

Agenda Item (f)

Accept and approve final Fiscal Year 2021-2022 Audit (Audited Financial Statements).

MARIN CITY COMMUNITY SERVICES DISTRICT
MARIN CITY, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Marin City Community Services District
Marin City, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marin City Community Services District, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Marin City Community Services District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marin City Community Services District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marin City Community Services District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Marin City Community Services District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Marin City Community Services District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marin City Community Services District's ability to continue as a going concern for a reasonable period of time.

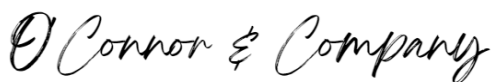
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20, and the other required supplementary information 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion is not modified with respect to this matter.



O'Connor & Company

Novato, California
August 3, 2026

Marin City Community Services District
STATEMENT OF NET POSITION
June 30, 2022

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash	\$ 474,711
Accounts receivable	11,462
Prepaid items	47,337
Capital assets:	
Non-depreciable assets	375,000
Depreciable assets, net	<u>3,283,779</u>
Total assets	<u>4,192,289</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources	<u>191,381</u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Accounts payable	133,564
Accrued expenses	46,854
Long-term debt:	
Compensated absences	9,253
Net pension liability	<u>75,045</u>
Total liabilities	<u>264,716</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources	<u>5,441</u>
Net position:	
Invested in capital assets, net of related debt	3,658,779
Unrestricted	<u>454,734</u>
Total net position	<u><u>\$ 4,113,513</u></u>

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

Marin City Community Services District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
			<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	
Governmental activities:					
Services and supplies	\$ 1,773,646	\$ 310,678	\$ 352,163	\$ -	\$ (1,110,805)
Total governmental activities	<u>\$ 1,773,646</u>	<u>\$ 310,678</u>	<u>\$ 352,163</u>	<u>\$ -</u>	<u>(1,110,805)</u>
General revenues:					
Taxes					<u>468,952</u>
Total general revenues					<u>468,952</u>
Change in net position					(641,853)
Net position beginning					<u>4,755,366</u>
Net position ending					<u>\$ 4,113,513</u>

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

Marin City Community Services District
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2022

	General Fund	Senior Fund	Recreation Fund	Measure A Fund	Nonmajor Governmental Funds	Total
<u>ASSETS</u>						
Cash and investments	\$ 132,647	\$ 101,222	\$ 114,329	\$ 94,347	\$ 32,166	\$ 474,711
Prepaid items	47,337	-	-	-	-	47,337
Grants and other receivables	11,446	-	-	-	16	11,462
Total assets	<u>\$ 191,430</u>	<u>\$ 101,222</u>	<u>\$ 114,329</u>	<u>\$ 94,347</u>	<u>\$ 32,182</u>	<u>\$ 533,510</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts payable	\$ 132,995	\$ -	\$ -	\$ 569	\$ -	\$ 133,564
Accrued expenses	41,236	-	-	-	300	41,536
Other liabilities	5,318	-	-	-	-	5,318
Total liabilities	<u>179,549</u>	<u>-</u>	<u>-</u>	<u>569</u>	<u>300</u>	<u>180,418</u>
Fund balances:						
Non-spendable	47,337	-	-	-	-	47,337
Assigned for specific purpose	-	101,222	114,329	93,778	31,882	341,211
Unassigned	<u>(35,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,456)</u>
Total fund balances	<u>11,881</u>	<u>101,222</u>	<u>114,329</u>	<u>93,778</u>	<u>31,882</u>	<u>353,092</u>
Total liabilities and fund balances	<u>\$ 191,430</u>	<u>\$ 101,222</u>	<u>\$ 114,329</u>	<u>\$ 94,347</u>	<u>\$ 32,182</u>	<u>\$ 533,510</u>

Total fund balances governmental funds \$ 353,092

LONG-TERM ASSETS AND LIABILITIES

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 3,658,779

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Governmental fund:

Compensated absences	(9,253)
Deferred inflows	(5,441)
Deferred outflows	191,381
Net pension liability	<u>(75,045)</u>

Net position of governmental activities \$ 4,113,513

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

Marin City Community Services District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
General Fund
For the Year Ended June 30, 2022

