

**TAMALPAIS COMMUNITY SERVICES
DISTRICT**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024



CROCE, SANGUINETTI, & VANDER VEEN

INC.

CERTIFIED PUBLIC ACCOUNTANTS

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CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Tamalpais Community Services District
Mill Valley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Tamalpais Community Services District** (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the **Tamalpais Community Services District** as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. 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 **Tamalpais 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 **Tamalpais 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 opinion. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 **Tamalpais 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Tamalpais 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.

Required Supplementary Information

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.

Certified Public Accountants

Stockton, California

February 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

TAMALPAIS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2024

This narrative overview and analysis of the Tamalpais Community Services District's (District) financial activities for the fiscal year ended June 30, 2024 has been provided by the management of the District. The management's discussion and analysis is intended to serve as an introduction to the District's financial statements which follow this section and is recommended to be reviewed in conjunction with them.

Financial Highlights

- The District's net position increased by \$4,434,447 over the prior year, including a \$1,053,164 increase in net position of governmental activities and a \$3,381,283 increase in net position of business-type activities. The District's net position is now \$17,330,343.
- Total assets of the District were \$32,542,008 with capital assets at \$12,292,023 net of accumulated depreciation. Current and other assets were \$20,249,985.
- Total liabilities were \$18,988,437 consisting of long-term liabilities of \$17,824,191 and other current liabilities at \$1,164,246.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$17,330,343 (net position). Of this amount, \$19,335,202 (unrestricted net position) is available to meet the District's ongoing obligations, and (\$2,004,859) is net investment in capital assets.
- On the current financial resources basis, the District's governmental fund revenues exceeded expenditures by \$490,403. The proprietary fund revenues exceeded expenditures by \$3,381,283.
- At year-end, there was \$1,930,303 in cash and investments to fund future governmental activities, and \$18,024,740 in cash and investments to fund future business-type activities.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2024

Overview of the Financial Statements

The District's financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to financial statements including required supplemental information.

Government-wide and fund financial statements present the results of operations for different functions of the District as follows:

1. **Government-Wide financial statements** provide both long-term and short-term information about the District's overall financial position in a manner similar to private-sector business.

The **Statement of Net Position** displays all of the District's assets and liabilities, with the difference between the two reported as net position. The **Statement of Activities** provides all current year revenues and expenses on an accrual basis of accounting regardless of when cash is received or paid. These two government-wide statements report the District's net position and how they have changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The government-wide financial statements separately present the District's functions as follows:

- **Governmental activities** include services financed mainly through property taxes. The District's parks and recreation, Measure A, and CalRecycle services comprise its governmental activities.
 - **Business-type activities** include services financed, in whole or in part, by fees paid by those who directly benefit from the service. The District's business-type activities include wastewater collection and treatment and garbage collection and disposal.
2. **Fund financial statements** focus on the individual functions of the District, and report the District's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control their resources that are legally restricted or otherwise earmarked for special purposes. The District reports its fund financial statements in the following two categories:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) short-term inflows and outflows of expendable

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Management’s Discussion and Analysis

June 30, 2024

Overview of the Financial Statements (Continued)

resources, and 2) the resources remaining at the end of the fiscal year that are available for future use. Because the focus of governmental funds is narrower than the government-wide financial statements, a reconciliation that explains the relationship (or differences) between them is presented following each of the governmental fund statements.

- **Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements in more detail.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Government-Wide Financial Statements

A review of net position over time may serve as a useful indicator of the District’s financial position. Net position represents the difference between the District’s assets, deferred outflows, liabilities, and deferred inflows. As of June 30, 2024, the District’s net position was \$17,330,343, an increase of \$4,434,447 from the prior year. The following table outlines the District’s net position by function for the current and prior fiscal years.

Tamalpais Community Services District Net Position (Deficit)
(rounded to nearest dollar)
As of June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total		Variance
	2024	2023	2024	2023	2024	2023	
Assets							
Current and other assets	\$ 1,995,832	\$ 1,518,746	\$ 18,254,153	\$ 17,724,106	\$ 20,249,985	\$ 19,242,852	\$ 1,007,133
Capital assets, net	<u>1,858,090</u>	<u>1,488,245</u>	<u>10,433,933</u>	<u>8,769,440</u>	<u>12,292,023</u>	<u>10,257,685</u>	<u>2,034,338</u>
Total assets	<u>3,853,922</u>	<u>3,006,991</u>	<u>28,688,086</u>	<u>26,493,546</u>	<u>32,542,008</u>	<u>29,500,537</u>	<u>3,041,471</u>
Deferred outflows of resources	<u>416,469</u>	<u>541,757</u>	<u>4,219,817</u>	<u>4,284,403</u>	<u>4,636,286</u>	<u>4,826,160</u>	<u>(189,874)</u>
Liabilities							
Current liabilities	1,694	15,011	1,162,552	1,179,504	1,164,246	1,194,515	(30,269)
Non-current liabilities	<u>712,605</u>	<u>916,383</u>	<u>17,111,586</u>	<u>18,034,256</u>	<u>17,824,191</u>	<u>18,950,639</u>	<u>(1,126,448)</u>
Total liabilities	<u>714,299</u>	<u>931,394</u>	<u>18,274,138</u>	<u>19,213,760</u>	<u>18,988,437</u>	<u>20,145,154</u>	<u>(1,156,717)</u>
Deferred Inflows of resources	<u>313,698</u>	<u>428,124</u>	<u>545,816</u>	<u>857,523</u>	<u>859,514</u>	<u>1,285,647</u>	<u>(426,133)</u>
Net Position (Deficit)							
Net investment in capital assets	1,858,090	1,488,245	(3,862,949)	(6,311,251)	(2,004,859)	(4,823,006)	2,818,147
Unrestricted	<u>1,384,304</u>	<u>700,985</u>	<u>17,950,898</u>	<u>17,017,917</u>	<u>19,335,202</u>	<u>17,718,902</u>	<u>1,616,300</u>
Total net position (deficit)	<u>\$ 3,242,394</u>	<u>\$ 2,189,230</u>	<u>\$ 14,087,949</u>	<u>\$ 10,706,666</u>	<u>\$ 17,330,343</u>	<u>\$ 12,895,896</u>	<u>\$ 4,434,447</u>

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2024

Financial Analysis of the Government-Wide Financial Statements (Continued)

By far, the largest portion of the District's net position, less any related outstanding debt used to acquire those assets, reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, etc.). The District uses its capital assets to provide the services it is responsible for and those assets don't represent future expendable resources. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations.

The following table displays the change in the District's net position for the year ended June 30, 2024.

Tamalpais Community Services District Change in Net Position

Revenues	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues						
Charges for services	\$ 149,884	\$ 159,049	\$ 8,916,403	\$ 8,681,934	\$ 9,066,287	\$ 8,840,983
Operating grants and contributions	541,804	77,970	15,868	28,329	557,672	106,299
General revenues						
Property taxes	1,295,210	1,129,343	-	-	1,295,210	1,129,343
Investment earnings	72,977	8,933	744,531	172,295	817,508	181,228
Miscellaneous	45,403	16,970	18,416	8,003	63,819	24,973
Total revenues	2,105,278	1,392,265	9,695,218	8,890,561	11,800,496	10,282,826
Expenses						
Parks and recreation	1,024,520	1,035,413	-	-	1,024,520	1,035,413
Measure A	27,594	107,209	-	-	27,594	107,209
CalRecycle	-	-	-	-	-	-
Sanitation	-	-	4,311,293	4,432,111	4,311,293	4,432,111
Refuse	-	-	2,002,642	1,826,008	2,002,642	1,826,008
Total expenses	1,052,114	1,142,622	6,313,935	6,258,119	7,366,049	7,400,741
Transfers	-	-	-	-	-	-
Change in net position	1,053,164	249,643	3,381,283	2,632,442	4,434,447	2,882,085
Net position, beginning of year	2,189,230	1,939,587	10,706,666	8,074,224	12,895,896	10,013,811
Net position, end of year	\$ 3,242,394	\$ 2,189,230	\$14,087,949	\$10,706,666	\$17,330,343	\$12,895,896

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TAMALPAIS COMMUNITY SERVICES DISTRICT

Management’s Discussion and Analysis

June 30, 2024

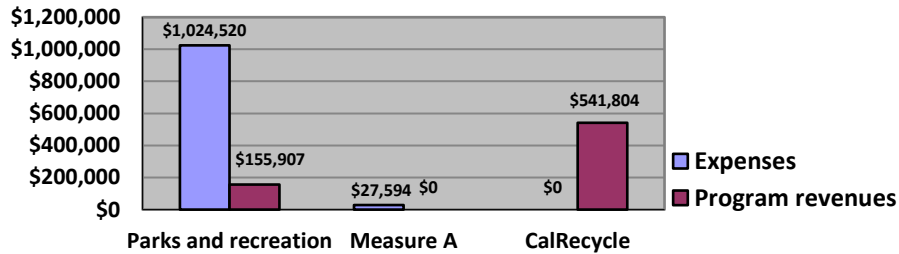
Financial Analysis of the Government-Wide Financial Statements (Continued)

