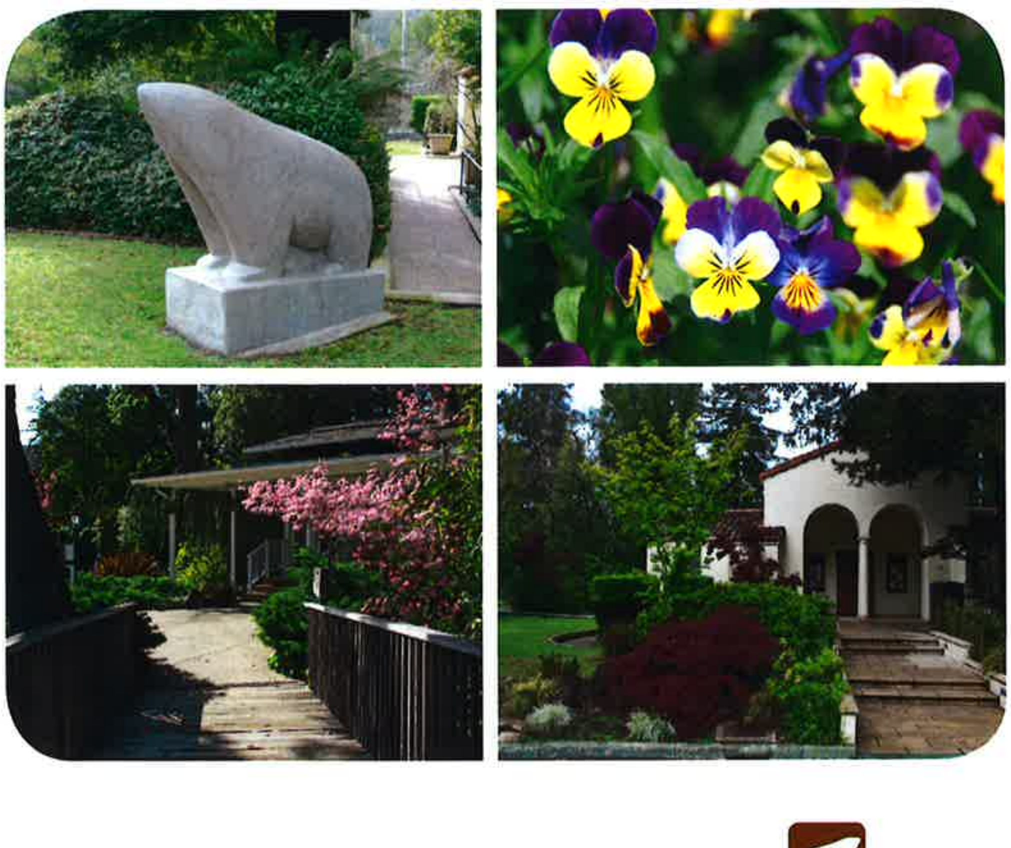
LONG RANGE FINANCIAL FORECAST

Fiscal Years 2015-2019



TOWN OF ROSS

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Long Range Financial Forecast
(LRFF)

Fiscal Years
2015 to 2019

Executive summary

This forecast summarizes the Town Operating Fund and Recreation Fund outlook for Fiscal Years (FY) 2015 through 2019. Rather than a prediction or commitment, a forecast is a financial snapshot based on a number of assumptions. This Long Range Financial Forecast (LRFF) is a tool to allow staff and Council members to see the longer term results of choices made to date and identify issues that must be addressed in the near term in order to improve the Town's long-term outlook.

The national and state economies continue to show slow but steady improvement. At the national level, forecasted Gross Domestic Product (GDP) in 2014 is 3%. California's economy is also improving with unemployment declining to 8.1% in March, a strong export market, the booming technology sectors in San Francisco and neighboring Silicon Valley, the state has cause for optimism. Marin County unemployment is the lowest of all counties in California at 4.7% and locally the Town continues to experience applications for housing renovations.

FY14 is going to end with positive results. FY14 was projected to end with a fund balance of $2.045M and projected now is an ending fund balance of $2.408M.

The LRFF base model shows a positive trend in FY15. FY15 is projected to end with a higher positive fund balance of $3.4M ($2.7M Operating Fund plus $.7M Recreation Fund) (includes $900K contribution by Ross Rec). FY16 is projected to be nearly breakeven. In the LRFF base model, the combined net surpluses/deficits for FY15 to FY19 (five years) are **($2.4M)** negative. However, this is due to assuming no parcel tax in FY18 and FY19. Using $750K as the assumed parcel tax revenue for FY18 and FY19 means $1.5M of the $2.4M negative or 63% of the negative is no parcel tax revenue. Assuming it is in place the deficit is **($.9M)**. The model is sensitive to key assumptions on growth rates and in particular property tax growth. The model assumes conservative property tax growth at 1.25% in FY16 to FY19. If growth mirrors FY15 at 3% then the model would be nearly breakeven for the period FY16 but then go negative in FY17, FY18 and FY19. (again assuming the parcel tax is not available). The base model can be found on the last four pages of this report listed as appendices. Below is a summary.

Base model summary

Assumptions incorporated into the base model are found beginning on pages 5 and 6. The following pages of this report provide a summary of national, state and local economic outlooks, the base model, and the assumptions used.

Economic outlook

Economic growth on national, state and local levels has finally begun to look more robust in the past year. The following indicators contribute to the statement the economy is on a more stable footing:

National

The U.C.L.A. Anderson Forecast predicts the economy won't quickly help swell empty or near empty bank accounts. The forecast calls for real GDP growth next year to be on a sustained 3 percent growth path. "In this environment, employment will be on track to add about 200,000 jobs a month and the unemployment rate will decline to about 6 percent by the end of 2015," wrote David Shulman, senior economist of the Forecast and author of the most recent Forecast nation report.