	General Fund	Senior Fund	Recreation Fund	Measure A Fund	Nonmajor Governmental Funds	Totals
Revenues:						
Taxes	\$ 468,952	\$ -	\$ -	\$ -	\$ -	\$ 468,952
Charges for services	310,678	-	-	-	-	310,678
Other revenue	102,519	83,481	70,924	76,762	18,477	352,163
Total revenue	<u>882,149</u>	<u>83,481</u>	<u>70,924</u>	<u>76,762</u>	<u>18,477</u>	<u>1,131,793</u>
Expenditures:						
Services and supplies	<u>974,717</u>	<u>12,774</u>	<u>12,000</u>	<u>11,277</u>	<u>15,906</u>	<u>1,026,674</u>
Total expenditures	<u>974,717</u>	<u>12,774</u>	<u>12,000</u>	<u>11,277</u>	<u>15,906</u>	<u>1,026,674</u>
Excess (deficit) of revenue						
over expenditures	(92,568)	70,707	58,924	65,485	2,571	105,119
Fund balance, beginning of period	<u>104,449</u>	<u>30,515</u>	<u>55,405</u>	<u>28,293</u>	<u>29,311</u>	<u>247,973</u>
Fund balance, end of period	<u>\$ 11,881</u>	<u>\$ 101,222</u>	<u>\$ 114,329</u>	<u>\$ 93,778</u>	<u>\$ 31,882</u>	<u>\$ 353,092</u>

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

Marin City Community Services District
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 105,119
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$0) exceeds depreciation (\$124,497) in the current period.

(124,497)

Loss on the disposal of assets due to cancellation of project

(724,117)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):

Compensated absences

(9,253)

Government funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability.

110,895

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (641,853)

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

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 - GENERAL

Marin City Community Services District (the District) is a separate governmental unit established as a special district of the State of California. The District was established on January 27, 1958 in accordance with Resolution No. 5181 of the Marin County Board of Supervisors. The District is located in Marin City, County of Marin and encompasses an area of 389 acres, with a population of approximately 2,666.

The District's activities are to provide public recreation by means of parks, playgrounds, swimming pools, or recreation buildings. The District also provides for collection and disposal of garbage and street lighting services.

The District does not exercise oversight responsibility over any other governmental unit, thus, its financial statements do not include any financial activity of any other agency. It is not a component unit of any other reporting entity.

The District is governed by a five-person Board of Directors elected for four-year terms. The District's legal authority and responsibilities are contained in Sections 61000 through 61891 of the California Government Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to U.S. generally accepted accounting principles and are applicable to governments. The following is a summary of the significant policies:

A. Reporting Entity

The District's financial statements reflect only its own activities; it has no component units (other government units overseen by the District).

(a) Government-wide and Fund Financial Statements:

The government-wide financial statements (the statement of net position and the statement of activities) report on the District as a whole. The statement of activities demonstrates the degree to which the direct expenses of the District's function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with the District's function. *Program revenues* include charges for services, which are mainly from park and recreation fees. Other items not properly included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for the governmental fund of the District (balance sheet and the statement of revenues, expenditures and changes in fund balances).

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (concluded)

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The government reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Senior Fund: Accounts for activities related to senior services.

Recreation Fund: Accounts for park and recreation services.

Measure A Fund: Accounts for measure A projects.

B. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight line basis over the estimated useful lives of 40 years for buildings and 3-5 years for equipment.

C. Budgets and Budgetary Accounting

The Board of Directors adopts an annual budget for the General Fund.

Formal budgetary integration is employed as a management control device during the year for all Funds. 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 the District Board. Individual amendments were not material in relation to the original appropriations that were amended.

The District's General Fund expenditures were less than appropriations by \$63,703 for the year ended June 30, 2022.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Property Taxes

Property taxes are assessed, collected, and distributed by the County of Marin in accordance with legislation. Secured property taxes are attached as an enforceable lien on real property located in the County of Marin as of March 1. Secured property taxes are levied each November 1 on the assessed value as of the prior March 1. Taxes are due in two equal installments on December 10 and April 10 following the levy date.

Under California law, secured property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and then allocated to the cities and districts based upon complex formulas.

Unsecured property taxes are levied throughout the year beginning March 1 on the assessed value of personal property as of March 1. For unsecured property tax bills issued between March 1 and June 30, the amount is payable by August 31. For unsecured property tax bills issued after June 30, the amount of the tax is due 30 days after the bill is issued, but not later than February 28/29.

The gross levies of all non-unitary (secured, unsecured, and homeowner's property tax relief) taxes were affected by a State mandated diversion of property taxes under Revenue and Taxation Code 97. This mandate shifted property taxes from counties, cities, and special districts to schools. The amount of the shift was dependent on the type of revenues each entity received in base year 1989-1990, increased by the annual growth of assessed value.

Effective July 1, 1993, the District, in addition to other districts, entered into an agreement (hereafter known as the "Teeter Plan") with the County of Marin whereby the County of Marin agreed to purchase without recourse all previously outstanding (net of all adjustments) secured delinquent property tax and special assessment receivables, penalties, and interest of the districts as of June 30, 1993. Additionally, the County of Marin agreed to advance each district its share of the annual gross levy of secured property taxes and special assessments (net of adjustments) billed through the County of Marin's Tax Collector for each subsequent fiscal year of the agreement. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

E. Use of Estimates

The 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.

