, 2016 is 5.75%.

Change in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position
Service cost	$ -	$ -
Interest	3,413	2,544
Contributions	-	21,071
Benefit payments, including refunds of employee contributions	(5,456)	(5,456)
Administrative expenses	-	(76)
Net change in total OPEB liability	(2,043)	18,083
Total OPEB liability – beginning of year	62,089	41,103
Total OPEB liability – end of year	$ 60,046	$ 59,186

	June 30, 2019
Total OPEB Liability	$ 60,046
Fiduciary Net Position	(59,186)
Net OPEB Liability	$ 860
Impact on Statement of Net Position, FYE 2017	$ 74
OPEB Expense (Income)	692
Employer Contributions During the Fiscal Year	(4,552)
Impact on Statement of Net Position, FYE 2018	$ (3,786)

OPEB Expense

Employer Contributions During the Fiscal Year	$ 4,552
Deterioration (Improvement) in Net Position	(3,860)
OPEB Expense (Income), FYE 2018	$ 692

Sensitivity of Liabilities to Changes in the Discount Rate and Medical Cost Inflation

The discount rate used for the fiscal year end June 30, 2019 is 5.75%. Medical Cost Inflation was assumed to start at 7.50% and grade down to 5.00% for years 2024 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Plan's Net OPEB Liability / (Asset)		
Discount Rate – 1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate + 1% (6.75%)
$ 5,779	$ 860	$ (3,441)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) (concluded)

Plan's Net OPEB Liability / (Asset)		
Medical Trend – 1% (6.50%)	Current Medical Trend (7.50%)	Medical Trend + 1% (8.50%)
$ 807	$ 860	$ 876

Deferred Resources and Expected Future Recognition

For the fiscal year ended June 30, 2019, LAFCo recognized OPEB expense of $1,809. At June 30, 2019, LAFCo reported deferred resources from OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to the measurement date	$ 4,552	$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	94	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Total	$ 4,646	$ -

$4,552 reported as the net deferred (outflows) / inflows of resources related to contributions subsequent to measurement date will be recognized as increase of the net OPEB liability in the year ended June 30, 2020.

LAFCo will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2020	$ 13
2021	13
2022	14
2023	54
Thereafter	-

NOTE 9 - RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Non-current portion of compensated absences	$	(5,969)
Other post-employment benefits		(860)
Deferred outflows		17,964
Total fund balances – governmental funds		352,071
Net position of governmental activities	$	363,206

NOTE 10 - RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Net change in fund balance – total governmental funds	$	88,054
The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):		
Compensated absences		(5,969)
Other post-employment benefits		3,860
Pension expense		50,461
Change in net position of governmental activities	$	136,406

NOTE 11 - OPERATING LEASE COMMITMENTS

LAFCo has an operating lease for office space expiring in May during the fiscal year ending June 30, 2023. The total expense for office rent was $29,103 for the fiscal year ended June 30, 2019. The minimum future rental payments under non-cancelable operating leases for each of the next five years and in the aggregate are:

For the year ended June 30, 2020	$	32,653
For the year ended June 30, 2021		33,589
For the year ended June 30, 2022		34,559
For the year ended June 30, 2023		32,514
Total	$	133,315

NOTE 12 - SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. Since all LAFCO staff are considered "essential", the immediate impact to the LAFCO's operations includes new restrictions on employees' work location and planning heightened sanitation awareness requirements on office staff. It is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

NOTE 13 - COMPENSATED ABSENCES

Unpaid vacation is recorded as a liability as the employees accrue vested benefits. Total accumulated accrued vacation payable at June 30, 2019 was $5,969.

REQUIRED SUPPLEMENTARY INFORMATION

Marin Local Agency Formation Commission

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Required Supplemental Information

Budget and Actual

General Fund (Unaudited)

For the period ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Intergovernmental	$ 559,875	$ 559,875	$ 559,875	$ -
Charges for services	30,000	30,000	31,068	1,068
Interest income	2,000	2,000	6,856	4,856
Total revenue	591,875	591,875	597,799	5,924
Expenditures:				
Salaries and benefits	278,375	278,375	160,628	117,747
Services and supplies	414,000	414,000	349,117	64,883
Total expenditures	692,375	692,375	509,745	182,630
Excess (deficit) of revenue over expenditures	$ (100,500)	$ (100,500)	88,054	$ 188,554
Fund balance, beginning of period			264,017	
Fund balance, end of period			$ 352,071	

Marin Local Agency Formation Commission
As of June 30, 2019
Last 5 Years

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00%	0.01%	.0088%	0.00%	0.00%
Proportionate share of the net pension liability	$ -	$ 34,351	$ 32,451	$ -	$ 185,355
Covered - employee payroll	N/A	$ 123,490	$ 206,613	$ 173,394	$ 192,619
Proportionate share of the net pension liability as a percentage of covered-employee payroll	N/A	28%	15.7%	0%	96%
Plan fiduciary net position as a percentage of the total pension liability	N/A	88.3%	86.3%	84.3%	89.0%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become

Marin Local Agency Formation Commission
As of June 30, 2019
Last 5 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 13,318	$ 14,430	$ 46,997	$ 48,485	$ 43,313
Contributions in relation to the actuarially determined contributions	(13,318)	(14,430)	(46,997)	(48,485)	(43,313)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll during the fiscal year	$ 113,308	$ 123,490	$ 206,613	$ 173,394	$ 192,619
Contributions as a percentage of covered-employee payroll	11.70%	11.70%	22.70%	27.96%	22.49%

Marin Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the period ended June 30, 2019

Total OPEB Liability	2019	2018
Service cost	$ -	$ -
Interest	3,413	3,529
Change of benefit terms	-	-
Difference between expected and actual experience	-	-
Change of assumptions	-	-
Benefit payments, included refunds of employee contributions	(5,456)	(5,615)
Total OPEB liability - beginning of year	62,089	64,175
Total OPEB liability - end of year	$ 60,046	$ 62,089
Plan Fiduciary Net Position		
Net investment income	$ 2,544	$ 1,894
Contributions		
Employer	21,071	25,102
Benefit payments, included refunds of employee contributions	(5,456)	(5,615)
Administrative expense	(76)	(15)
Net change in plan fiduciary net position	18,083	21,366
Plan fiduciary net position - beginning of year	41,103	19,737
Plan fiduciary net position - end of year	$ 59,186	$ 41,103
Commission's net OPEB liability - end of year	$ 860	$ 20,986
Covered-employee payroll	$ -	$ 217,782
Net OPEB liability as a percentage of covered-employee payroll	N/A	9.64%

Notes to Schedule:

The schedules present information to illustrate the changes in Marin LAFCO's net OPEB liability over a ten year period when the information is available. Marin LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

Marin Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - OPEB

For the period ended June 30, 2019

	2019	2018
Actuarial Determined Contribution	$ 1,526	$ 15,615
Contributions in relation to the actuarially determined contribution	(4,552)	(21,071)
	$ (3,026)	$ (5,456)
Covered payroll	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A

Notes to Schedule:

The schedules present information to illustrate changes in Marin LAFCO's contributions over a ten year period when the information is available.

GASB 75 requires this information for plans funding with OPEB trusts to be reported in the employer's Required Supplemental Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to June 30, 2018. Marin LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.