In California, the Forecast drew a marked contrast between the financial health of coastal vs. inland communities. The vast majority of employment gains are in communities along the coast, while job growth remains stagnated in inland California. "Aggregate job growth remains geographically disparate," said Jerry Nickelsburg, senior economist of the Forecast and adjunct professor of economics at UCLA Anderson. "Along the coast in California, we're outperforming the United States. But there's really a difference in performance in parts of Los Angeles and inland. Those areas are moving apart and the gap is widening."

- 2014 Gross Domestic product growth is approximately 3% (Kiplinger)
- Economic activity in the manufacturing sector expanded in January for the eighth consecutive month, and the overall economy grew for the 56th consecutive month, say the nation's supply executives in the latest Manufacturing ISM Report On Business®. (ISM, February 2014)
- Home prices increased Home prices increased 11% from a year ago (December 12 to December 13). House prices remain 18% below the April 2006 peak (1)
- National unemployment rate is 7.3% as of December 2013 which is down from 8.1% in December of 2012 (Bureau of Labor Statistics, BLS)
- Personal income increased 2.8 percent in 2013 vs. 4.2% in 2012 (Bureau of Economic Analysis, BEA)

Housing market summary

US

- U.S. home prices increased 11% from a year ago (December 12 to December 13). House prices remain 18% below the April 2006 peak (1)

CA

- California registered 19.7% year over year price appreciation (December 12 to December 13) (1)
- Median sold price of single family homes $438,040 (Dec 13) vs. $365,840 (Dec 12), 19.7% change (2)
- SF area median sold price of single family homes $666,890 (Dec 13) vs. $598,100 (Dec 12), 11.5% change (2)
- Marin median sold price of single family homes $893,750 (Dec 13) vs. $796,880 (Dec 12), 12.2% change (2)

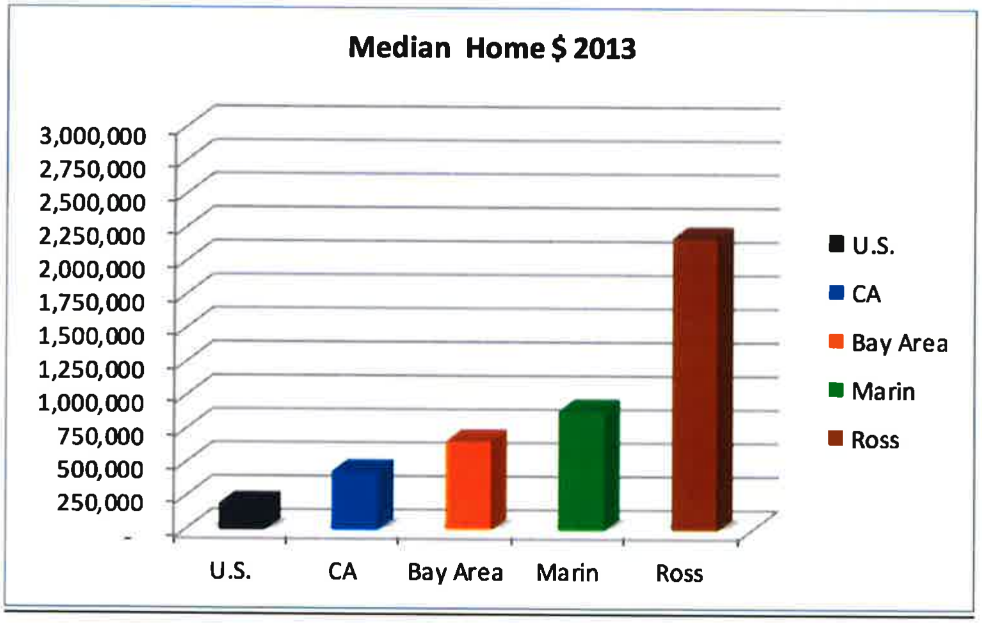
Ross

- Price reporting is challenging as prices widely fluctuate due to the limited number of homes sold in a period, the current range of houses on the market ranges from $1M to $20M with the median @ $2.18M (3)

Notes

1. Core Logic Home Price Index Report, December 2013

2. California Association of Realtors (CAR)
3. Marin Modern Realty, March 2014
4. U.S. Median Home (YCharts)



U.S.	CA	Bay Area	Marin	Ross
198,000	438,000	667,000	894,000	2,180,000

Median summary

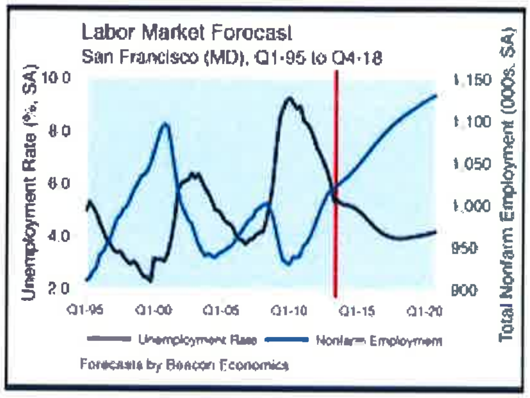
U.S.	$198,000 (4)
CA	438,000
Bay Area	667,000
Marin	894,000
Ross	$2,180,000

California

- Unemployment rate in December 13 is 7.9% vs. 9.8% in December 12 (Employment Development Dept., EDD)
- Building permits through 2013 (year to date) 79,028 vs. 58,549 for 2012 (annual) (U.S.Census)
- Rental vacancy rate as of 2013 Q4 5% vs. 2012 Q4 5.4%
- Homeowner vacancy rate as of 2013 Q4 1.15 vs. 2012 Q4 1.4%

Region

San Francisco Still An Employment Leader. The San Francisco Metropolitan Division (MD) continued its leading role in California's employment recovery in the third quarter of 2013. In August, the region added over 21,000 jobs on a year-over-year basis. That 2.1% increase represented the fourth fastest growth rate in California behind San Jose, the Central Coast, and Orange County. The San Francisco MD is one of a handful of regions in the state to have exceeded their pre-recession peak employment levels. Specifically, the San Francisco MD has added back all of the 74,000 jobs it lost between April 2008 and March 2010 – and as of August 2013, has added an additional 21,900 jobs on top of that. The region's unemployment rate, which reached as high as 9.4% in April 2010, fell to just 5.3% in August 2013—close to its long-run average of 5.1%.

