

**MARIN PUPIL  
TRANSPORTATION AGENCY  
(A Joint Powers Authority)**

**MARIN COUNTY**

**AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2020**

**NIGRO & NIGRO<sup>PC</sup>**

**MARIN PUPIL TRANSPORTATION AGENCY**  
*For the Fiscal Year Ended June 30, 2020*  
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*Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Marin Pupil Transportation Agency  
San Rafael, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of Marin Pupil Transportation Agency, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Marin Pupil Transportation Agency, as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information on pages 31 and 32 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 30 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of the Agency'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 the effectiveness of the Agency's 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 Agency's internal control over financial reporting and compliance.

*Nino + Nino, PC*

Murrieta, California  
December 4, 2020



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Year Ended June 30, 2020*

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

**FINANCIAL HIGHLIGHTS**

- Total net position was \$93,817 at June 30, 2020 compared to \$76,614 at June 30, 2019.
- Total revenues were \$2,913,701 compared to overall expenses of \$2,896,498.
- The General Fund ended with a positive balance of \$270,384.
- General Fund revenues were \$2,913,701 compared to expenditures of \$2,818,941.
- By Board of Director's policy, the Agency maintains a reserve fund of 5% projected expenditures.

The Marin Pupil Transportation Agency (MPTA) is a self-supporting organization. Operating revenue comes from member districts in relation to the number of students transported. An operating budget is produced at the beginning of the year and each district is pre-billed four (4) times a year based upon the board approved budget.

Operating costs include amounts paid to the transportation provider, First Student, Inc., payroll, supplies and utilities (phone). An individual district's payment is composed of a portion for First Student based on the actual number of students transported and an administrative cost for payroll, supplies and utilities.

Billings to the individual districts are based on an estimate of the next quarter's First Student billing and administrative costs. Therefore, there is always enough revenue to cover cost and maintain an adequate reserve.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Agency:

- The first statements are *Government-wide financial* statements that provide both short-term and long-term information about the Agency's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the Agency, reporting the Agency's operations in more detail than the Government-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education transportation were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2020*

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Government-Wide Statements**

The Government-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-wide statements report the Agency's net position and how it has changed. Net position – the difference between the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Agency's financial health, or *position*.

- Over time, increases and decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating, respectively. In the case of Marin Pupil Transportation Agency, the net position is a function of 5% of expenses. If expenses go up, so does the net position.

The Agency has one fund:

- *General fund* – All of the Agency's basic services are included in a General Fund, which generally focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs.

Because there are minor differences between the two sets of financial statements, they have been consolidated into two combined statements.

**FINANCIAL ANALYSIS OF THE AGENCY'S FUND**

**General Fund Budgetary Highlights**

General Fund expenditures were as follows:

- \$2,613,303 for transportation services, with First Student Transportation and taxis.
- \$177,857 for payroll and benefits.
- \$27,781 for other administrative expenses.

Total expenditures for 2019-20 were \$2,818,941.

**Available Reserves**

The MPTA maintains a minimum reserve amount of 5.0% of total expenditures. The reserve amount at the end of the 2019-20 year was \$270,384.



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Management's Discussion and Analysis (Unaudited)*  
*For the Fiscal Year Ended June 30, 2020*

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

The MPTA does not have any capital assets. Long-term liabilities relate to the net pension liability for CalPERS pension benefits provided to the Director, which is more fully described in Note 6. The net pension liability at June 30, 2020 was \$249,042.

**FACTORS BEARING ON THE AGENCY'S FUTURE**

At the end of the first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. The budget for K-12 was impacted through decreases in Proposition 98 funding and deferrals in payments from the state. This economic decline may affect the Agency's operations for the remainder of the calendar year 2020 and beyond. However, the future impact to the Agency is unknown at this time.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact San Rafael City Schools, 310 Nova Albion Way, San Rafael, CA 94903.

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Balance Sheet and Statement of Net Position*  
 June 30, 2020

	General Fund	Adjustments*	Statement of Net Position
<b>ASSETS</b>			
Deposits and investments	\$ 727,338	\$ -	\$ 727,338
Accounts receivable	39,341	-	39,341
Total assets	<u>766,679</u>	<u>-</u>	<u>766,679</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pensions	-	110,829	110,829
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accrued liabilities	\$ 496,295	-	496,295
<b>Long-term liabilities:</b>			
Net pension liability	-	249,042	249,042
Total liabilities	<u>496,295</u>	<u>249,042</u>	<u>745,337</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	-	38,354	38,354
<b>NET POSITION</b>			
Fund Balance:			
Unassigned	270,384	(270,384)	-
Total liabilities and fund balance	<u>\$ 766,679</u>		
Net Position:			
Restricted		<u>\$ 93,817</u>	<u>\$ 93,817</u>

\* The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.