The \$4,434,447 increase in total net position is attributed to each function for both governmental and business-type activities as follows:

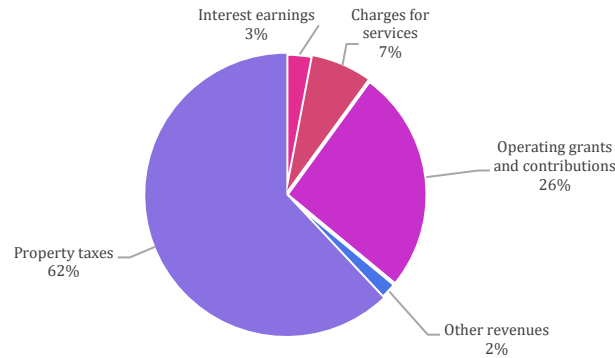
Governmental Activities

- Operating grants and contributions increased by \$463,834 due to the CalRecycle grant from the Department of Resources Recycling and Recovery received during the current year.
- Investment earnings increased by \$64,044 due to an increase in interest rates during the current year.
- Measure A expenses decreased by \$79,615 as a result of a decrease in expenses incurred relative to repairs on the cabin that occurred in the prior year.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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TAMALPAIS COMMUNITY SERVICES DISTRICT

Management’s Discussion and Analysis

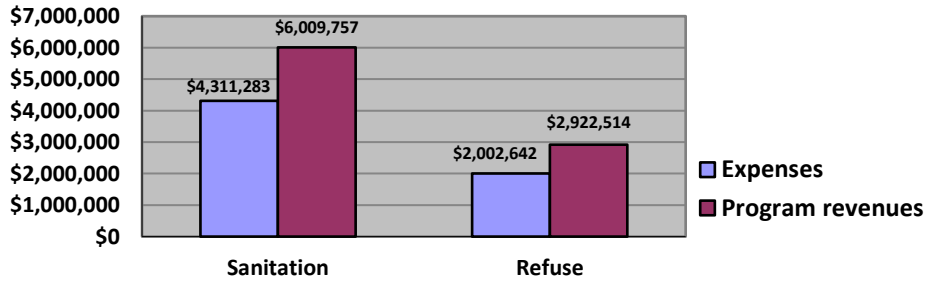
June 30, 2024

Financial Analysis of the Government-Wide Financial Statements (Continued)

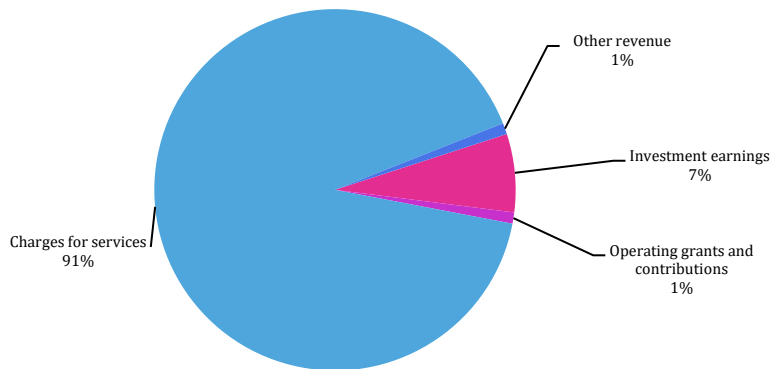
Business-type Activities

- Charges for services increased \$234,469 due to an increase in sewer and refuse service charge rates.
- Expenses increased \$55,816, the largest components of this increase are: employee benefits and contract services.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



TAMALPAIS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2024

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide short-term inflows and outflows and balances of current expendable resources. In particular, the *unassigned fund balance* presented in the balance sheet may serve as a useful measure of the District's resources available for spending at the end of its fiscal year.

As of the end of the current fiscal year, the District's combined governmental fund revenues exceeded expenditures by \$490,403 primarily due to increased property tax revenues and operating grants. This resulted in a \$490,403 increase in the combined ending fund balance of the District's governmental funds. The fund balance of the parks and recreation fund increased by \$87,698, the fund balance of the Measure A fund decreased by \$133,076 and the fund balance of the CalRecycle fund increased by \$535,781. At year-end, the combined fund balance of governmental funds was \$1,994,138, consisting of \$230,000 assigned for capital outlay, and \$1,764,138 was unassigned.

Proprietary Funds

The District's proprietary fund statements provide the same type of information, in more detail, on the business-type activities presented in the government-wide financial statements.

The net position of the proprietary funds increased by \$3,381,283 from \$10,706,666 to \$14,087,949. The net position included \$17,950,898 in unrestricted net position which has increased by \$932,981 or 5% from the previous year. The increase in unrestricted net position is due primarily to increased revenues during the current year. Changes in total net position from last year are as follows: Sanitation increase of \$2,295,057 and refuse increase of \$1,086,226.

Budgetary Highlights

The District adopts annual operating budgets for both the governmental and the proprietary funds, and this report includes the results of governmental fund operations on a budgetary comparison basis. The District Board also adopts budget amendments during the course of the fiscal year to adjust for unforeseen circumstances and changes in priorities.

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TAMALPAIS COMMUNITY SERVICES DISTRICT

Management’s Discussion and Analysis

June 30, 2024

Budgetary Highlights (Continued)

Parks and Recreation Fund

The parks and recreation fund reflects a net negative budget variance of \$45,395 when comparing actual amounts to the final budget for the fiscal year. The actual revenues were more than the budgeted amount by \$244,482 and actual expenditures were over the budget by \$289,877.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2024, the District’s investment in capital assets amounted to \$12,292,023 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, vehicles, park facilities and sanitation and refuse systems.

The District’s total investment in capital assets before depreciation increased by \$2,450,039 from \$19,653,522 to \$22,103,561. Significant additions of capital assets included:

- Collection System (\$1,169,809)
- Leasehold improvements (\$13,361)
- Equipment (\$17,194)
- Vehicles (\$398,715)

The following table displays the changes in District’s capital assets, net of accumulated depreciation.

Tamalpais Community Services District’s Capital Assets
(net of depreciation, in rounded dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 416,500	\$ 416,500	\$ 29,853	\$ 29,853	\$ 446,353	\$ 446,353
Buildings and improvements	1,975,000	1,975,000	721,777	721,777	2,696,777	2,696,777
Collection system	-	-	11,453,440	10,278,465	11,453,440	10,278,465
Pumping stations	-	-	2,798,622	2,798,622	2,798,622	2,798,622
Equipment	85,299	85,299	633,605	616,411	718,904	701,710
Leasehold improvements	853,531	840,170	-	-	853,531	840,170
Vehicles	90,788	90,788	1,806,092	1,492,756	1,896,880	1,583,544
Construction in progress	<u>460,472</u>	<u>-</u>	<u>778,582</u>	<u>307,881</u>	<u>1,239,054</u>	<u>307,881</u>
Total	3,881,590	3,407,757	18,221,971	16,245,765	22,103,561	19,653,522
Less accumulated depreciation	<u>(2,023,500)</u>	<u>(1,919,512)</u>	<u>(7,788,038)</u>	<u>(7,476,325)</u>	<u>(9,811,538)</u>	<u>(9,395,837)</u>
Net capital assets	<u>\$ 1,858,090</u>	<u>\$ 1,488,245</u>	<u>\$10,433,933</u>	<u>\$ 8,769,440</u>	<u>\$ 1,292,023</u>	<u>\$10,257,685</u>

Additional information on the District’s capital assets can be found in Note C of the “Notes to Financial Statements” section.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis

June 30, 2024

Long-term Debt

During fiscal year 2024, all debt service was paid when and as required. Additional information about long-term debt can be found in Note D of this report.

Long-term Liabilities

As a result of implementing GASB Statement No. 75, the District has accrued a liability of \$1,452,874 for post-employment benefits other than pensions at the end of the fiscal year.

As a result of implementing GASB Statement No. 68 and 71, the District has recorded a net pension liability of \$744,582 for retirement benefits to current and former employees at the end of the fiscal year.

During fiscal year 2021, the District received 2020 wastewater revenue certificates of participation bonds to finance certain wastewater betterment and improvement projects.

Economic Factors and Next Year's Budgets and Rates

For the 2024 fiscal year, parks and recreation fund revenue projections have been conservative and comparable to prior years.

On March 14, 2018, the District's Board adopted a Sewer Capital Improvement Program for FY 2018/19 through FY 2034/35. Also, on March 14, 2018, the District's Board approved resolution 2018-03 Reserve Policy for sanitation and refuse, based on recently adopted financial plans for the sanitation and refuse funds, and OPEB annual estimated expense.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's financial accountability and compliance with applicable laws for all those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information can be addressed to Tamalpais Community Services District, Attention: General Manager, 305 Bell Lane, Mill Valley, California 94941.