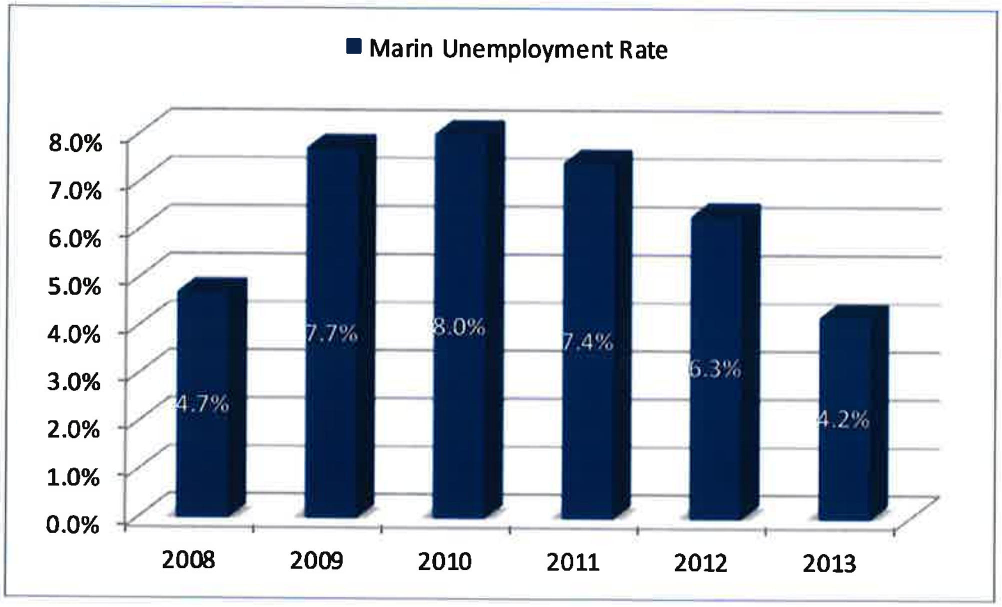


Encouragingly, job growth remains broad-based across most sectors of the local economy. With the exception of Farm employment and the Manufacturing sector, the San Francisco MD added jobs in every industry. The driving forces behind the region's employment recovery include the residential real estate market, new construction activity, tourism, and business investment. The Leisure and Hospitality sector has added the largest number of jobs over the past year (+5,100), as hotel occupancy, room rates, and airport traffic are all increasing in the San Francisco MD. Additionally, the region's Administrative Support sector and Professional, Scientific, and Technical Services sector have both benefitted from rising business investment in equipment and software throughout the U.S., something that continues to be a driver of economic growth at the national level. Finally, Construction employment has been surging—with the highest employment growth rate in the San Francisco MD—as both residential and nonresidential permits have risen by more than 50% through the first 9 months of 2013 compared to the same period in 2012.

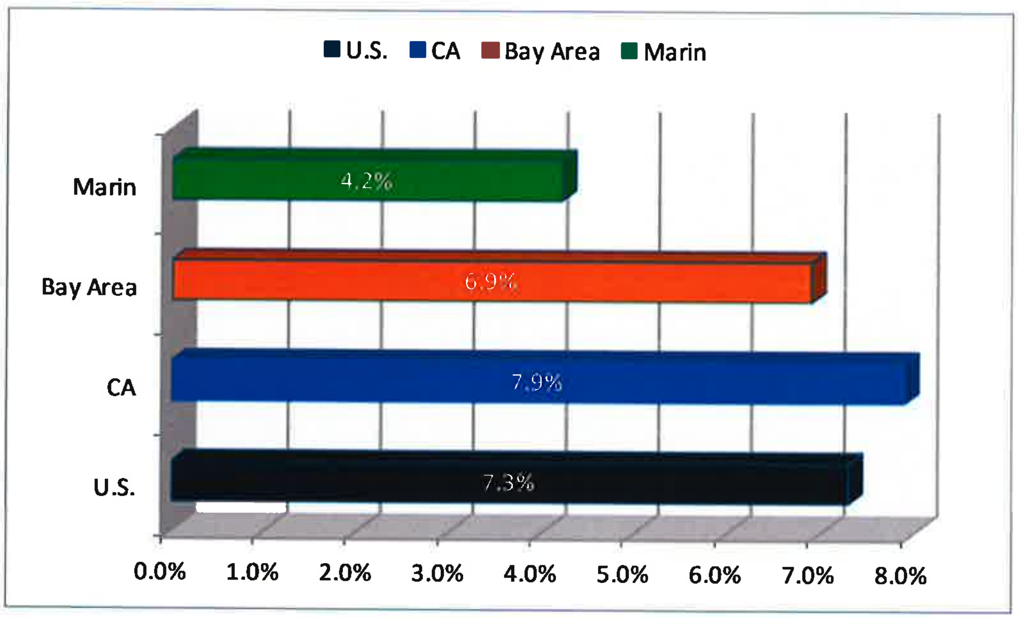
Although the San Francisco MD has not reached the employment peaks set during the dot.com boom at the turn of the century, it has regained all of the jobs lost during the Great Recession. Currently, nonfarm employment in the San Francisco MD is 2.2% above its pre-recession peak of just over 1 million jobs. Given that tourism, construction, and business investment have positive outlooks in 2014 and beyond, San Francisco remains poised for additional growth. Beacon Economics is forecasting that nonfarm employment in the region will continue to grow by roughly 2% over the next 2 years. The unemployment rate, which is already in relatively healthy territory, will continue to fall slowly—dipping below 5% by 2016. (Beacon Economics)