\$ 249,042

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows from pensions	\$ 110,829
Deferred inflows from pensions	<u>(38,354)</u>
Total	<u>\$ 72,475</u>

**MARIN PUPIL TRANSPORTATION AGENCY**

*Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities  
For the Fiscal Year Ended June 30, 2020*

<b>REVENUES</b>	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Activities</u>
General Revenues:			
Interest and investment earnings	\$ 20,657	\$ -	\$ 20,657
Program Revenues:			
Charges for service:			
Home-to-school transportation	2,893,044	-	2,893,044
Total Revenues	<u>2,913,701</u>	<u>-</u>	<u>2,913,701</u>
<b>EXPENDITURES</b>			
Pupil Support Services:			
Home-to-school transportation	2,818,941	77,557	2,896,498
Total Expenditures	<u>2,818,941</u>	<u>77,557</u>	<u>2,896,498</u>
Net Change in Fund Balance/Net position	94,760	<u>\$ 77,557</u>	17,203
Fund Balance/Net Position, July 1, 2019	<u>175,624</u>		<u>76,614</u>
Fund Balance/Net Position, June 30, 2020	<u>\$ 270,384</u>		<u>\$ 93,817</u>

\* Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was \$75,557.



# MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2020

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marin Pupil Transportation Agency (the "Agency") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

### A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Agency consists of all funds, departments, and agencies that are not legally separate from the Agency. For the Agency, this includes general operations, student transportation, and other related activities of the Agency.

Component units are legally separate organizations for which the Agency is financially accountable. Component units may also include organizations that are fiscally dependent on the Agency, in that the Agency approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the Agency is not financially accountable but the nature and significance of the organization's relationship with the Agency is such that exclusion would cause the Agency's financial statements to be misleading or incomplete.

The Agency has identified no organizations that are required to be reported as component units.

#### **Public Entity Risk Pools and Joint Powers Authorities**

The Agency is associated with Marin Schools Insurance Authority, which is a public entity risk pool. This organization does not meet the criteria for inclusion as component units of the Agency. Additional information is presented in Note 7 to the financial statements.

### B. Basis of Presentation, Basis of Accounting

#### 1. Basis of Presentation

##### **Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the primary government (the Agency). These statements include the financial activities of the overall government.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency'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) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

##### **Fund Financial Statements**

The fund financial statements provide information about the Agency's fund.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation, Basis of Accounting (continued)**

**1. Basis of Presentation (continued)**

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**2. Measurement Focus, Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 for the current period. For this purpose, the Agency 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.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The Agency governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

**D. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.



# MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2020

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

#### 1. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental fund.

However, contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Long-term obligations would be recognized as liabilities in the governmental fund financial statements when due.

#### 2. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the Agency prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Agency has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

#### 3. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

#### 4. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.



# MARIN PUPIL TRANSPORTATION AGENCY

## Notes to Financial Statements

June 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 5. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**Nonspendable:** Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

**Restricted:** Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

**Committed:** The Agency's highest decision-making level of authority rests with the Agency's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

**Assigned:** Resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

**Unassigned:** Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the Agency for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the Agency's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

##### 6. Net Position

Net position is classified into two components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "restricted".

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

# MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2020

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

### G. New GASB Pronouncement

In May 2020, the GASB issued Statement No. 95. The primary objective of this Statement is to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update-2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update-2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Notes to Financial Statements*  
*June 30, 2020*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Future Accounting Pronouncements**

GASB pronouncements which will be effective in future periods, are as follows:

1. In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

2. In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

3. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.



# MARIN PUPIL TRANSPORTATION AGENCY

## Notes to Financial Statements

June 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### H. Future Accounting Pronouncements (continued)

3. (continued)

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

4. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

5. In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.



# MARIN PUPIL TRANSPORTATION AGENCY

## Notes to Financial Statements

June 30, 2020

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### H. Future Accounting Pronouncements (continued)

5. (continued)

This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities.

Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

6. In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Future Accounting Pronouncements (continued)**

6. (continued)

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic.

7. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Future Accounting Pronouncements (continued)**

7. (continued)

- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of *reference rate*, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

8. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement).