F. Contingent Liabilities

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

G. Compensated Absences

The District grants employees' vacation and sick leave in varying amounts. In the event of retirement or termination, an employee is reimbursed at full salary rates for accumulated vacation days. The current portion of accumulated vacation and sick leave is recognized in the General Fund. All compensated absences are accrued when incurred in the government-wide financial statements.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Compensated Absences (concluded)

The liability for accrued vacation, administrative and compensatory time off leave was \$9,253, for the year ended June 30, 2022. This liability is paid from funds for which the accrued personnel costs are related.

H. Inter-fund Transactions

Inter-fund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as inter-fund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. Inter-fund loans are expected to be repaid shortly after year-end.

All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

I. 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*, the District 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 the District that is applicable to a future reporting period.

J. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District'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 they are due and payable in accordance with the benefit terms. Investments are reported to be of fair value.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments on June 30 consisted of the following:

Cash and investments with the Marin County Treasurer	\$ 474,711
Total	<u>\$ 474,711</u>

Authorized Investments

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments: securities of the U.S. Government, or its agencies; negotiable certificates of deposit; Local Agency Investment Fund (State Pool) Deposits; and the County of Marin cash and investment pool.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 3 - CASH AND INVESTMENTS (concluded)

County of Marin Investment Pool

The District maintains specific cash deposits with the County of Marin and involuntarily participates in the external investment pool of the County of Marin. The County of Marin is restricted by state code in the types of investments it can make. Furthermore, the County of Marin 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.

The County of Marin has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County of Marin's investment policy authorizes the County of Marin 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, 2022, the District's cash with the County of Marin's Treasurer is stated at fair value. However, the value of the pool shares in the County of Marin that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

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 custodial credit risk for deposits and 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 requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

Fair Value Reporting – Investments

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The District's investments in the Marin County Treasurer's Investment Pool and cash in bank were not subject to the recurring fair value measurements.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 - CAPITAL ASSETS

Capital assets balance on June 30 comprised the following:

	Balance at 07/01/21	Additions	Deletions	Balance at 6/30/22
Capital assets, not being depreciated:				
Land	\$ 375,000	\$ -	\$ -	\$ 375,000
Construction in progress	724,117	-	(724,117)	-
Total capital assets, not being depr.	<u>1,099,117</u>	<u>-</u>	<u>(724,117)</u>	<u>375,000</u>
Capital assets, being depreciated:				
Structures and improvements	6,163,573	-	-	6,163,573
Equipment	12,230	-	-	12,230
Total capital assets, being depreciated	<u>6,175,803</u>	<u>-</u>	<u>-</u>	<u>6,175,803</u>
Accumulated depreciation for:				
Structures and improvements	(2,755,297)	(124,497)	-	(2,879,794)
Equipment	(12,230)	-	-	(12,230)
Total accumulated depreciation	<u>(2,767,527)</u>	<u>(124,497)</u>	<u>-</u>	<u>(2,892,024)</u>
Total capital assets being depr. - net	<u>3,408,276</u>	<u>(124,497)</u>	<u>-</u>	<u>3,283,779</u>
Capital assets - net	<u>\$ 4,507,393</u>	<u>\$ (124,497)</u>	<u>\$ (724,117)</u>	<u>\$ 3,658,779</u>

Depreciation expense for the year ended June 30, 2022 was \$124,497 allocated to service and supplies.

NOTE 5 - DEFINED PENSION BENEFIT PLAN

A. Plan Description

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

MCERA operates as a cost-sharing multiple 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.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - DEFINED PENSION BENEFIT PLAN (continued)

A. Plan Description (concluded)

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 are not connected with County government in any capacity, except one may be a County Supervisor. The Board of Supervisor appoints these members.
- Two General members of MCERA were 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.

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 because 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.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - DEFINED PENSION BENEFIT PLAN (continued)

B. Benefit Provisions (continued)

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, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

Employer Contributions:	\$ 50,241
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As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the District's Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Marin City Community Services District	\$ 75,045
Total Net Pension Liability	<u>\$ 75,045</u>

The District'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, 2021, 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, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

District's Plan

Proportion – June 30, 2021	0.0240%
Proportion – June 30, 2020	<u>0.0000%</u>
Change – Increase (Decrease)	<u>0.0240%</u>

For the year ended June 30, 2022, the District recognized pension expense of \$8,237. As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - DEFINED PENSION BENEFIT PLAN (continued)

B. Benefit Provisions (concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 50,241	\$ -
Differences between actual and expected experience	2,505	3,107
Changes in assumptions	4,041	-
Change in employer's proportion	46,957	2,334
differences between the employer's contributions and the employer's proportionate share of contributions	65,898	-
Net differences between projected and actual earnings on plan investments	21,739	-
Total	<u>\$ 191,381</u>	<u>\$ 5,441</u>

\$50,241 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

<u>Year Ended June 30</u>	<u>Deferred Outflows/Inflows</u>
2023	\$ 50,289
2024	41,443
2025	17,035
2026	26,392
Thereafter	-

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

The notes below summarize the key methods and assumptions used to determine the Actuarially determined contribution for FYE 2022.