BASIC FINANCIAL STATEMENTS

TAMALPAIS COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2024

	<u>Governmental activities</u>	<u>Business-Type activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,930,303	\$ 10,985,226	\$ 12,915,529
Cash and investments - restricted	-	7,039,514	7,039,514
Accounts receivable	59,336	192,094	251,430
Interest receivable	6,193	35,096	41,289
Prepaid expenses	-	2,223	2,223
Capital assets, net of accumulated depreciation	<u>1,858,090</u>	<u>10,433,933</u>	<u>12,292,023</u>
Total assets	<u>3,853,922</u>	<u>28,688,086</u>	<u>32,542,008</u>
Deferred outflows of resources			
Pension related	334,508	1,019,283	1,353,791
OPEB related	81,961	260,727	342,688
Bond related	-	<u>2,939,807</u>	<u>2,939,807</u>
Total deferred outflows of resources	<u>416,469</u>	<u>4,219,817</u>	<u>4,636,286</u>
Liabilities			
Current liabilities			
Accounts payable	1,694	70,019	71,713
Interest payable	-	282,593	282,593
Bond payable - current	-	770,000	770,000
Current portion of long-term debt	-	39,940	39,940
Noncurrent liabilities			
Compensated absences	15,764	61,445	77,209
Long-term debt	-	126,942	126,942
Bond payable	-	13,360,000	13,360,000
Unamortized bond premium	-	2,062,584	2,062,584
Net OPEB liability	495,804	957,070	1,452,874
Net pension liability	<u>201,037</u>	<u>543,545</u>	<u>744,582</u>
Total liabilities	<u>714,299</u>	<u>18,274,138</u>	<u>18,988,437</u>
Deferred inflows of resources			
Pension related	8,773	23,718	32,491
OPEB related	<u>304,925</u>	<u>522,098</u>	<u>827,023</u>
Total deferred inflows of resources	<u>313,698</u>	<u>545,816</u>	<u>859,514</u>
Net Position			
Net investment in capital assets	1,858,090	(3,862,949)	(2,004,859)
Unrestricted	<u>1,384,304</u>	<u>17,950,898</u>	<u>19,335,202</u>
Total net position	<u>\$ 3,242,394</u>	<u>\$ 14,087,949</u>	<u>\$ 17,330,343</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

TAMALPAIS COMMUNITY SERVICES DISTRICT

Statement of Activities

For the year ended June 30, 2024

		Program revenues	
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>
Governmental activities			
Parks and recreation	\$ 1,024,520	\$ 149,884	\$ 6,023
Measure A	27,594	-	-
CalRecycle	-	-	535,781
Total governmental activities	1,052,114	149,884	541,804
Business-type activities			
Sanitation	4,311,293	6,009,757	-
Refuse	2,002,642	2,906,646	15,868
Total business-type activities	6,313,935	8,916,403	15,868
Total government	\$ 7,366,049	\$ 9,066,287	\$ 557,672

General revenues

Taxes

Property taxes

Homeowners' property tax relief

Investment income

Miscellaneous

Total general revenues

Changes in net position

Net position, beginning of year

Net position, end of year

Net (expenses) revenues and changes in net position

Governmental activities	Business-type activities	Totals
\$ (868,613)	\$ -	\$ (868,613)
(27,594)	-	(27,594)
<u>535,781</u>	<u>-</u>	<u>535,781</u>
<u>(360,426)</u>	<u>-</u>	<u>(360,426)</u>
-	1,698,464	1,698,464
<u>-</u>	<u>919,872</u>	<u>919,872</u>
<u>-</u>	<u>2,618,336</u>	<u>2,618,336</u>
<u>(360,426)</u>	<u>2,618,336</u>	<u>2,257,910</u>
1,292,572	-	1,292,572
2,638	-	2,638
72,977	744,531	817,508
<u>45,403</u>	<u>18,416</u>	<u>63,819</u>
<u>1,413,590</u>	<u>762,947</u>	<u>2,176,537</u>
1,053,164	3,381,283	4,434,447
<u>2,189,230</u>	<u>10,706,666</u>	<u>12,895,896</u>
<u>\$ 3,242,394</u>	<u>\$ 14,087,949</u>	<u>\$ 17,330,343</u>

The accompanying notes are an integral part of this financial statement.

TAMALPAIS COMMUNITY SERVICES DISTRICT

**Balance Sheet
Governmental Funds**

June 30, 2024

	<u>Parks and Recreation Fund</u>	<u>Measure A Fund</u>	<u>Nonmajor CalRecycle Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$1,350,662	\$ 43,860	\$ 535,781	\$1,930,303
Accounts receivable	59,336	-	-	59,336
Interest receivable	<u>6,193</u>	<u>-</u>	<u>-</u>	<u>6,193</u>
Total assets	<u>\$1,416,191</u>	<u>\$ 43,860</u>	<u>\$ 535,781</u>	<u>\$1,995,832</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	<u>\$ 1,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,694</u>
Total liabilities	<u>1,694</u>	<u>-</u>	<u>-</u>	<u>1,694</u>
Fund balances				
Assigned to:				
Capital outlay	230,000	-	-	230,000
Unassigned	<u>1,184,497</u>	<u>43,860</u>	<u>535,781</u>	<u>1,764,138</u>
Total fund balances	<u>1,414,497</u>	<u>43,860</u>	<u>535,781</u>	<u>1,994,138</u>
Total liabilities and fund balances	<u>\$1,416,191</u>	<u>\$ 43,860</u>	<u>\$ 535,781</u>	<u>\$1,995,832</u>

The accompanying notes are an integral part of this financial statement.

TAMALPAIS COMMUNITY SERVICES DISTRICT

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement
of Net Position**

June 30, 2024

Total fund balances - governmental funds \$ 1,994,138

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. 1,858,090

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences (15,764)
Net OPEB liability (495,804)
Net pension liability (201,037)

Deferred inflows and outflows of resources related to pensions and other post-employment benefits (OPEB) have not been included in the governmental funds balance sheet.

Deferred outflows related to pension 334,508
Deferred inflows related to pension (8,773)
Deferred outflows related to OPEB 81,961
Deferred inflows related to OPEB (304,925)

Net position of governmental activities \$ 3,242,394

The accompanying notes are an integral part of this financial statement.

TAMALPAIS COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

For the year ended June 30, 2024

	Parks and Recreation <u>Fund</u>	<u>Nonmajor</u>		Total Governmental <u>Funds</u>
		Measure A <u>Fund</u>	CalRecycle <u>Fund</u>	
Revenues				
Tax revenues	\$ 1,149,832	\$ 145,378	\$ -	\$ 1,295,210
Grant income	-	-	535,781	535,781
Charges for services	113,918	-	-	113,918
Investment income	72,977	-	-	72,977
Other	45,403	-	-	45,403
Rental income	35,965	-	-	35,965
Contributions	<u>6,023</u>	<u>-</u>	<u>-</u>	<u>6,023</u>
Total revenues	<u>1,424,118</u>	<u>145,378</u>	<u>535,781</u>	<u>2,105,277</u>
Expenditures				
Parks and recreation	1,141,041	-	-	1,141,041
Measure A	-	-	-	-
CalRecycle	-	-	-	-
Capital outlay	<u>195,379</u>	<u>278,454</u>	<u>-</u>	<u>473,833</u>
Total expenditures	<u>1,336,420</u>	<u>278,454</u>	<u>-</u>	<u>1,614,874</u>
Net change in fund balances	87,698	(133,076)	535,781	490,403
Fund balances, beginning of year	<u>1,326,799</u>	<u>176,936</u>	<u>-</u>	<u>1,503,735</u>
Fund balances, end of year	<u>\$ 1,414,497</u>	<u>\$ 43,860</u>	<u>\$ 535,781</u>	<u>\$ 1,994,138</u>

The accompanying notes are an integral part of this financial statement.

TAMALPAIS COMMUNITY SERVICES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities

For the year ended June 30, 2024

Net change in fund balances - governmental funds	\$ 490,403
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.	(103,988)
Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.	1,306
Changes in net OPEB liability and deferred inflows and outflows associated with net OPEB liability are recorded as an expense in the statement of activities, but are not reported in the funds.	23,594
Governmental funds report capital outlays as expenditures while governmental activities record depreciation expense to allocate those expenditures over the life of the assets.	473,833
Changes in net pension liability and deferred inflows and outflows associated with pensions are recognized in the statement of activities, but are not reported in the funds.	<u>168,016</u>
Change in net position of governmental activities	<u>\$ 1,053,164</u>

The accompanying notes are an integral part of this financial statement.