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Notes to Financial Statements*  
*June 30, 2020*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Future Accounting Pronouncements (continued)**

8. (continued)

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**NOTE 2 – INVESTMENTS**

Investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Governmental funds	
Governmental Activities	\$ 727,338

Investments as of June 30, 2020 consist of the following:

Investments	\$ 727,338
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**Pooled Funds**

In accordance with Education Code Section 41001, the Agency maintains all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the Agency's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Agency's share of the pool does not consist of specific, identifiable investment securities owned by the Agency, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2020, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.



# MARIN PUPIL TRANSPORTATION AGENCY

## Notes to Financial Statements

June 30, 2020

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### NOTE 2 – INVESTMENTS (continued)

#### Investments - Interest Rate Risk

The Agency's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Agency's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment.

Maturities of investments held at June 30, 2020, consist of the following:

	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement	Rating
Investments:					
County Pool	\$ 727,338	\$ 727,338	\$ -	Uncategorized	N/A
Total Investments	<u>\$ 727,338</u>	<u>\$ 727,338</u>	<u>\$ -</u>		

#### Investments - Credit Risk

The Agency's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2020, all investments represented governmental securities which were issued, registered and held by the Agency's agent in the Agency's name.

#### Investments - Concentration of Credit Risk

The Agency does not place limits on the amount it may invest in any one issuer. At June 30, 2020, the Agency had no investments outside of the county pool.

#### Fair Value Measurements

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the Agency has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the Agency's own data. The Agency should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the Agency are not available to other market participants.

Uncategorized – Investments in the Marin County Treasury Investment Pool are not measured using the input levels above because the Agency's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Notes to Financial Statements*  
 June 30, 2020

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable consisted of \$39,341 due from member school districts for the quarter ended June 30, 2020.

**NOTE 4 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2020 consisted of the following:

	<b>General Fund</b>
Due to member governments	\$ 425,058
Other accounts payable	71,237
Total	<u>\$ 496,295</u>

**NOTE 5 – FUND BALANCE**

At June 30, 2020, fund balance was composed of unassigned reserve for economic uncertainties totaling \$270,384.

**NOTE 6 – PENSION PLAN**

There is one qualified employee that is covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of California, the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2020, the Agency reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for the above plan as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalPERS	<u>\$ 249,042</u>	<u>\$ 110,829</u>	<u>\$ 38,354</u>	<u>\$ 103,079</u>

The details of the plan are as follows:

**A. California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.



# MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2020

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## NOTE 6 – PENSION PLAN (continued)

### B. California Public Employees Retirement System (CalPERS) (continued)

#### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.0%	7.00%
Required Employer Contribution Rate	19.721%	19.721%

#### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020 are presented above, and the total Agency contributions were \$25,522.

# MARIN PUPIL TRANSPORTATION AGENCY

Notes to Financial Statements

June 30, 2020

## NOTE 6 – PENSION PLAN (continued)

### A. California Public Employees Retirement System (CalPERS) (continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the Agency reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$249,042. The net pension liability was measured as of June 30, 2019. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The Agency's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2019	
Measurement Date	June 30, 2019	June 30, 2018	
Proportion of the Net Pension Liability	0.000855%	0.000815%	0.000040%

For the year ended June 30, 2020, the Agency recognized pension expense of \$103,079. At June 30, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 25,522	\$ -
Net change in proportionate share of net pension liability	52,427	33,110
Difference between projected and actual earnings on pension plan investments	2,935	5,244
Changes of assumptions	11,855	-
Differences between expected and actual experience	18,090	-
Total	\$ 110,829	\$ 38,354

The deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years.



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Notes to Financial Statements*  
*June 30, 2020*

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**NOTE 6 – PENSION PLAN (continued)**

**A. California Public Employees Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 37,882	\$ 19,617
2022	24,533	18,047
2023	19,614	690
2024	3,066	-
2025	212	-
Thereafter	-	-
Total	<u>\$ 85,307</u>	<u>\$ 38,354</u>

**Actuarial Methods and Assumptions**

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Notes to Financial Statements*  
*June 30, 2020*

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**NOTE 6 – PENSION PLAN (continued)**

**A. California Public Employees Retirement System (CalPERS) (continued)**

**Actuarial Methods and Assumptions (continued)**

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Agency's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 358,978
Current discount rate (7.15%)	249,042
1% increase (8.15%)	157,843

**B. Payables to the Pension Plans**

At June 30, 2020, the Agency did not have any outstanding payables for outstanding contributions to the CalPERS pension plan required for the fiscal year ended June 30, 2020.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The Agency has entered into a memorandum of understanding (MOU) with the San Rafael High School District whereby the Agency pays the school district for the rental of office space and fiscal services. During the year ended June 30, 2020, the Agency made payments to the San Rafael High School District of \$9,725 for rent of office space and \$14,045 for fiscal services.