Marin

- Median homes prices in Marin are double the state average and a third higher than the Bay Area
- Marin County unemployment rate for 2013 (December) is 4.2% the lowest unemployment rate of all 58 California counties



U.S. / CA / Bay Area / Marin unemployment rates



Model assumptions

The following factors are assumed in the base model. Some descriptions refer to compound annual growth rate (CAGR), which is the average rate of growth over a period of time for a revenue or expense category. The base model uses the CAGR over FY15 to FY19, as noted in the discussion of each revenue and expense category, as a guideline for future rates of increase.

The FY2015 base model does not include one-time items. During the annual budget process, staff has the ability to determine whether there are positions that can be changed, unfilled or whether there are one-time cost savings that can be sustained on an ongoing basis. Per Town policy, construction penalties are recorded in the facilities & equipment fund.

Revenue increases ranging from 0 to 4% are projected over the next five (5) years. Pension and health care expenses and infrastructure needs exceed projected increases in revenues. The most recent valuation from CalPERS increases FY15 public safety rates by .58% and miscellaneous by .75%. In addition, health care rates have been increasing on average eight (8) percent per year. In FY15, health care rates are projected to increase over 8%. Also as the Council is aware CalPERS pension costs are going to start ratcheting up in FY16 based on recent CalPERS changes consolidating all the risk pools into two pools and charging agencies for their unfunded liability.

Facilities and infrastructure

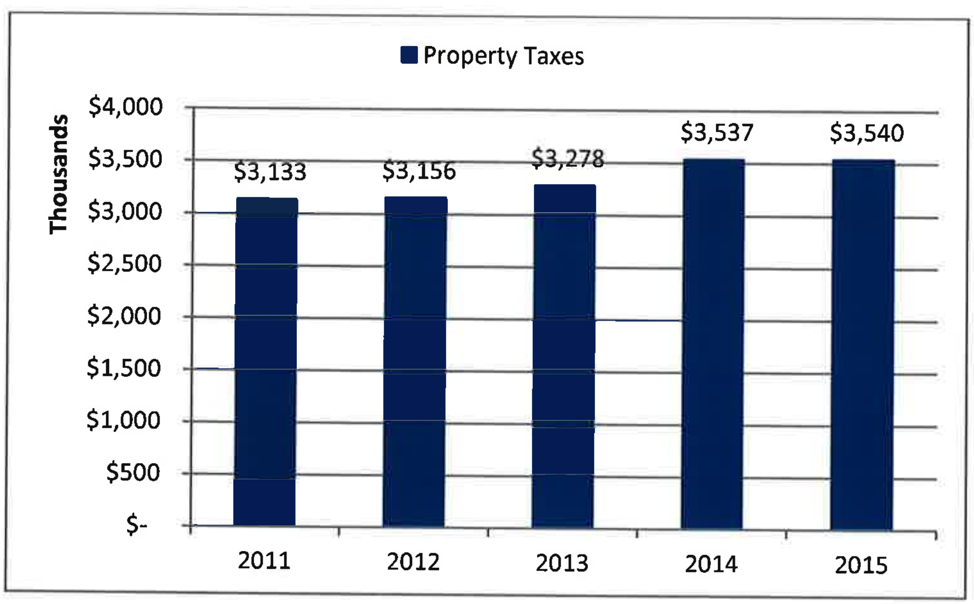
As discussed briefly during the FY15 budget workshop the council started discussions about Town infrastructure and facilities particularly the public safety facility housing police and fire. The base model includes a very modest contribution to the facilities fund for future replacement and/or repair of the public safety facility and basic infrastructure improvements.

Revenues

Tax revenues, particularly property taxes have started to recover from the recent downturn in the housing market and are expected to modestly increase in the next five year period. The challenge is while revenues will be trending in a more positive direction, the bulk of revenues that support services are property tax revenues. These revenues, while increasing, are not increasing at the same pace as legacy costs (health care and pension).

Property taxes

Unlike many California agencies, Ross's property taxes did not take a material "hit" as a consequence of the great recession. This is the primary revenue source for the Town and represents 63% of Operating Fund revenues including the Public Safety tax. Revenues have remained relatively stable and started to show some modest growth beginning in 2015 as shown below. It is important to note Ross only receives 18.8 cents per dollar of property tax. Using a median house price of $2M, $3,760 goes to the Town, the remaining $16,240 goes to other public agencies (e.g., Ross School, Tamalpais Union High School District, Marin Community College, Ross Valley Sanitation and others).



For the past several years staff has relied on Marin County estimates to develop the property tax budget. In FY14 we started using the HdL Companies to provide property tax forecasts. Based on receipts to date, receipts for FY14 are estimated @ $273K over budget of which approximately $65K is one time Education Revenue Augmentation Funds (ERAF).