TAMALPAIS COMMUNITY SERVICES DISTRICT

**Statement of Net Position
Proprietary Funds**

June 30, 2024

Assets and Deferred Outflows of Resources

	<u>Sanitation Enterprise Fund</u>	<u>Refuse Enterprise Fund</u>	<u>Total</u>
Current assets			
Cash and investments	\$ 7,434,304	\$ 3,550,922	\$ 10,985,226
Cash and investments - restricted	7,039,514	-	7,039,514
Accounts receivable	111,718	80,376	192,094
Interest receivable	20,645	14,451	35,096
Prepaid expenses	<u>-</u>	<u>2,223</u>	<u>2,223</u>
Total current assets	<u>14,606,181</u>	<u>3,647,972</u>	<u>18,254,153</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	<u>10,017,163</u>	<u>416,770</u>	<u>10,433,933</u>
Total noncurrent assets	<u>10,017,163</u>	<u>416,770</u>	<u>10,433,933</u>
Deferred outflows of resources			
Pension related	328,863	690,420	1,019,283
OPEB related	103,230	157,497	260,727
Bond related	<u>2,939,807</u>	<u>-</u>	<u>2,939,807</u>
Total deferred outflows of resources	<u>3,371,900</u>	<u>847,917</u>	<u>4,219,817</u>
Total assets and deferred outflows of resources	<u>\$ 27,995,244</u>	<u>\$ 4,912,659</u>	<u>\$ 32,907,903</u>

Liabilities, Deferred Inflows of Resources and Net Position

	<u>Sanitation</u> <u>Enterprise Fund</u>	<u>Refuse</u> <u>Enterprise Fund</u>	<u>Total</u>
Current liabilities			
Accounts payable	\$ 21,886	\$ 48,133	\$ 70,019
Interest payable	282,593	-	282,593
Current portion of long-term debt	-	39,940	39,940
Bond payable - current	<u>770,000</u>	<u>-</u>	<u>770,000</u>
Total current liabilities	<u>1,074,479</u>	<u>88,073</u>	<u>1,162,552</u>
Noncurrent liabilities			
Compensated absences	28,362	33,083	61,445
Noncurrent portion of long-term debt	-	126,942	126,942
Bond payable	13,360,000	-	13,360,000
Unamortized bond premium	2,062,584	-	2,062,584
Net OPEB liability	190,232	766,838	957,070
Net pension liability	<u>186,146</u>	<u>357,399</u>	<u>543,545</u>
Total noncurrent liabilities	<u>15,827,324</u>	<u>1,284,262</u>	<u>17,111,586</u>
Deferred inflows of resources			
Pension related	8,123	15,595	23,718
OPEB related	<u>169,540</u>	<u>352,558</u>	<u>522,098</u>
Total deferred inflows of resources	<u>177,663</u>	<u>368,153</u>	<u>545,816</u>
Net position			
Net investment in capital assets	(4,112,837)	249,888	(3,862,949)
Unrestricted	<u>15,028,615</u>	<u>2,922,283</u>	<u>17,950,898</u>
Total net position	<u>10,915,778</u>	<u>3,172,171</u>	<u>14,087,949</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 27,995,244</u>	<u>\$ 4,912,659</u>	<u>\$ 32,907,903</u>

The accompanying notes are an integral part of this financial statement.

TAMALPAIS COMMUNITY SERVICES DISTRICT

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds**

For the year ended June 30, 2024

	Sanitation Enterprise <u>Fund</u>	Refuse Enterprise <u>Fund</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 6,009,757	\$ 2,906,646	\$ 8,916,403
Contributions	-	15,868	15,868
Other	<u>5,976</u>	<u>7,840</u>	<u>13,816</u>
Total operating revenues	<u>6,015,733</u>	<u>2,930,354</u>	<u>8,946,087</u>
Operating expenses			
Contract services	2,556,289	380,020	2,936,309
Salaries and wages	440,620	731,237	1,171,857
Employee benefits	111,506	361,426	472,932
Repairs and maintenance	260,698	181,571	442,269
Depreciation	330,570	66,522	397,092
Insurance	52,254	87,700	139,954
Professional fees	51,444	57,289	108,733
Fuel	19,616	53,509	73,125
Fees and permits	19,578	39,033	58,611
Supplies	26,130	23,014	49,144
Utilities	31,064	12,198	43,262
Directors' expenses	4,394	2,994	7,388
Travel, schools, seminars	<u>478</u>	<u>133</u>	<u>611</u>
Total operating expenses	<u>3,904,641</u>	<u>1,996,646</u>	<u>5,901,287</u>
Operating income	<u>2,111,092</u>	<u>933,708</u>	<u>3,044,800</u>
Nonoperating revenues (expenses)			
Interest revenue	586,016	158,514	744,530
Gain on disposal of assets	4,600	-	4,600
Debt service - interest	<u>(406,651)</u>	<u>(5,996)</u>	<u>(412,647)</u>
Total nonoperating revenues (expenses)	<u>183,965</u>	<u>152,518</u>	<u>336,483</u>
Changes in net position	2,295,057	1,086,226	3,381,283
Net position, beginning of year	<u>8,620,721</u>	<u>2,085,945</u>	<u>10,706,666</u>
Net position, end of year	<u>\$ 10,915,778</u>	<u>\$ 3,172,171</u>	<u>\$ 14,087,949</u>

TAMALPAIS COMMUNITY SERVICES DISTRICT

**Statement of Cash Flows
Proprietary Funds**

For the year ended June 30, 2024

	<u>Sanitation Enterprise Fund</u>	<u>Refuse Enterprise Fund</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers and users	\$ 6,023,392	\$ 2,903,817	\$ 8,927,209
Cash payments to suppliers for goods and services	(3,116,310)	(1,055,683)	(4,171,993)
Cash payments to employees and benefit providers	<u>(566,190)</u>	<u>(980,596)</u>	<u>(1,546,786)</u>
Net cash provided by operating activities	<u>2,340,892</u>	<u>867,538</u>	<u>3,208,430</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(1,793,386)	(268,199)	(2,061,585)
Principal payments on long-term debt	-	(38,809)	(38,809)
Interest paid on long-term debt	-	(5,996)	(5,996)
Principal payments on bond payable	(745,000)	-	(745,000)
Interest payments on bonds payable	(595,001)	-	(595,001)
Proceeds from sale of assets	<u>4,600</u>	<u>-</u>	<u>4,600</u>
Net cash used in capital and related financing activities	<u>(3,128,787)</u>	<u>(313,004)</u>	<u>(3,441,791)</u>
Cash flows from investing activities			
Interest income	<u>565,371</u>	<u>144,063</u>	<u>709,434</u>
Net cash provided by investing activities	<u>565,371</u>	<u>144,063</u>	<u>709,434</u>
Net (decrease) increase in cash and investments	(222,524)	698,597	476,073
Cash and investments, beginning of year	<u>14,696,342</u>	<u>2,852,325</u>	<u>17,548,667</u>
Cash and investments, end of year, (including \$7,039,514 of restricted cash and investments as of June 30, 2024)	<u>\$ 14,473,818</u>	<u>\$ 3,550,922</u>	<u>\$ 18,024,740</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,111,092	\$ 933,708	\$ 3,044,800
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	330,570	66,522	397,092
Pension related adjustments	74,687	231,333	306,020
OPEB related adjustments	(43,876)	(64,670)	(108,546)
Other	(2,947)	(6,002)	(8,949)
Change in assets and liabilities			
Accounts receivable	7,659	(26,537)	(18,878)
Deferred outflows related to pension	(84,013)	(185,571)	(269,584)
Deferred outflows related to OPEB	(47,016)	(61,164)	(108,180)
Accounts payable	(10,723)	(17,457)	(28,180)
Compensated absences	<u>5,723</u>	<u>(2,624)</u>	<u>2,835</u>
Net cash provided by operating activities	<u>\$ 2,340,892</u>	<u>\$ 867,538</u>	<u>\$ 3,208,430</u>

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Tamalpais Community Services District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The Tamalpais Community Services District was formed in 1967 at which time it assumed the assets, liabilities and operations of its predecessor, the Tamalpais Valley Sanitary District. The District provides sanitation service, refuse and debris removal, park maintenance and public recreation services to its constituents. The District is governed by an elected five-member Board of Directors.

District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include the financial activities of the overall District government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the District'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 (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

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. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

The *parcs and recreation fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Measure A fund* is a nonmajor fund. It accounts for activities that assist the District in managing its parks, open space preserves, recreation programs, and vegetation to promote biodiversity and reduce wildfire risk.

The *CalRecycle fund* is a nonmajor fund. It accounts for activities that assist the District to reduce, recycle and reuse solid waste to protect public health and safety and the environment. The majority of the fund consists of a one-time regional CalRecycle Local Assistance Grant. The District is the lead agency for the grant on behalf of seven Marin special districts. As the lead agency, the District is responsible for grant management and administration. The grant is for regional compliance and enforcement activities/programs required under SB1383.

Proprietary Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

The reporting entity includes the following enterprise funds, all of which are reported as major funds:

<u>Fund</u>	<u>Brief description</u>
Sanitation Fund	Accounts for activities associated with operating and maintaining the Districts collection and treatment of wastewater. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Refuse Fund	Accounts for the provision of refuse collection services to residents of the District. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the District's proprietary funds follow all GASB pronouncements currently in effect as well as Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict with GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's operating revenues include all revenues derived from sanitation and refuse services. The enterprise funds also recognize as operating revenue, the portion of connection fees and impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Measurement focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item “b.” below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified 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 government 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.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Cash and investments

For the purpose of financial reporting “cash and investments” includes all demand and savings accounts and short-term investments with an original maturity of three months or less. This also includes deposits with the State of California Local Agency Investment Fund (LAIF).

Investments for the District are reported at fair value.

Restricted cash and investments include proceeds from the 2020 wastewater revenue certificates of participation which are restricted for capital projects and repayment of bonds.

Accounts receivable

District management considers all accounts receivable to be fully collectible. Accordingly, an allowance for doubtful accounts has not been recorded in these financial statements.

Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Contributed assets are recorded at estimated fair value on the date of contribution. Donated capital assets are reported at acquisition value rather than fair value. The District’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years. The District has elected not to retroactively capitalize infrastructure capital assets acquired prior to June 30, 2003, as allowed by Government Accounting Standards Board (GASB) Statement No. 34.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the statement of net position as a reduction in the book value of capital assets.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets.

Leasehold improvements	7-40 years
Buildings and improvements	5-50 years
Equipment	5-20 years
Vehicles	5-7 years
Collection lines and improvements	10-40 years
Pumping stations	7-15 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and bonds payable. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Compensated absences

Compensated absences are accrued as earned by employees, and consist of accruals for vacation and sick time. The District's liability for compensated absences is reported in the Statement of Net Position for governmental activities in the government-wide financial statements.

Deferred outflow/inflows of resources

In addition to assets, liabilities and net position, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resource (revenue) until that time.

Contributions made to the District's pension and other post-employment benefit (OPEB) plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability and net OPEB liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension and OPEB expense and net pension and net OPEB liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

Other post-employment benefits other than pensions (OPEB)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain deferred timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 and June 30, 2023

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's portion of the Marin County Employees' Retirement Association (MCERA) Miscellaneous 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.

Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in other components of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority.

Assigned - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, District manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/ expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Property taxes

Property taxes are levied as of January 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Marin collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and February 1, and

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note A - Summary of Significant Accounting Policies (Continued)

become delinquent on December 10 and April 10. The District receives property taxes pursuant to an arrangement with the County known as the “Teeter Plan”. Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the District. The District recognizes property tax revenues in the fiscal year in which they are due to the District.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Budgetary accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. On or before the end of each fiscal year, the General Manager discusses with staff the budgetary needs of each division as the basis for preparing the proposed budget. The proposed budget is presented to the District’s Board for review. The Board of Directors holds public hearings and a final budget is approved by the Board.

The appropriated budget is prepared by fund, function and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Encumbrance accounting is not employed in governmental funds.

New accounting pronouncements

Standards not yet adopted

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023. The District will be required to implement the provisions of this Statement for the year ended June 30, 2025. The District has not determined the effect on the financial statements.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note B - Cash and Investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 19,955,044
Total cash and investments	<u>\$ 19,955,044</u>

Cash and investments as of June 30, 2024 consist of the following:

Deposits with financial institutions	\$ 9,869,344
Marin County Treasurer	82,120
Deposits held by bond trustee - deposits with financial institutions	283,423
Investments	<u>9,720,157</u>
	<u>\$ 19,955,044</u>

<u>Investment Type</u>	<u>Carrying value</u>	<u>Fair value</u>
California Local Agency Investment Fund (LAIF)	\$ 2,964,064	\$ 2,964,064
Marin County Treasurer	82,120	82,120
Deposits held by bond trustee - LAIF	<u>6,756,093</u>	<u>6,756,093</u>
	<u>\$ 9,802,277</u>	<u>\$ 9,802,277</u>

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "cash and investments". Cash balances from all participating funds are combined and invested to the extent possible, pursuant to the Board of Directors approved Investment Policy and guidelines, and the California Government Code Section 53600. The District's cash and investments are in instruments allowed by the District's Investment Policy.

The Government Code and the District's Investment Policy allow investments in the following instruments:

- Investment Type
- Local Agency Investment Fund
- Certificates of Deposit
- Public Funds Savings Account
- Money Market Account
- Checking Account

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing more shorter-term investments.

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

<u>Investment Type</u>	<u>Total</u>	Remaining maturity (in months)					
		12 months or less	13 - 24 months	25 - 36 months	37-48 months	49-60 months	More than 60 months
Local Agency							
Investment Fund	\$ 9,720,157	\$ 9,720,157	\$ -	\$ -	\$ -	\$ -	\$ -
Marin County							
Treasurer	<u>82,120</u>	<u>82,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,802,277</u>	<u>\$ 9,802,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	Rating as of Fiscal Year End					<u>As of Investment</u>
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>		
Local Agency									
Investment Fund	\$ 9,720,157	N/A	\$ -	\$ -	\$ -	\$ -	\$ 9,720,157	99%	
Marin County									
Treasurer	<u>82,120</u>	<u>N/A</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,120</u>	<u>1</u>	
Total	<u>\$ 9,802,277</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,802,277</u>	<u>100%</u>	

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk

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

As of June 30, 2024, the District's bank balance was \$10,345,671 and \$500,000 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law and the remaining amount of \$9,845,671 was collateralized as required by state law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

Marin County Treasurer

Cash held by the Marin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.co.marin.ca.us/>). The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. The fair value of the District's position of the Pool is the same value of the pool shares. The District's investment in the Pool is unrated, stated at cost which approximates fair value, available upon demand and considered cash equivalents.

California Local Agency Investment Fund

The District is a participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$178,048,356,232 of which 3.00% is invested in structured notes and asset-backed securities. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. No amounts were invested in derivative financial products. Participants equity in LAIF is determined by the dollar amount of the participant's deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily investment balances. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. There are no restrictions or limitations on withdrawals from LAIF.

Fair value hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note B - Cash and Investments (Continued)

The District's investment in the County of Marin Treasury Pool is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of Marin, which is calculated as the fair value divided by the amortized cost of the investment pool. The District's investment in the California Local Agency Investment Fund is classified as Level 2. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means. The District categorized its investments in LAIF based on the lowest significant input used to determine the fair market value of the total pool.

Note C - Capital Assets

Capital asset activity for the year ended June 30, 2024, is as follows:

	Balance				Balance
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Governmental activities					
Non-depreciable capital assets					
Land	\$ 416,500	\$ -	\$ -	\$ -	\$ 416,500
Construction in progress	<u>-</u>	<u>460,472</u>	<u>-</u>	<u>-</u>	<u>460,472</u>
Total non-depreciable capital assets	<u>416,500</u>	<u>460,472</u>	<u>-</u>	<u>-</u>	<u>876,972</u>
Depreciable capital assets					
Leasehold improvements	840,170	13,361	-	-	853,531
Buildings and improvements	1,975,000	-	-	-	1,975,000
Equipment	85,299	-	-	-	85,299
Vehicles	<u>90,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,788</u>
Total depreciable capital assets	2,991,257	13,361	-	-	3,004,618
Less accumulated depreciation	<u>(1,919,512)</u>	<u>(103,988)</u>	<u>-</u>	<u>-</u>	<u>(2,023,500)</u>
Net depreciable capital assets	<u>1,071,745</u>	<u>(90,627)</u>	<u>-</u>	<u>-</u>	<u>981,118</u>
Net capital assets	<u>\$ 1,488,245</u>	<u>\$ (90,627)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,858,090</u>

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note C - Capital Assets (Continued)

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
	<u>June 30, 2023</u>				<u>June 30, 2024</u>
Business-type activities					
Non-depreciable capital assets					
Land	\$ 29,853	\$ -	\$ -	\$ -	\$ 29,853
Construction in progress	<u>307,881</u>	<u>1,645,676</u>	<u>-</u>	<u>(1,174,975)</u>	<u>778,582</u>
Net non-depreciable capital assets	<u>337,734</u>	<u>1,645,676</u>	<u>-</u>	<u>(1,174,975)</u>	<u>808,435</u>
Depreciable capital assets					
Buildings and improvements	721,777	-	-	-	721,777
Collection lines and improvements	10,278,465	-	-	1,174,975	11,453,440
Pumping stations	2,798,622	-	-	-	2,798,622
Equipment	616,411	17,194	-	-	633,605
Vehicles	<u>1,492,756</u>	<u>398,715</u>	<u>(85,379)</u>	<u>-</u>	<u>1,806,092</u>
Total depreciable capital assets	15,908,031	415,909	(85,379)	1,174,975	17,413,536
Less accumulated depreciation	<u>(7,476,325)</u>	<u>(397,092)</u>	<u>85,379</u>	<u>-</u>	<u>(7,788,038)</u>
Net depreciable capital assets	<u>8,431,706</u>	<u>18,817</u>	<u>-</u>	<u>1,174,975</u>	<u>9,625,498</u>
Net capital assets	<u>\$ 8,769,440</u>	<u>\$ 1,664,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,433,933</u>

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental activities:

Parks and recreation	\$ 76,394
Measure A	27,594
CalRecycle	<u>-</u>
Total depreciation expense - Governmental activities	<u>\$ 103,988</u>

Business-type activities:

Sanitation	\$ 330,570
Refuse	<u>66,522</u>
Total depreciation expense - Business-type activities	<u>\$ 397,092</u>

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note D - Long-Term Debt

Long-term debt outstanding as of June 30, 2024 consist of the following:

<u>Notes payable</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amounts authorized and issued</u>	<u>Outstanding</u>	<u>Due within one year</u>
Mercedes-Benz					
Financial Services	2.915%	October 18, 2027	\$ 276,614	\$ 166,882	\$ 39,940
			<u>\$ 276,614</u>	<u>\$ 166,882</u>	<u>\$ 39,940</u>

The following is a summary of long-term debt issuances and transactions during the year ended June 30, 2024:

<u>Notes payable</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>
Mercedes-Benz				
Financial Services	\$ 205,691	\$ -	\$ (38,809)	\$ 166,882
	<u>\$ 205,691</u>	<u>\$ -</u>	<u>\$ (38,809)</u>	<u>\$ 166,882</u>

During May 2020, the District entered into a loan agreement with Mercedes-Benz Financial Services for the purpose of obtaining financing for the acquisition of two refuse collection trucks. The note is payable in annual principal and interest payments of \$44,804 and due in 2027.