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Notes to Financial Statements*  
*June 30, 2020*

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**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**A. State and Federal Allowances, Awards and Grants**

The Agency has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

**B. Property and Liability**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the Agency participated in the Marin Schools Authority (MSIA) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Condensed audited financial information of the MSIA JPA as of June 30, 2019 was:

	Southern MSIA
Assets	\$ 34,262,023
Liabilities	\$ 11,796,535
Net Position	\$ 22,465,488
Revenues	\$ 12,842,421
Expenses	10,687,303
Operating Income	2,155,118
Non-Operating Income	1,057,956
Change in Net Position	\$ 3,213,074

**C. Impact of COVID-19**

On March 13, 2020, a presidential emergency was declared due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the State of California to supplement the local recovery efforts by the K-12 education community. On that same date, Governor Newsom issued Executive Order N-26-20, guaranteeing continued State funding, holding LEAs harmless from several regulations, and providing guidelines for LEAs to operate under a “distance learning” environment.

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*Required Supplementary Information*

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**MARIN PUPIL TRANSPORTATION AGENCY**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
<b>Revenues</b>				
Other Local	\$ 3,566,194	\$ 3,651,375	\$ 2,913,701	\$ (737,674)
Total Revenues	3,566,194	3,651,375	2,913,701	(737,674)
<b>Expenditures</b>				
Current:				
Classified Salaries	129,418	129,418	129,418	-
Employee Benefits	59,058	59,058	48,439	10,619
Books and Supplies	8,100	13,100	6,687	6,413
Services and Other Operating Expenditures	3,364,167	3,442,858	2,634,397	808,461
Total Expenditures	3,560,743	3,644,434	2,818,941	825,493
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,451	6,941	94,760	87,819
Fund Balances, July 1, 2019	172,587	172,587	175,624	3,037
Fund Balances, June 30, 2020	\$ 178,038	\$ 179,528	\$ 270,384	\$ 90,856

See accompanying notes to required supplementary information.

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Schedule of Changes in Net Pension Liability and Related Ratios*  
 For the Fiscal Year Ended June 30, 2020

	<i>Last Ten Fiscal Years*</i>					
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>CaPERS</b>						
Agency's proportion of the net pension liability	0.0009%	0.0008%	0.0003%	0.0003%	0.0006%	0.0006%
Agency's proportionate share of the net pension liability	\$ 249,042	\$ 217,324	\$ 61,293	\$ 54,845	\$ 94,189	\$ 72,061
Agency's covered-employee payroll	\$ 123,303	\$ 117,479	\$ 110,886	\$ 107,997	\$ 104,379	\$ 99,006
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.98%	184.99%	55.28%	50.78%	90.24%	72.78%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Schedule of Agency Pension Contributions*  
*For the Fiscal Year Ended June 30, 2020*

CalPERS	Last Ten Fiscal Years*											
	2019-20	2019-20	2018-19	2017-18	2016-17	2015-16	2019-20	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	\$ 25,522	\$ 22,271	\$ 18,246	\$ 15,400	\$ 12,794	\$ 12,286						
Contributions in relation to the contractually required contribution	25,522	22,271	18,246	15,400	12,794	12,286						
Contribution deficiency (excess):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Agency's covered-employee payroll	\$ 129,418	\$ 123,303	\$ 117,479	\$ 110,886	\$ 107,997	\$ 104,379						
Contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%						

\* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

## MARIN PUPIL TRANSPORTATION AGENCY

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2020*

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### NOTE 1 – PURPOSE OF SCHEDULES

#### **Budgetary Comparison Schedule**

The Agency employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

#### **Schedule of the Agency's Proportionate Share of the Net Pension Liability**

This schedule presents information on the Agency's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the Agency. In the future, as data becomes available, ten years of information will be presented.

*Change in benefit terms* – There were no changes in benefit terms since the previous valuations for CalPERS.

*Change of assumptions* - There were no changes in economic assumptions since the previous valuations for CalPERS.