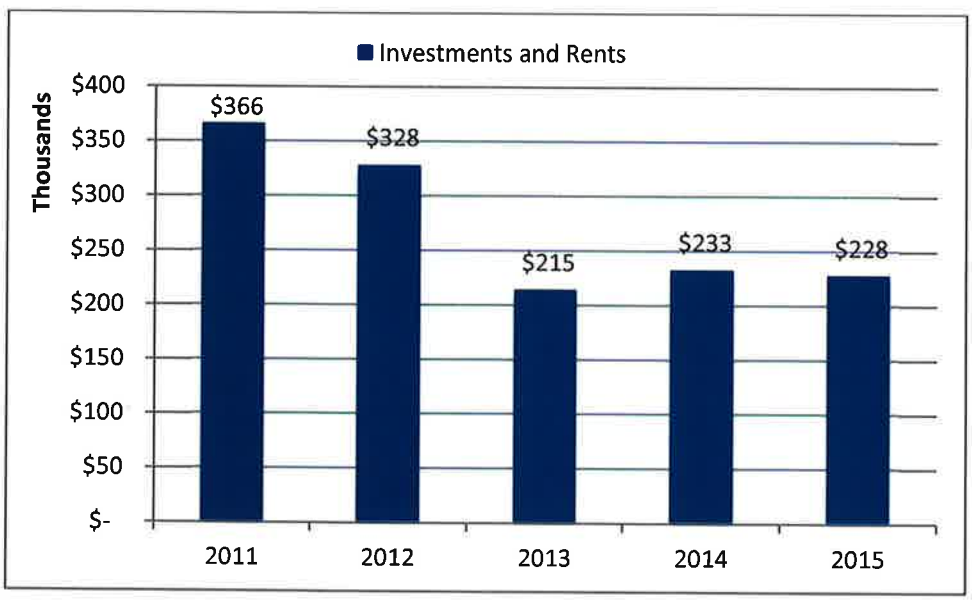
As referenced in the previous section, housing values in Marin are rising at a faster rate than the rest of California and the nation. One of the key reasons is supply and demand, as there is more demand than available supply. Supply has always been an issue in Marin given stringent growth restrictions. The Bay Area housing market has expanded over the last 18 to 24 months. Many listings are selling with multiple offers and are selling over list price namely for properties listed under $5M. This will translate into higher property tax revenues. FY15 property tax revenues are estimated at $3.5M.

Property in-lieu of vehicle license fees and excess Education Revenue Augmentation Funds (ERAF) are forecast to not grow during the forecast period. The forecast shows 1.25% increase in FY15 through FY19 for base property taxes. Real property transfer taxes are projected to increase 1% per year.

Investment income and rents

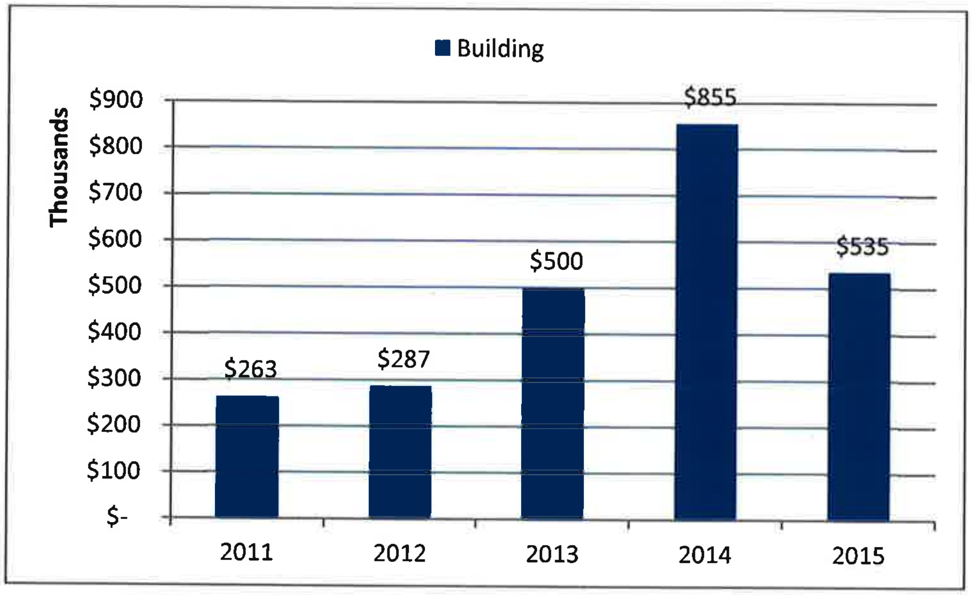
This revenue includes investment earnings on the Town investment portfolio and rental income from mobile communication companies (e.g., Sprint), rental house on the common, and the post office. General Fund interest earnings have declined 92% from FY11 to projected FY15 levels as higher yielding maturing investments were re-invested in a low interest rate environment. Also the Town was required to take action in FY13 to bring the portfolio in compliance with State investment law and its own portfolio guidelines.

The Federal Open Market Committee remains committed to keeping interest rates at exceptionally low levels through mid-2015 to stimulate the economy and boost job growth. This action will continue to keep downward pressure on the portfolio yield in FY15 and beyond with interest earnings projected to be minimal in FY15. Investment income is expected to be flat during the forecast period. In FY15, investment revenue is estimated @ $7.5K. The forecast shows essentially no growth to reflect the current and forecast low interest rate environment through FY19.