Valuation Date:	June 30, 2020 (to determine FY 2021-22 actuarially determined contribution)
Actuarial Cost Method:	Entry Age*
Amortization Method:	Level percentage of payroll with separate periods for Extraordinary Actuarial Gains or Loss (18 years remaining as of (6/30/2020), the remaining UAL as of June 20, 2013 (10 years as of 6/30/2020), and additional layers for unexpected changes in UAL after 6/30/2013 (24 years for gains and losses with a 5-year phase-in/out and 22 years for assumption changes with a 3-year phase-in/out).
Discount Rate:	6.75%
Price Inflation:	2.50%
Salary Increases:	3.00% plus merit component based on employee classification and years of service.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - DEFINED PENSION BENEFIT PLAN (continued)

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

Mortality Sex-distinct CalPERS 2017 Pre-Retirement Non-Industrial Death rates (plus Duty-Related death rates for Safety members), with generational improvements from a base year of 2014 using Scale MP-2017 for active Members.
Sex-distinct CalPERS 2017 Post-Retirement Healthy Mortality rates, adjusted by 90% for Miscellaneous and Safety Males, with generational improvements from a base year of 2014 using Scale MP-2017 for retired Members and their beneficiaries.

Disabled Mortality Sex-distinct CalPERS 2017 Disability Death rates (Non-Industrial rates for Miscellaneous members and Industrial rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and Miscellaneous Females, with generational improvements from a base year of 2014 using Scale MP-2017.

Discount Rate

The discount rate used to measure the total pension liability was 6.75% as of June 30, 2021. 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 that are intended to fund benefits of current Plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the 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, 2021.

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

The target allocation and projected arithmetic real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	23.0%	0.75%
Domestic Equities	32.0%	4.60%
International Equities	22.0%	4.75%
Public Real Assets	15.0%	5.60%
Private Equity	8.0%	5.10%
Total	<u>100.0%</u>	

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 - DEFINED PENSION BENEFIT PLAN (concluded)

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

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

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

	<u>District's Plan</u>
1% Decrease	5.75%
Net Pension Liability	\$178,215
Current Discount Rate	6.75%
Net Pension Liability	\$75,045
1% Increase	7.75%
Net Pension Liability	(\$9,913)

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 6 - RISK MANAGEMENT

The District manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related joint powers agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member government entities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

The District maintained insurance coverage for general liability up to \$10,000,000, property up to \$1,000,000,000 per occurrence, automobile physical damage up to \$10,000,000 per accident, Public Officials and Employees Errors and Omissions up to \$10,000,000 per incident, and employee dishonesty up to \$400,000 per occurrence, through the Special District Risk Management Authority (a public entity risk pool) and underwritten by various insurance companies.

Financial statements for the risk pool may be obtained from SDRMA, 1112 I Street, Suite 300, Sacramento, CA 95814.

NOTE 7 - NET POSITION AND FUND BALANCES

GASB Statement No. 34 added the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Marin City Community Services District
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 - NET POSITION AND FUND BALANCES (concluded)

A. Net Position

Net Position is the excess of all the District'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:

Net investment in capital assets: describes the portion of Net Position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets. *Unrestricted* describes the portion of Net Position that is not restricted to use. *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 the District cannot unilaterally alter. These include amounts for debt service requirements.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

B. Fund Equity

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the District is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) non-spendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts.

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

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

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

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

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

Fund Balance Flow Assumption

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

Marin City Community Services District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
 Budget and Actual
 For the Year Ended June 30, 2022
 (Unaudited)

	General Fund		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ 463,138	\$ 468,952	\$ 5,814
Charges for services	526,000	310,678	(215,322)
Other revenue	50,000	102,519	52,519
Total revenues	<u>1,039,138</u>	<u>882,149</u>	<u>(156,989)</u>
Expenditures:			
Services and supplies	<u>1,038,420</u>	<u>974,717</u>	<u>63,703</u>
Total expenditures	<u>1,038,420</u>	<u>974,717</u>	<u>63,703</u>
Excess (deficit) of revenue over expenditures	<u>718</u>	<u>(92,568)</u>	<u>(93,286)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 718</u>	<u>(92,568)</u>	<u>\$ (93,286)</u>
Fund balance, July 1, 2021		104,449	
Fund balance, June 30, 2022		<u>\$ 11,881</u>	

Marin City Community Services District
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
 Budget and Actual
 For the Year Ended June 30, 2022
 (Unaudited)

	Measure A 8126		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Other revenue	\$ 87,000	\$ 76,762	\$ (10,238)
Total revenues	87,000	76,762	(10,238)
Expenditures:			
Services and supplies	63,806	11,277	52,529
Total expenditures	63,806	11,277	52,529
Excess of revenue over (under) expenditures	\$ 23,194	65,485	\$ 42,291
Fund balance, July 1, 2021		28,293	
Fund balance, June 30, 2022		\$ 93,778	