#### **Schedule of Agency Contributions**

This schedule presents information on the Agency's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



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*Supplementary Information*

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# MARIN PUPIL TRANSPORTATION AGENCY

## *History and Organization*

*For the Fiscal Year Ended June 30, 2020*

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Marin Pupil Transportation Agency (MPTA) provides Special Education and Home-to-School student transportation services for ten (10) school districts in Marin County: Kentfield Elementary School District, Larkspur-Corte Madera Elementary School District, Mill Valley Elementary School District, Reed Union Elementary School District, Ross Elementary School District, Ross Valley Elementary School District, San Rafael Elementary School District, San Rafael High School District, Sausalito-Marín City Elementary School District, and Tamalpais Union High School District. The MPTA has held the status of a Joint Powers Agency (JPA) since July 1, 1992.

The MPTA rents office space from the San Rafael High School District. The MPTA has one (1) employee – the Executive Director. The MPTA contracts with the San Rafael High School District for fiscal services. Oversight is provided for the MPTA by its elected officers of the Board of Directors. The MPTA Board of Directors consists of a representative from each of the ten (10) member school districts.

The MPTA contracts with First Student Transportation, Inc. to provide transportation services for ambulatory and wheelchair bound special education students. First Student Transportation, Inc. currently operates 27 busses on behalf of the MPTA and transports approximately 254 students to 38 locations.

### **BOARD MEMBERS**

<b>District</b>	<b>Representative</b>
Kentfield School District	Kristen Starsiak
Larkspur-Corte Madera School District	Paula Rigney
Mill Valley School District	Michelle Rollins, Ed.D
Reed Union School District	Carlos Estrella
Ross School District	Deborah Wolfe
Ross Valley School District	Midge Hoffman
San Rafael City Elementary School District	Doug Marquand
San Rafael City High School District	Doug Marquand
Sausalito-Marín City School District	Robert Clark, Ed.D
Tamalpais Union High School District	Corbett Elsen

### **DISTRICT ADMINISTRATORS**

Dennis Petri,  
*Executive Director*



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Schedule of Financial Trends and Analysis*  
*For the Fiscal Year Ended June 30, 2020*

General Fund	(Budget) 2021 <sup>2</sup>	2020	2019	2018
Revenues and other financing sources	\$ 4,250,907	\$ 2,913,701	\$ 3,292,090	\$ 3,400,876
Expenditures	4,222,353	2,818,941	3,512,489	3,156,110
Change in fund balance (deficit)	28,554	94,760	(220,399)	244,766
Ending fund balance	\$ 298,938	\$ 270,384	\$ 175,624	\$ 396,023
Available reserves <sup>1</sup>	\$ 298,938	\$ 270,384	\$ 175,624	\$ 396,023
Available reserves as a percentage of total outgo	7.1%	9.6%	5.0%	12.5%
Total long-term debt	\$ 249,042	\$ 249,042	\$ 217,324	\$ 61,293

The General Fund balance has decreased by \$125,639 over the past two years. The fiscal year 2020-21 adopted budget projects an increase of \$28,554. For an agency of this size, the state recommends available reserves of at least the greater of \$60,000 or 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The Agency has incurred an operating surplus in two of the past three years, and anticipates incurring an operating surplus during the 2020-21 fiscal year. Pension debt has increased by \$187,749 over the past two years.

<sup>1</sup> Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund.

<sup>2</sup> Revised Final Budget September, 2020

**MARIN PUPIL TRANSPORTATION AGENCY**  
*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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*There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements.*



**MARIN PUPIL TRANSPORTATION AGENCY**

*Note to the Supplementary Information*

*June 30, 2020*

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Financial Trends and Analysis**

This schedule discloses the Agency's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the Agency's ability to continue as a going concern for a reasonable period of time.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actuals financial report to the audited financial statements.

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*Other Independent Auditors' Reports*

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**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**

Board of Directors  
Marin Pupil Transportation Agency  
San Rafael, 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 and major fund of Marin Pupil Transportation Agency as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 4, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marin Pupil Transportation Agency'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 Marin Pupil Transportation Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marin Pupil Transportation Agency'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 Agency'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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marin Pupil Transportation Agency's financial statements are free of 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nieto + Nieto, PC

Murrieta, California  
December 4, 2020



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*Findings and Recommendations*

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**MARIN PUPIL TRANSPORTATION AGENCY**  
*Schedule of Audit Findings and Recommendations*  
*For the Year Ended June 30, 2020*

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**SECTION I - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

*There were no financial statement findings in 2019-20.*



**MARIN PUPIL TRANSPORTATION AGENCY**  
*Summary Schedule of Prior Audit Findings*  
*For the Fiscal Year Ended June 30, 2020*

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*There were no findings or recommendations in 2018-19.*