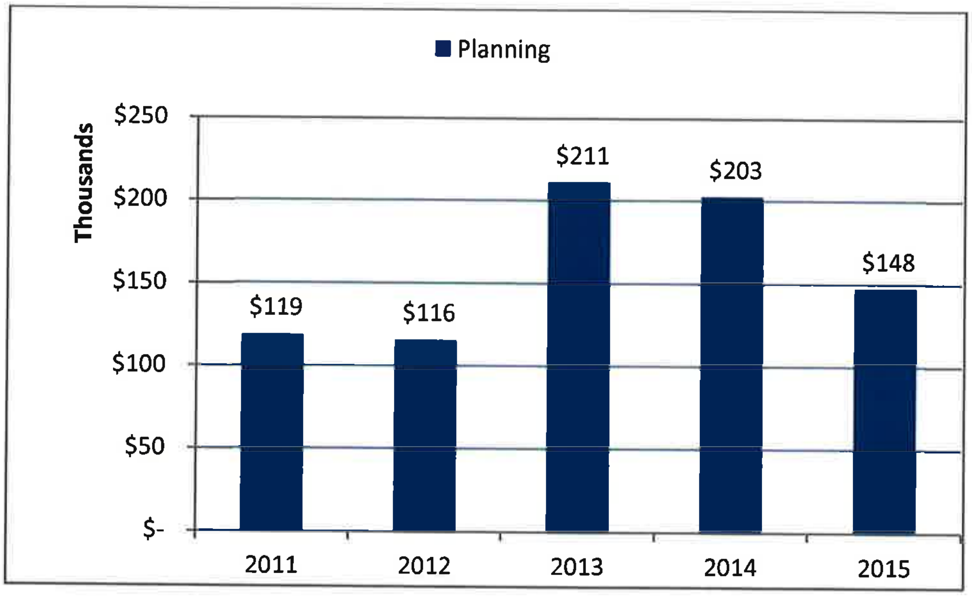
Building Department revenue

Building permits are the major component of this revenue category. These revenues are volatile as permit activity is highly correlated with economic health and vitality. Also this revenue category now includes technology revenues. FY15 revenues are projected to decrease 37% from the FY14 estimated actual figure. The decrease is attributable to conservative assumptions regarding FY15 building and construction activity. The forecast shows a 2% per year increase to reflect modest construction permit activity through FY19.

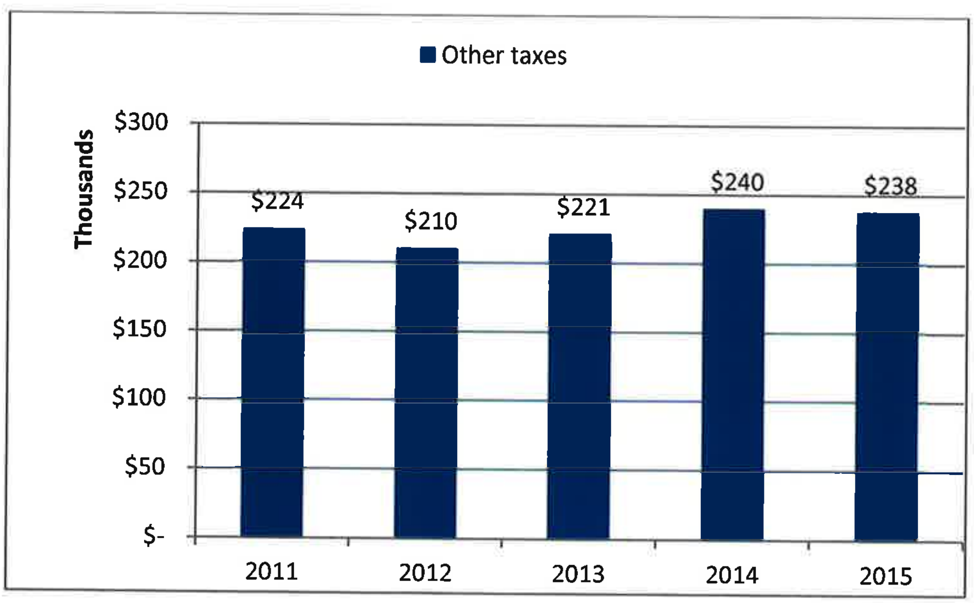


Planning

This revenue source includes planning application fees, construction reviews and tree permits. This revenue source like building permits is volatile as it is linked to the health of the economy and the real estate market. FY15 revenues are projected to be 18% lower for planning applications and 33% lower for planning construction reviews from the FY14 estimated actual figures. The decrease is attributable to conservative assumptions regarding FY15 planning activity. The forecast shows a 2% per year increase in subsequent years to reflect modest planning activity through FY19.



Other taxes
This revenue source includes business licenses, sales taxes, franchise fees from Cable TV, Marin Sanitary and PG&E plus property in-lieu of sales tax revenue (i.e., the triple flip). Sales taxes are an economically sensitive revenue source and a relatively small source of revenue (less than $30K). This revenue has remained fairly constant over the years peaking in FY11. The forecast shows a 0% per year to reflect modest activity through FY19 except for business licenses which are forecasted to increase by 1% per year.



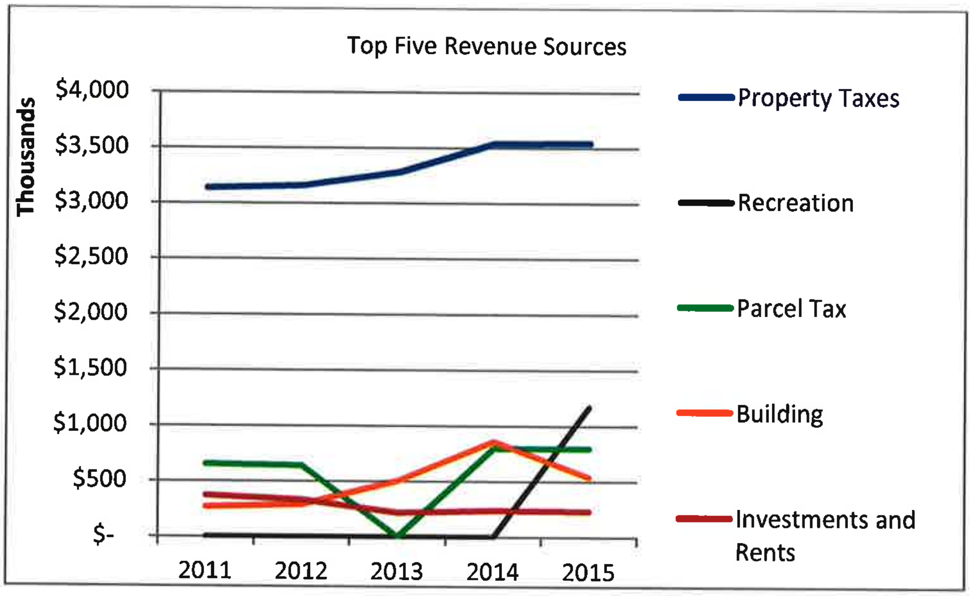
Intergovernmental
This revenue source includes revenues from other agencies such as grants (e.g. Measure A Parks). It is a modest income stream. The forecast shows 0% growth through FY19.