Marin City Community Services District
As of June 30, 2022
Last 7 Years
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan						
<u>SCHEDULE OF CONTRIBUTIONS</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution (actuarially determined)	\$ 52,475	\$ 96,978	\$ 57,842	\$ 75,023	\$ 38,497	\$ 33,856	\$ 50,241
Contributions in relation to the actuarially determined contributions	<u>(52,475)</u>	<u>(96,978)</u>	<u>(57,842)</u>	<u>(75,023)</u>	<u>(38,497)</u>	<u>(33,856)</u>	<u>(50,241)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll during the fiscal year	\$ 299,907	\$ 306,716	\$ 299,135	\$ 426,109	\$ 201,752	\$ 182,002	\$ 87,202
Contributions as a percentage of covered-employee payroll	17.50%	31.62%	19.34%	17.61%	19.08%	18.60%	57.61%

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

Marin City Community Services District
As of June 30, 2022
Last 7 Years

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

Schedule of the Proportionate Share of the Net Pension Liability	Miscellaneous Plan						
	2016	2017	2018	2019	2020	2021	2022
Proportion of the net pension liability	0.0620%	0.0766%	0.0084%	0.0000%	0.0026%	0.0000%	0.0240%
Proportionate share of the net pension liability	\$ 240,179	\$ 366,095	\$ 366,095	\$ -	\$ 9,508	\$ -	\$ 75,045
Covered - employee payroll	\$ 299,907	\$ 306,716	\$ 299,135	\$ 426,109	\$ 201,752	\$ 182,002	\$ 87,202
Proportionate share of the net pension liability as a percentage of covered-employee payroll	80.08%	119.36%	122.38%	0.00%	4.71%	0.00%	86.10%
Plan fiduciary net position as a percentage of the total pension liability	84.30%	81.50%	86.30%	88.30%	87.60%	85.20%	90.60%

In accordance with GASB Statement No. 68, a cost-sharing employer is required to recognize a liability for its proportionate share of the net pension liability. The District's net pension liability is measured as its proportionate share of the total pension plan's liability less the District's proportionate share of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes. In addition, a cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

The schedules above present information to illustrate changes in the District's proportionate share of the net pension liability and contributions over a 10-year period when the information is available.

Agenda Item (h)

Adopt Final Fiscal Year 2026-27 Budget

RESOLUTION NO. 2026-_____

**RESOLUTION OF THE MARIN CITY COMMUNITY SERVICES DISTRICT
ADOPTING THE FISCAL YEAR 2026-2027 BUDGET**

WHEREAS, the Board of Directors of the Marin City Community Services District has reviewed and considered the Fiscal Year 2026-27 Budget recommended by the General Manager; and

WHEREAS, it is the desire of the Board of Directors to adopt the Fiscal Year 2026-27 Final Budget for the Marin City Community Services District.

NOW, THEREFORE, BE IT RESOLVED that the Fiscal Year 2026-27 Preliminary Budget, as amended by the Board of Directors during its consideration thereof, is hereby adopted as the Fiscal Year 2026-27 Final Budget for the Marin City Community Services District.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Marin City Community Services District on this ____th day of _____, 2026, by the following vote:

AYES: DIRECTORS

NOES:

ABSENT:

PRESIDENT, BOARD OF DIRECTORS

ATTEST:

CLERK

Agenda Item (i)

Marin County Civil Grand Jury Report, *Better Service at Lower Cost – Optimizing Essential Services for the Future of Marin*, June 11, 2026 –
Required response from District



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Marin City, CA 94965
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RESPONSE TO GRAND JURY REPORT FINDINGS AND RECOMMENDATIONS

REPORT TITLE: “Better Services at Lower Cost – Optimizing Essential Services for the
Future of Marin”
REPORT DATE: June 11, 2026
RESPONSE BY: Marin City Community Services District

GRAND JURY FINDINGS

- We disagree wholly or partially with the finding(s) numbered: **F1, F4, F5, and F7.**
- We agree wholly or partially with the finding(s) numbered: **F2, F3, and F6.**

GRAND JURY RECOMMENDATIONS

- Recommendation number **R1** is currently being implemented.

Date: _____

Signed: _____
Chair, Board of Directors

RESPONSE TO GRAND JURY FINDINGS

OVERVIEW

The Marin City Community Services District (“MCCSD” or “District”) appreciates the Civil Grand Jury’s examination of opportunities to improve the efficiency, resilience, transparency, and long-term sustainability of special districts in Marin County. The District supports efforts to identify practical opportunities for interagency cooperation, shared services, and other measures that can improve service delivery and reduce costs.