Summary of long-term liabilities service requirements

Long-term liabilities service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 39,940	\$ 4,864	\$ 44,804
2026	41,104	3,700	44,804
2027	42,302	2,502	44,804
2028	<u>43,536</u>	<u>1,269</u>	<u>44,805</u>
Total requirements	<u>\$ 166,882</u>	<u>\$ 12,335</u>	<u>\$ 179,217</u>

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note E - Bonds Payable

The District incurred bonds payable to finance certain wastewater betterment and improvement projects.

Bond Issuance Costs and Premiums

For proprietary fund types, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium. With the implementation of Government Accounting Standards Board (GASB) Statement No. 65, the bond issuance costs, other than prepaid insurance, are required to be expensed in the year incurred.

Current year business-type transactions and balances

The District’s bond issues and transactions are summarized below and discussed in detail thereafter:

	<u>Original Amount</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Due within one year</u>
Business-type Activity Bonds						
Tamalpais Community						
Services District 2023						
Wastewater Revenue						
Certificates of						
Participation Bonds	\$ 16,430,000	\$ 14,875,000	\$ -	\$ (745,000)	\$ 14,130,000	\$ 770,000
Unamortized Premium	<u>2,749,606</u>	<u>2,236,031</u>	<u>-</u>	<u>(173,447)</u>	<u>2,062,584</u>	<u>-</u>
Totals	<u>\$ 19,179,606</u>	<u>\$ 17,111,031</u>	<u>\$ -</u>	<u>\$ (918,447)</u>	<u>\$ 16,192,584</u>	<u>\$ 770,000</u>

2020 Wastewater Revenue Certificates of Participation Bonds

In October 2020, the District issued \$16,430,000 in wastewater revenue Certificates of Participation bonds to finance the costs of certain improvements to the wastewater systems and refinance certain District obligations.

Pursuant to an Installment Sale Agreement between the Public Property Financing Corporation of California and the District, the District has pledged the net revenues of the District’s wastewater system.

These Certificates of Participation are held by the U.S. Bank National Association and mature through January 1, 2050. Interest is payable semi-annually on January 1st and July 1st each year and principal is payable annually on January 1st and have a stated interest rate of 4%.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note E - Bonds Payable (Continued)

Debt covenants include reserve requirements be maintained by the District equal to the annual debt service payments. The District is in compliance with those covenants as of June 30, 2024. Should the District fail to make the required payments or meet the covenants in the Installment Sale or Trust Agreement, all remaining principal and interest will become due and payable immediately.

Annual debt service requirements for business-type debt are shown below:

For the year ending June 30,	Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 770,000	\$ 549,800
2026	805,000	518,300
2027	835,000	485,500
2028	875,000	451,300
2029	680,000	420,200
2030-2034	2,365,000	1,796,100
2035-2039	2,135,000	1,342,100
2040-2044	2,275,000	912,700
2045-2049	2,770,000	410,000
2050	<u>620,000</u>	<u>12,400</u>
Total	<u>\$ 14,130,000</u>	<u>\$ 6,898,400</u>

Note F - Compensated Absences

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2024, the District's accrued liability for accumulated unused vacation leave and overtime is \$77,209. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.

Note G - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters. The District is a member of the Special Districts Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note G - Risk Management (Continued)

administer programs for the pooling of self-insured losses to purchase excess insurance or reinsurance and to arrange for group-purchased insurance and administrative expenses. At June 30, 2024, the District participated in the property, general and auto liability, and workers' compensation programs of the SDRMA as follows:

- General and auto liability, public officials, and employees' errors and omissions and employment practices liability; total risk financing self-insurance limits of \$5,000,000, combined single limit at \$5,000,000 per occurrence, subject to the following deductibles; \$25,000 per occurrence for third party general liability property damage, \$25,000 per occurrence for third party auto liability property damage; 50% co-insurance of cost expended by SDRMA in excess of \$10,000 up to \$50,000, per occurrence, for employment related claims.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty; forgery or alteration; and theft, disappearance, and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials' personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions and exclusions as provided in the memorandum of coverages, with a deductible of \$1,000 per claim.
- Workers' compensation insurance up to statutory limits per occurrence and Employers' Liability Coverage up to \$5 million.
- Comprehensive and collision insurance on selected vehicles with deductibles of \$250/\$500 or \$500/\$1,000, as elected.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal years 2024, 2023, and 2022. Liabilities of the District are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. The District considers claims insured and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note H - Pension Plans

General Information about the Pension Plans

Plan Descriptions - The District contributes to the Marin County Employees' Retirement Association (MCERA). MCERA is a cost-sharing multiple-employer retirement system governed by the 1937 Act of the California Government Code. MCERA acts as a common administrative and investment agent for defined benefit retirement plans for various local governmental agencies within the County of Marin. Copies of MCERA's annual financial reports, which include required supplementary information for each participant in the plan, may be obtained from the Marin County Employees' Retirement Association, One McInnis Parkway, Suite 100, San Rafael, California 94903.

Benefits Provided - MCERA provides retirement, disability, death, and survivor benefits to plan members and beneficiaries based on the employees' years of service, age, and final compensation. The plan covers all eligible District employees. Employees hired before January 1, 2013 are eligible to receive retirement benefits after 10 years of membership and having attained the age of 50, or 30 years of membership regardless of age. Employees hired on or after January 1, 2013 vest after 5 years of membership and may receive retirement benefits at age 62.

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous	
	<u>Tier 1 - Classic</u>	<u>Tier 2 - PEPRA</u>
	Prior to	On or after
Hire date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula	2% @ 58.5	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	100%	100%
Required employer contribution rates	22.29%	18.76%
Required employee contribution rates	9.26% - 13.32%	10.31%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by MCERA. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note H - Pension Plans (Continued)

For the year ended June 30, 2024, the contributions recognized as part of pension expense for the Plans were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 346,760

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ <u>744,582</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and 2023 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.2643%
Proportion - June 30, 2023	<u>0.2578%</u>
Change - increase (decrease)	(0.0065)%

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note H - Pension Plans (Continued)

For the year ended June 30, 2024, the District recognized pension expense of \$263,730. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Pension contributions subsequent to measurement date	\$ 346,760	\$ -
Differences between actual and expected experience	12,209	22,252
Changes in assumptions	21,703	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	764,499	10,239
Net differences between projected and actual earnings on plan investments	<u>208,620</u>	<u>-</u>
Total	<u>\$ 1,353,791</u>	<u>\$ 32,491</u>

\$346,760 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, 2025. 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>Annual Amortization</u>
2025	\$ 330,537
2026	181,682
2027	389,890
2028	<u>72,431</u>
Total	<u>\$ 974,540</u>

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note H - Pension Plans (Continued)

Actuarial Assumptions -The total pension liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions applied to all periods included in the measurement date. The key assumptions in the valuations were:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.75%
Inflation	2.50%
Projected Salary Increase	3.00% plus merit component (1)
Cost of Living Adjustments (COLA)	2.5% for those with a 4% COLA cap 2.4% for those with a 3% COLA cap 1.9% for those with a 2% COLA cap
Investment Rate of Return	6.75% (2)
Mortality Rates for Healthy Members and Inactives	Mortality rates for miscellaneous active members are based on sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale M9-2020, with no adjustments.
Mortality Rates for Retired Disabled Members	Rates of Mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments.

(1) Depending on age, service and type of employment

(2) Net of investment expenses

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note H - Pension Plans (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. Related to the discount rate is the funding assumption that employees will continue to contribute to the Plan at the required rates and employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (16 years remaining as of June 30, 2022 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (8 years remaining as of June 30, 2022 actuarial valuation).

The MCERA Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA's investments. The IPS establishes MCERA's investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2024:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32%	4.85%
International equity	22%	4.95%
Fixed income	23%	1.75%
Public real assets	7%	3.70%
Real estate	8%	3.25%
Private equity	8%	6.00%
Total	<u>100%</u>	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - A change in the discount rate would affect the measurement of the total pension liability. A lower discount rate results in a higher total pension liability and higher discount rates results in a lower total pension liability. Because the discount rate does not affect the measurement of assets, the percentage change in the net pension liability can be very significant for a relatively small change in the discount rate.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note H - Pension Plans (Continued)

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each 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>Description</u>	<u>1% Decrease</u> <u>5.75%</u>	<u>Discount Rate</u> <u>6.75%</u>	<u>1% Increase</u> <u>7.75%</u>
Net pension liability	\$ <u>1,875,340</u>	\$ <u>744,582</u>	\$ <u>(188,788)</u>

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

Note I - Deferred Compensation and Defined Contribution Retirement Plans

The District participates in retirement plans administered by MissionSquare Retirement Corporation (MissionSquare), a not-for-profit retirement plan provider serving local and state government employees. MissionSquare administers a 457 deferred compensation plan and a 401(a) defined contribution money purchase retirement savings plan for the District.