Miscellaneous and police revenues

This revenue source includes miscellaneous and police revenues, citizen contributions, and revenues that do not belong in other categories. This revenue source is highly volatile and difficult to forecast. The forecast shows 0% to 1% increases in revenue.

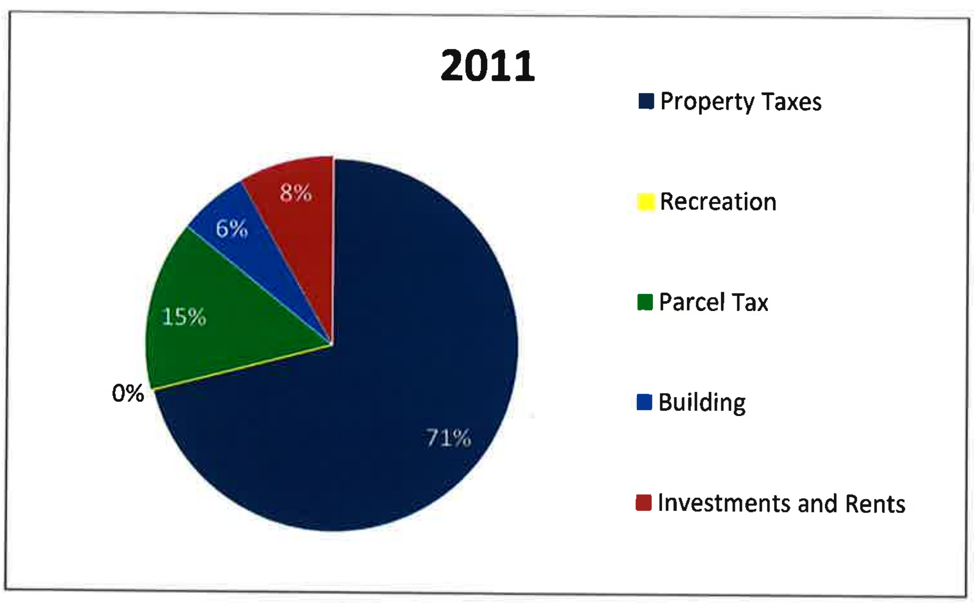
Top five revenue sources

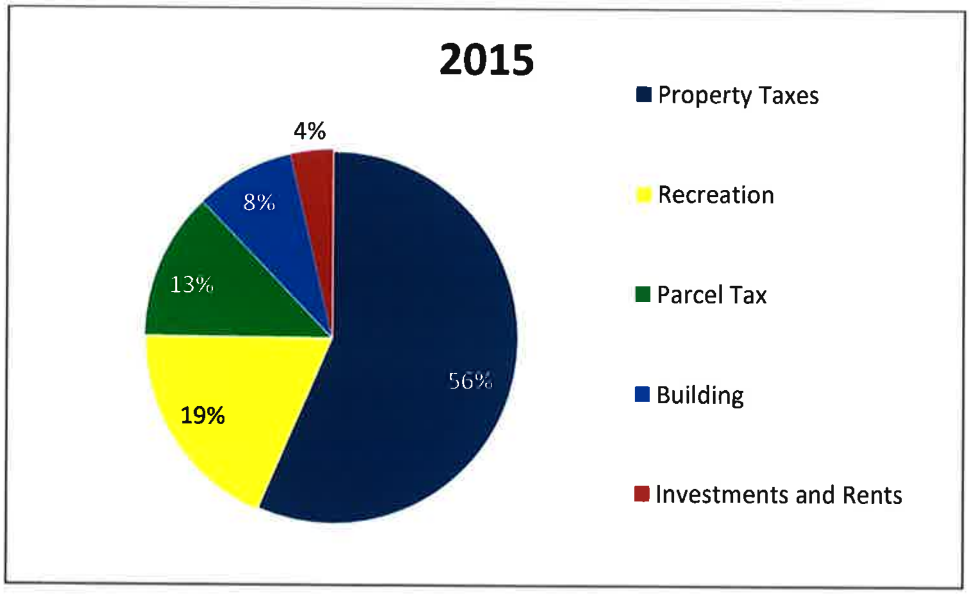
This graphic shows the top sources of revenue. The major change beginning in FY15 is the inclusion of recreation revenues.



Comparison of Top Five revenue sources FY11 vs. FY15

Property taxes comprise the major revenue source. In FY15 recreation revenues are now the 2nd largest revenue.