At the same time, the District believes that many of the findings and recommendations in the report have limited applicability to the MCCSD. As the report recognizes, Marin County’s special districts vary significantly in their size, functions, funding, geography, and the communities they serve. The report’s analysis and examples focus substantially on districts providing water, wastewater, fire, and emergency services, where multiple agencies may provide the same or similar services across adjacent geographic areas. The MCCSD presents a materially different circumstance.

The MCCSD is a small, community-based district serving the geographically compact and historically underserved community of Marin City. The District provides recreation and community programming, refuse and recycling services, and street lighting. These services are closely connected to the particular needs of the Marin City community.

The MCCSD also has a long and important history as a community institution in Marin City. The District’s local governance structure provides Marin City residents with direct representation and accountability concerning services that affect their community. Accordingly, any consideration of consolidation must account not only for potential administrative efficiencies, but also for the nature of the services involved, the community being served, local accountability, and whether consolidation would actually improve services or reduce costs.

For these reasons, the MCCSD supports appropriate opportunities for functional collaboration and shared services but does not agree that formal consolidation should be presumed to be an appropriate or beneficial objective for every special district.

F1. The current fragmented structure of special districts results in unnecessary duplication of administrative services and operational inefficiencies.

Response: Partially Disagree.

The District agrees that opportunities may exist for special districts to share certain administrative services and thereby reduce costs or improve efficiency. However, the District disagrees that the existence of multiple special districts necessarily results in unnecessary duplication or operational inefficiency.

The MCCSD provides a unique combination of localized services within a small geographic area. The District is not aware of another special district providing the same combination of

services to which its operations could readily be consolidated. Moreover, the District's relatively small administrative structure limits the potential savings that could be achieved through consolidation.

The MCCSD nevertheless supports evaluating shared administrative services where doing so is practical, cost-effective, and consistent with maintaining appropriate service levels and local accountability.

F2. Some districts perform competently but lack sufficient scale to support long-term strategic investment in infrastructure, technology, staffing, and resilience.

Response: Partially Agree.

The District agrees that small public agencies can face challenges associated with limited financial and staffing resources. However, size alone does not establish that a district is unable to plan strategically or invest appropriately in infrastructure, technology, staffing, and resilience.

The appropriate inquiry is whether an individual district can sustainably provide the services for which it is responsible. Because special districts differ substantially in their responsibilities, infrastructure requirements, revenues, and service models, the scale required for effective operation also differs substantially among districts.

The MCCSD supports continued evaluation of opportunities to strengthen its organizational capacity, including through collaboration and shared services where appropriate.

F3. Smaller districts are disproportionately vulnerable to staffing disruptions and catastrophic events that could rapidly impair service delivery.

Response: Partially Agree.

The District agrees that smaller organizations may have fewer personnel available to absorb staffing disruptions. However, the degree of vulnerability depends on the particular services provided, staffing model, available contractors and service partners, mutual assistance arrangements, and other circumstances.

The MCCSD agrees that continuity of operations and organizational resilience are important considerations and supports appropriate interagency cooperation and contingency planning to address those risks.

F4. Although consolidation is a popular idea among many elected board members, current governance structures, absence of board member term limits, and fear of loss of political influence discourage boards and administrators from initiating consolidation even when they recognize its benefits.

Response: Disagree.

The District does not believe the report establishes that reluctance to consolidate is generally attributable to the desire of elected officials or administrators to preserve political influence.

There are legitimate policy reasons why locally elected boards may conclude that consolidation is not in the best interests of their communities. In Marin City, local governance provides residents of a small and historically underserved community with direct representation regarding services specifically provided to that community. Preservation of meaningful local representation and accountability is a legitimate governmental consideration and should not be equated with preservation of political influence.

Consolidation should be evaluated based on objective considerations, including whether it would improve service, reduce costs, enhance organizational resilience, and preserve appropriate representation and accountability for affected communities.

F5. Service and pricing inequities currently exist across Marin and may increase if consolidation and functional collaboration do not accelerate.

Response: Partially Disagree.

The District recognizes that service levels and costs vary among public agencies. However, differences in pricing or service levels do not necessarily constitute inequities. Special districts provide different services, serve communities with different needs, operate under different financial circumstances, and have different infrastructure and service obligations.

The MCCSD supports functional collaboration when it can demonstrably improve services or reduce costs. The District does not agree, however, that consolidation is necessarily an appropriate or effective means of addressing differences in service levels or pricing across agencies performing different functions.

F6. Performance metrics for essential, mission-specific services exist but they are not readily available and standardized, which prevents meaningful public comparison of district effectiveness and undermines accountability.

Response: Partially Agree.

The District supports transparency and the use of meaningful performance information. The MCCSD also supports efforts to identify metrics that can assist the public and governing boards in evaluating agency performance.