457 Plan - The District offers a deferred compensation plan in accordance with Internal Revenue Code Section 457. Under the plan, the employees elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by the employee until termination, death, or unforeseeable emergency. Total employee contributions to the plan during the year ended June 30, 2024 were \$18,000.

401(a) Plan - In August 2022, the District established a qualified retirement program in accordance with Internal Revenue Code Section 401(a). This defined contribution 401(a) Money Purchase Retirement Plan was established with MissionSquare. Total employee contributions to the plan during the year ended June 30, 2024 were \$14,475.

Note J - Joint Operating Agreements

The District does not own and operate a separate wastewater treatment plant facility. Pursuant to an agreement with the Sausalito-Marin City Sanitary District, the District's waste is transported through District-owned and District maintained lines for processing at the Sausalito-Marin City Sanitary District's plant. The District has a contractual obligation to pay Sausalito-Marin City Sanitary District for the treatment and disposal of wastewater based upon the District's respective number of equivalent dwelling units. The District records such operating costs as expenses in its sanitation enterprise.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note J - Joint Operating Agreements (Continued)

In addition, the District is a member of the Sewerage Agency of Southern Marin (SASM). The SASM is a joint powers agency formed in 1979 with six member agencies: Almonte Sanitary District, Alto Sanitary District, City of Mill Valley, Richardson Bay Sanitary District, and the Tamalpais Community Services District. The SASM is a stand-alone governmental entity and it is not financially accountable for any other governmental entity and it has no component units. SASM's primary function is the maintenance and operation of its owned wastewater treatment plant and related lines and facilities. Member agencies pay annual assessments to SASM, based upon the concept of their respective number of equivalent dwelling units (EDUs), in exchange for the treatment and disposal of wastewater collected through their respective collection systems and conveyed to SASM's treatment plant and facilities.

In August of 2016, the District entered into a financing agreement with the SASM wherein the District agreed to maintain its net revenue system revenues at a level equal to at least 120 percent of its obligation to SASM to support the SASM bonds. The SASM issued \$38,000,000 in revenue bonds to provide financing for improvements to its wastewater treatment plant and refund other debt obligations. The District's annual financial obligations under the JPA Agreement and the Financing Agreement are passed through to the District each year in the form of a billing for an annual assessment payable in two equal semi-annual installments. These annual installments are reported by the District as contract service costs in the statement of revenues, expenses, and changes in net position.

Under the Joint Powers Agreement, all excess administration, operations, and maintenance funds, from any source, are the property of SASM and not its members. If excess monies are available, the SASM may, but is not required to, reduce member assessments for the subsequent year. There are no provisions for sharing among the members the net earnings of SASM. Accordingly, the District is deemed to have no equity interest in SASM.

Note K - Other Post-Employment Benefits other than Pensions

Plan description, benefits provided and funding policy

The District administers an Other Post-Employment Benefit (OPEB) Plan, a single-employer defined benefit plan. The District's OPEB Plan provides medical and dental insurance and supplemental Medicare insurance for eligible retirees and spouses through the District's group health insurance which covers both active and retired members. The OPEB plan does not issue a publicly available report.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note K - Other Post-Employment Benefits other than Pensions (Continued)

Effective December 2011, the District’s OPEB Plan has been extended to cover spouses and family members. In order to be eligible to retire with District-paid health benefits, an employee must have completed 20 years of service with the District and have retired under Marin County Employees’ Retirement Association (MCERA). Effective June 2024, for employees hired before May 15, 2014 (Tier 1 retirees) the District pays the full medical and dental premiums not to exceed the California family premium plus Delta Dental premiums prior to Medicare eligibility. After Medicare eligibility, the District pays the full medical, dental, and Medicare B premiums for retiree plus one dependent not to exceed the California Kaiser and Delta Dental premiums. Employees hired after May 14, 2014 (Tier 2 retirees), the maximum monthly amount paid by the District is \$737 per month for medical, dental and Medicare B premiums for the Tier 2 retiree only.

Employees covered by benefit terms

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	13
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to, but not yet receiving benefits	<u>0</u>
Total	<u><u>19</u></u>

Contributions

On March 14, 2018, the District passed a resolution to participate in the California Employers’ Retiree Benefit Trust (CERBT) Fund, an irrevocable trust to fund OPEB. CERBT is administered by CalPERS and is managed by an appointment board not under the control of the District’s Board of Directors. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709 or on its website at www.calpers.ca.gov under Forms and Publications.

The contribution requirements of the plan members and the District are established and may be amended by the Board of Directors. The District’s Board of Directors adopted an annual prefunding contribution policy using an approach not directly related to the Actuarially Determined Contribution (ADC). The District intends to make ad hoc contributions in addition to pay-as-you-go costs, estimated to be approximately \$50,000 per year. Plan members did not make any contributions to the OPEB Plan.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note K - Other Post-Employment Benefits other than Pensions (Continued)

Net OPEB liability

The District's net OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation dated June 30, 2023 that was rolled forward using standard up to date procedures to determine the June 30, 2023 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.00%
Inflation	2.75% per year
Salary Increases	3.00% per year including inflation
Investment Rate of Return	6.00%
Mortality Rate ⁽¹⁾	Derived using 2021 CalPERS Assumptions
Healthcare Cost Trend Rates:	Medical and Part B premiums are assumed to increase 5% per year. Dental premiums are assumed to increase 4% per year.

Notes:

(1) Mortality rates were based on the 2021 CalPERS valuation projected to future years on a generational basis using the 2037 (ultimate) rates of Scale MP-2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The asset class percentages are taken from the current composition of the CERBT trust, and the expected yields are taken from a recent CalPERS publication for the Pension Fund. The target allocation and best estimates of arithmetic real rates of return 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>
Global Equity	59.00%	5.25%
Fixed Income	25.00%	0.99%
Treasury Securities	5.00%	0.45%
Global Real Estate (REITs)	8.00%	4.50%
Commodities	3.00%	3.00%
Total	100.00%	

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note K - Other Post-Employment Benefits other than Pensions (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 6.00 percent based on the long-term expected rate of return on investments.

Changes in the Net OPEB liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (c) = (a) - (b)
Balance at June 30, 2023 (Measurement Date June 30, 2022)	<u>\$ 1,675,813</u>	<u>\$ 160,203</u>	<u>\$ 1,515,610</u>
Changes recognized for the measurement period:			
Service cost	64,304	-	64,304
Interest	106,481	-	106,481
Differences between actual and expected experience	(50,281)	-	(50,281)
Changes in assumption	115,247	-	115,247
Benefit changes	(97,904)	-	(97,904)
Contributions - employer	-	186,412	(186,412)
Net investment income	-	14,233	(14,233)
Benefit payments	(75,276)	(75,276)	-
Administrative expense	<u>-</u>	<u>(62)</u>	<u>62</u>
Net changes	<u>62,571</u>	<u>125,307</u>	<u>(62,736)</u>
Balance at June 30, 2024 (Measurement Date June 30, 2023)	<u>\$ 1,738,384</u>	<u>\$ 285,510</u>	<u>\$ 1,452,874</u>

Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.00 percent) or one percentage point higher (7.00 percent) than the current discount rate for the measurement period ended June 30, 2023:

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note K - Other Post-Employment Benefits other than Pensions (Continued)

	1% Decrease <u>(5.00%)</u>	Current Discount Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Net OPEB liability	\$ 1,724,843	\$ 1,452,874	\$ 1,233,894

Sensitivity of the Net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.0 percent) or one percentage point higher (6.0 percent) than the current healthcare cost trend rates for the measurement period ended June 30, 2023:

	1% Decrease <u>(4.00%)</u>	Current Healthcare Cost Trend Rates <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Net OPEB liability	\$ 1,236,612	\$ 1,452,874	\$ 1,718,297

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

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

The recognition period differs depending on the source of the gain or loss:

Net difference between projected 5 years
and actual earnings on OPEB plan
investments

All other amounts

Straight-line recognition over the expected average remaining service lifetime (EARS�) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARS�, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

(Continued)

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note K - Other Post-Employment Benefits other than Pensions (Continued)

OPEB expense and deferred outflows/inflows of resources related to OPEB

For the year ended June 30, 2024, the District recognized OPEB (revenue) expense of (\$115,464). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 121,174	\$ -
Differences between actual and expected experience	68,733	267,351
Net difference between projected and actual earnings on investments	22,503	11,769
Changes of assumptions	<u>130,277</u>	<u>547,903</u>
Total	<u>\$ 342,687</u>	<u>\$ 827,023</u>

The \$121,174 reported as deferred outflows of resources related to employer contributions made subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal year ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ (148,148)
2026	(117,853)
2027	(106,416)
2028	(113,842)
2029	(113,076)
Thereafter	<u>(6,175)</u>
	<u>\$ (605,510)</u>

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements

June 30, 2024

Note L - Lease Commitments

The District leases office equipment under a lease agreement that expires in 2029. The following summarizes future minimum rental payments required under the operating lease.