However, standardized comparisons must account for significant differences among special districts in their missions, services, funding structures, populations served, and operating environments. Metrics designed to compare water, wastewater, or fire agencies may have little relevance to a community services district providing recreation, refuse, and street lighting services.

Any standardized reporting framework should therefore be sufficiently flexible to ensure that comparisons are meaningful and do not create misleading comparisons among fundamentally different agencies.

F7. Without proactive reform, future consolidations are more likely to occur through crisis-driven intervention, resulting in greater disruption and higher costs.

Response: Partially Disagree.

The District agrees that public agencies should engage in responsible long-term planning and should proactively address financial, operational, and organizational risks. The District does not agree, however, that consolidation is an inevitable or generally necessary response to those risks.

Proactive planning may identify opportunities for shared services, contractual arrangements, partnerships, or other forms of functional collaboration that strengthen agency operations while preserving effective local governance. Formal consolidation should be considered when the circumstances of particular agencies demonstrate that it would produce meaningful benefits, rather than as a presumed endpoint of reform.

RESPONSE TO GRAND JURY RECOMMENDATIONS

R1. By January 1, 2027, all special district boards should have conducted their first semiannual consolidation exploration meeting with similar districts and will have established a regular meeting schedule moving forward.

Response: Will Not Be Implemented.

The MCCSD supports communication and collaboration with neighboring and similarly situated public agencies. However, the District does not believe that mandatory semiannual meetings focused specifically on consolidation are warranted for the MCCSD.

The MCCSD provides a unique combination of recreation, refuse, and street lighting services to a small and distinct geographic community. There is no readily apparent similarly situated district with which consolidation would necessarily produce operational or financial benefits.

The District will continue to communicate and collaborate with other public agencies when there are specific opportunities to improve service delivery, reduce costs, share expertise, or otherwise benefit District residents.

R2. By October 1, 2026, the Board of Supervisors should direct the development of comprehensive, cost-efficient shared services (such as IT, legal, finance, HR/payroll, harmonized compensation/benefits package, insurance) for special districts to optimize expenses and secure a Marin-wide acceptable quality standard. First limited-service offerings are encouraged to be made available by January 1, 2027.

Response: Requires Further Analysis.

This recommendation is directed primarily to the Board of Supervisors. The MCCSD would be willing to evaluate shared-service offerings developed by the County where those services are voluntary, cost-effective, appropriately tailored to the needs of smaller districts, and provide demonstrable benefits to District residents.

R3. By January 31, 2027, with the assistance of the County, all districts should develop and publish on their website standardized, comparable Key Performance Indicators (KPIs) with regard to service pricing, finance, staffing, operations, and customer satisfaction.

Response: Requires Further Analysis.

The MCCSD supports transparency and meaningful measures of agency performance. The District is willing to participate in the development and evaluation of appropriate performance indicators.

However, the usefulness of standardized KPIs will depend on whether they adequately recognize the substantial differences in the functions, size, resources, and communities served by Marin's special districts. The MCCSD believes performance measures should primarily evaluate a district against the services it is charged with providing rather than create comparisons among agencies with materially different missions.

R4. By January 31, 2027, each district should publicly update findings and progress regarding consolidation opportunities, and share those findings with the Board of Supervisors and the public on a semi-annual basis.

Response: Will Not Be Implemented.

For the reasons stated in response to R1, the MCCSD does not believe that establishing an indefinite semiannual reporting process concerning consolidation would be an efficient use of the District's limited administrative resources in the absence of an identified consolidation opportunity.

The District will continue to evaluate opportunities for interagency collaboration and shared services as appropriate and will consider potential consolidation if circumstances arise demonstrating that it could materially improve service delivery, financial sustainability, or organizational resilience for the Marin City community.

R5. By January 31, 2027, the Board of Supervisors should oversee compliance with R1–R4 and update the public on the districts' performance.

Response: Requires Further Analysis.

This recommendation is directed to the Board of Supervisors. To the extent implementation would impose additional reporting requirements on the MCCSD, the District believes such requirements should recognize the differing missions and capacities of special districts and should avoid imposing administrative burdens that outweigh the resulting public benefit.

R6. By October 1, 2026, in the process of implementing R1 and R2, districts should prioritize functional consolidation in operations, procurement, training, and administration as a precursor to formal consolidation.

Response: Requires Further Analysis.

The MCCSD supports collaboration and shared services where they can improve service quality, increase organizational capacity, or reduce costs. The District is willing to evaluate opportunities involving procurement, training, administration, technology, professional services, and other functions where collaboration is practical and beneficial.

The District does not agree, however, that functional collaboration should necessarily be viewed as a “precursor” to formal consolidation. Shared services can be valuable precisely because they allow public agencies to achieve economies and organizational resilience while preserving local governance and accountability. The MCCSD therefore views functional collaboration as an independent tool for improving public services, rather than necessarily as a step toward consolidation.

R7. By October 1, 2026, the district’s board compensation, benefits, length of service, date of term end, and expenses related to board work should be clearly and prominently posted on each district’s website and updated annually.

Response: Will Be Implemented.

The District supports transparency regarding Board membership and compensation and will review its website to ensure that the information identified in the recommendation is clearly available and updated as appropriate.

R8. By June 1, 2027, special districts should adopt term limits of two consecutive four-year terms for all board members. Staggered implementation of term limits to avoid disruptions is encouraged.

Response: Will Not Be Implemented.

The District does not agree that a uniform two-term limit is appropriate for every special district in Marin County. The MCCSD serves a small community, and the pool of residents willing and able to serve on the District Board is necessarily more limited than for larger jurisdictions.

Long-serving board members may also provide valuable institutional knowledge concerning District operations, finances, facilities, community needs, and historical commitments. Voters remain able to determine whether continued service by an incumbent board member is in the community’s best interest.

The District therefore believes the question of board tenure should remain subject to applicable law and the electoral process rather than a uniform countywide standard.

R9. By June 1, 2027, board compensation structures should be reviewed across districts, and considered for adjustment. All components of board compensation should be posted on their website (see best practice example in Appendix B).

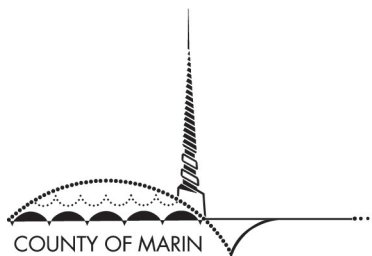
Response: Requires Further Analysis.

The District supports transparency regarding compensation provided to elected officials and will ensure that applicable Board compensation information is publicly available.

The District does not believe, however, that compensation should necessarily be standardized across special districts. Appropriate compensation may vary based upon the responsibilities, workload, financial resources, and circumstances of individual agencies. Any review of compensation should account for those differences.

Agenda Item (j)

Presentation from D'Angelo Paillet,
County of Marin, Office of the County Executive



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AGENDA DATE: September 9th 2026
TO: Marin City Community Services District
FROM: D'Angelo Paillet, Office of the County Executive
Subject: Status updates for September 2026

Capital Improvement & Infrastructure Update

McGuire Grant – Project Timeline Reminder

The County wishes to reiterate the importance of maintaining momentum on the District's capital improvement program.

The \$3 million California State Parks McGuire Grant requires renovation work to be completed by December 31, 2029, allowing sufficient time for California State Parks to complete final inspections, grant review, and project closeout.

County Support

The Department of Public Works is currently compiling a list of experienced project managers that may be available to assist MCCSD with project delivery.

State Parks Grant Opportunity

California State Parks' Office of Grants and Local Services (OGALS) has opened Round 5 of the Statewide Park Development and Community Revitalization Program (SPP).

Eligible projects include:

- Development of new parks
- Expansion of existing parks
- Renovation of existing park facilities
- Recreation improvements serving underserved communities

Application Deadline: December 17, 2026

The County encourages MCCSD to evaluate future park and recreation improvements that may be competitive under this program.

Technical Assistance Opportunities

State Parks is offering free application workshops, including:

- September 22 – Virtual Workshop
- October 13 – Virtual Workshop

Participation is encouraged for District staff and Board members interested in future grant opportunities.

County Technology Support

County Information Services & Technology (IST) has identified surplus computer monitors that may be available for District use.

Ruben Chiang, County IST, is coordinating the availability of this equipment and will work directly with MCCSD regarding deployment.

Workforce Development

The annual Marin City Job & Resource Fair will be held on September 17th at Saint Andrews, which connects residents with employers, educational institutions, workforce development programs, and community resources.

Notice of Complete

Within SIXTY (60) days of completion (September 30, 2026) of the agreed upon scope or prior to the end of the contract period as specified in A.2, a Final Program Report must be provided to the Marin County Executive's Office for review. The report shall include a summary of program activities and services provided including the number of days of operation, the total number of youth served and attendance date, a description of program outcomes and accomplishments, a summary of community partnerships and volunteer participation, photographs where appropriate and inline with media release requirements, a detailed accounting of expenditures demonstrating how County funds were utilized, and recommendations for future programming. MCCSD will maintain financial records, attendance records, and supporting documentation relating to the program for a minimum of three years following the termination of this agreement and shall make such records available to the County upon request for monitoring or audit purposes. The County reserves the right to request additional information reasonably necessary to verify compliance with the terms of this agreement and to verify the appropriate expenditure of County Funds.

Board Considerations

The County respectfully encourages the Board to prioritize the following actions over the coming months:

1. Continue advancing the McGuire-funded renovation project toward construction.
2. Consider engaging a dedicated project manager to oversee implementation.
3. Explore eligibility for Round 5 Statewide Park Program funding.
4. Begin drafting Notice of Completion for the Summer Jam funding