<u>Year ending June 30,</u>		
2025	\$	3,440
2026		6,880
2027		6,880
2028		6,880
2029		<u>3,440</u>
	\$	<u>27,520</u>

Total equipment rent expenses for the year ended June 30, 2024 was \$6,981.

Note M - Governing Board

The powers of the District are exercised by a Board of Directors consisting of five directors each elected for a term of four years by the qualified electors within the District.

As of June 30, 2024, the members of the District's Board of Directors were as follows:

<u>Trustee</u>	<u>Term expires</u>
Jeff Brown	December 2026
Steven Levine	December 2024
James Jacobs	December 2026
Steffen Bartschat	December 2024
Matthew McMahon	December 2024

REQUIRED SUPPLEMENTARY INFORMATION

TAMALPAIS COMMUNITY SERVICES DISTRICT

Required Supplementary Information

For the year ended June 30, 2024

**Schedule of the District's Proportionate Share
of the Net Pension Liability**

Last 10 years*

	Measurement Date									
	June 30,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.2578%	0.2643%	0.0816%	0.0670%	0.3568%	0.5704%	0.5546%	0.5304%	0.4535%	0.4161%
Proportionate share of the net pension liability (asset) \$	744,582	826,435	(132,519)	306,709	1,304,834	1,884,019	2,045,122	2,534,943	1,756,793	1,028,347
Covered - employee payroll	1,454,404	1,164,772	1,114,290	1,218,246	1,122,634	1,111,036	946,274	880,657	852,837	760,797
Proportionate share of the net pension liability as a percentage of covered - employee payroll	51.20%	71.0%	(11.90)%	25.20%	116.20%	169.60%	216.10%	287.80%	206.00%	135.17%
Plan fiduciary net position as a percentage of the total pension liability	91.60%	90.60%	105.00%	85.20%	87.60%	88.30%	86.30%	81.50%	84.30%	89.04%

Benefit changes - There have been no changes in benefits since the prior valuation.

*The fiscal year ended June 30, 2015 was the first year of implementation, therefore, ten years are shown.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Required Supplementary Information

For the year ended June 30, 2024

Schedule of Contributions - Pension Plan

Last 10 years*

	Fiscal year ended June 30,									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 352,811	\$ 310,325	\$ 310,794	\$ 376,984	\$ 370,734	\$ 394,512	\$ 341,283	\$ 382,899	\$ 372,529	\$ 306,954
Contributions in relation to the actuarially determined contributions	<u>(352,811)</u>	<u>(310,325)</u>	<u>(310,794)</u>	<u>(376,984)</u>	<u>(370,734)</u>	<u>(394,512)</u>	<u>(341,283)</u>	<u>(382,899)</u>	<u>(372,529)</u>	<u>(306,954)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,454,404	\$ 1,164,772	\$ 1,114,290	\$ 1,218,246	\$ 1,122,634	\$ 1,111,036	\$ 946,274	\$ 880,657	\$ 852,837	\$ 760,797
Contributions as a percentage of covered-employee payroll	24.30%	26.60%	27.90%	30.90%	33.02%	35.51%	36.10%	43.50%	43.70%	40.35%

Notes to schedule:

Methods and assumptions used to determine contribution rates:

Valuation date	June 30, 2022
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	8 years remaining as of June 30, 2022
Asset Valuation method	5-year smoothed market
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment rate of return	6.75%
Mortality	Sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments.

*Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to that date.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Required Supplementary Information

For the year ended June 30, 2024

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last 10 years*

For the Measurement Period Ended June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service cost	\$ 64,304	\$ 62,431	\$ 49,133	\$ 47,702	\$ 57,261	\$ 61,097	\$ 75,472
Interest	106,481	100,749	115,140	109,883	95,186	89,212	78,029
Changes of benefit terms	(97,904)	-	-	-	-	-	-
Differences between expected and actual experience	(50,281)	-	(351,858)	-	134,818	-	-
Changes of assumptions	115,247	-	45,598	-	(987,069)	(131,025)	(368,150)
Benefit payments	<u>(75,276)</u>	<u>(74,707)</u>	<u>(84,121)</u>	<u>(69,284)</u>	<u>(69,273)</u>	<u>(34,035)</u>	<u>(28,445)</u>
Net change in total OPEB liability	62,571	88,473	(226,108)	88,301	(769,077)	(14,751)	(243,094)
Total OPEB liability - beginning	<u>1,675,813</u>	<u>1,587,340</u>	<u>1,813,448</u>	<u>1,725,147</u>	<u>2,494,224</u>	<u>2,508,975</u>	<u>2,752,069</u>
Total OPEB liability - ending (a)	<u>\$ 1,738,384</u>	<u>\$ 1,675,813</u>	<u>\$ 1,587,340</u>	<u>\$ 1,813,448</u>	<u>\$ 1,725,147</u>	<u>\$ 2,494,224</u>	<u>\$ 2,508,975</u>
Plan fiduciary net position							
Contributions - employer	\$ 186,412	\$ 74,707	\$ 137,166	\$ 120,784	\$ 119,486	\$ 34,035	\$ -
Benefit payments	(75,276)	(74,707)	(84,121)	(69,284)	(69,273)	(34,035)	-
Net investment income	14,233	(25,079)	28,525	2,110	-	-	-
Administrative expenses	<u>(62)</u>	<u>(47)</u>	<u>(39)</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	125,307	(25,126)	81,531	53,585	50,213	-	-
Plan fiduciary net position - beginning	<u>160,203</u>	<u>185,329</u>	<u>103,798</u>	<u>50,213</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 285,510</u>	<u>\$ 160,203</u>	<u>\$ 185,329</u>	<u>\$ 103,798</u>	<u>\$ 50,213</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 1,452,874</u>	<u>\$ 1,515,610</u>	<u>\$ 1,402,011</u>	<u>\$ 1,709,650</u>	<u>\$ 1,674,934</u>	<u>\$ 2,494,224</u>	<u>\$ 2,508,975</u>
Plan fiduciary net position as a percentage of the total OPEB liability	16.42%	9.56%	11.68%	5.72%	2.91%	0.00%	0.00%
Covered - employee payroll	\$ 1,601,773	\$ 1,339,900	\$ 1,204,882	\$ 1,268,868	\$ 1,127,091	\$ 1,146,165	\$ 1,160,050
Net OPEB liability as a percentage of covered - employee payroll	90.70%	113.11%	116.36%	134.74%	148.61%	217.61%	216.28%

Notes to Schedule:

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

TAMALPAIS COMMUNITY SERVICES DISTRICT

Required Supplementary Information

**Budgetary Comparison Schedule
Major Special Revenue Fund**

Year ended June 30, 2024

	Parks and Recreation Fund		
	Budgeted amounts <u>original/final</u>	Actual amounts	Variance with final budget positive/ (negative)
Fund Balance, July 1	\$ 1,326,799	\$ 1,326,799	\$ -
Resources (inflows):			
Property taxes	1,020,000	1,149,832	129,832
Rental income	29,600	35,965	6,365
Special events and class fees	114,300	113,918	(382)
Investment income	8,933	72,977	64,044
Operating grants and contributions	4,803	6,023	1,220
Other revenues	<u>2,000</u>	<u>45,403</u>	<u>43,403</u>
Amounts available for appropriations	<u>2,506,435</u>	<u>2,750,917</u>	<u>244,482</u>
Charges to appropriations (outflows):			
Parks and recreation			
Salaries and benefits	648,928	660,433	(11,505)
All other	<u>397,615</u>	<u>675,987</u>	<u>(278,372)</u>
Total charges to appropriations	<u>1,046,543</u>	<u>1,336,420</u>	<u>(289,877)</u>
Fund Balance, June 30	<u>\$ 1,459,892</u>	<u>\$ 1,414,497</u>	<u>\$ (45,395)</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts available for appropriation from budgetary data above \$ 2,750,917

Differences-budget to GAAP:

The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes. (1,326,799)

Total revenues as reported in the statement of revenues, expenditures and changes in fund balances-governmental funds. \$ 1,424,118

TAMALPAIS COMMUNITY SERVICES DISTRICT

Notes to Required Supplemental Information

June 30, 2024

The manager of the District prepares an expenditure budget annually which is approved by the Board of Directors setting forth the contemplated fiscal requirements. The District's budgets are maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted. There were no amendments to the operating budget during the year ended June 30, 2024. However, any budget amendments for capital projects and vehicle purchases were approved by the Board via resolution. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual expenditures for capital outlay, debt service and contingencies may vary significantly from budget due to timing of such expenditures.

OTHER INDEPENDENT AUDITORS' REPORT



CROCE, SANGUINETTI, & VANDER VEEN^{INC.}

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Tamalpais Community Services District
Mill Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Tamalpais Community Services District** (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Croce, Sanguinetti, & Vander Veen, Inc.

CROCE, SANGUINETTI, & VANDER VEEN, INC.

Certified Public Accountants

Stockton, California

February 11, 2025