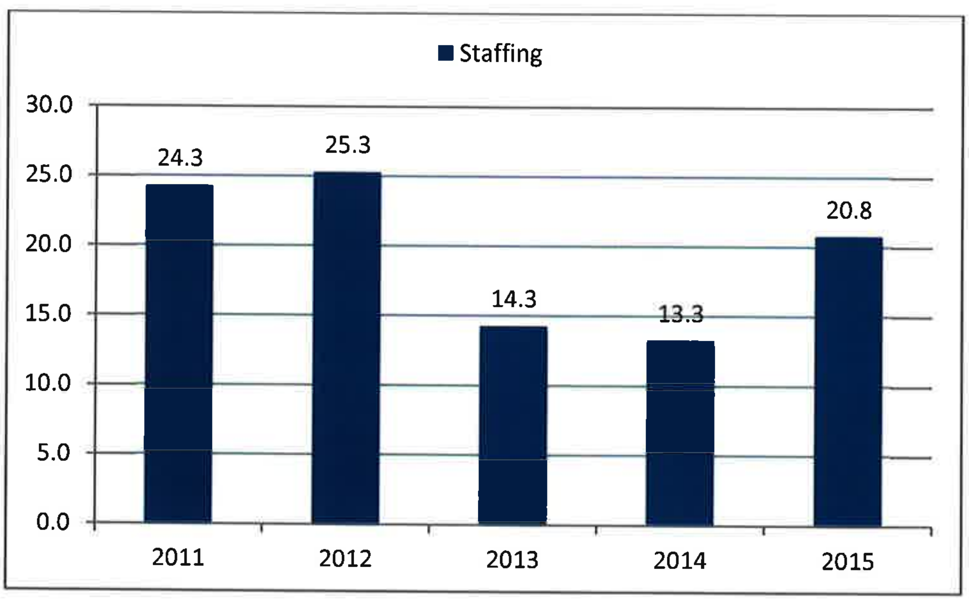


Expenses
Salary and benefits

<u>Salary</u>

- Compensation in FY15 for safety has been adjusted per agreed upon MOU terms. A 3% salary increase for non-represented employees is budgeted in FY15. Beginning FY16 and through FY19, a 2% salary increase is assumed. (Note: <u>increases are for forecasting purposes and do not represent any financial commitment)</u>

Full time equivalent (FTE) 5 year trend

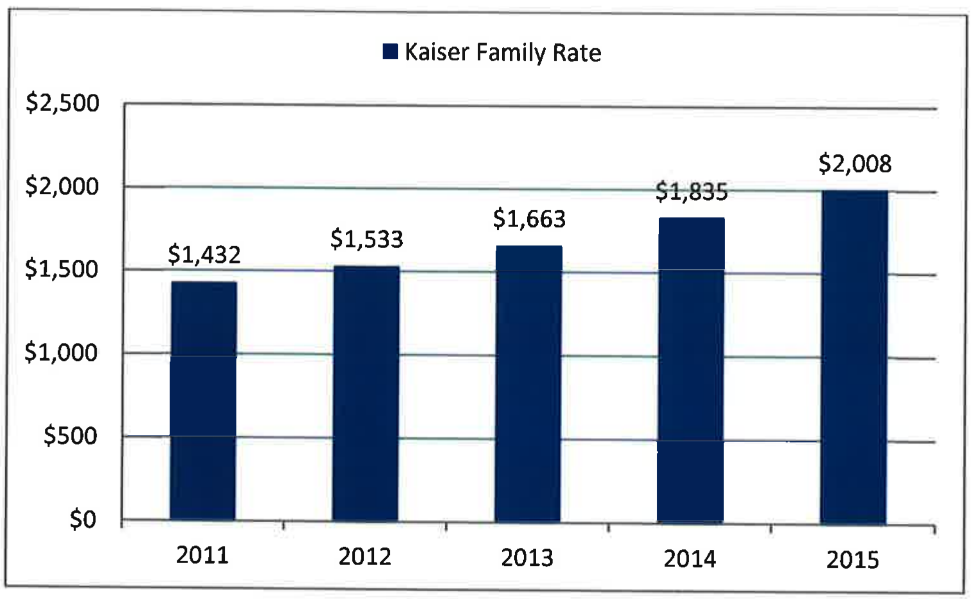


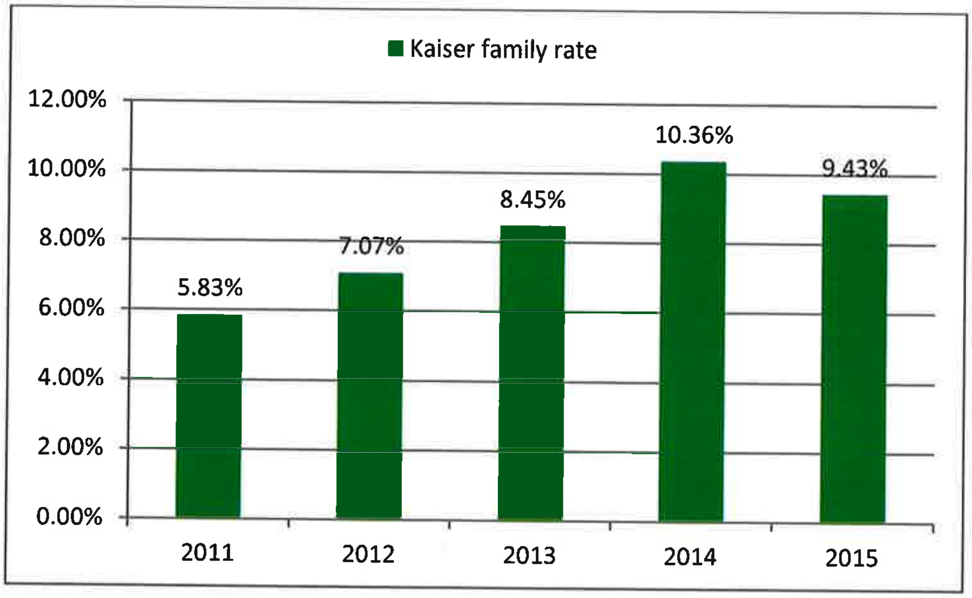
(Note 2013 reflects Town joining Ross Valley Fire District (RVFD). Town is paying for RVFD staffing costs in annual payment to RVFD. 2015 reflects addition of recreation services.

Pension and Employee Benefits

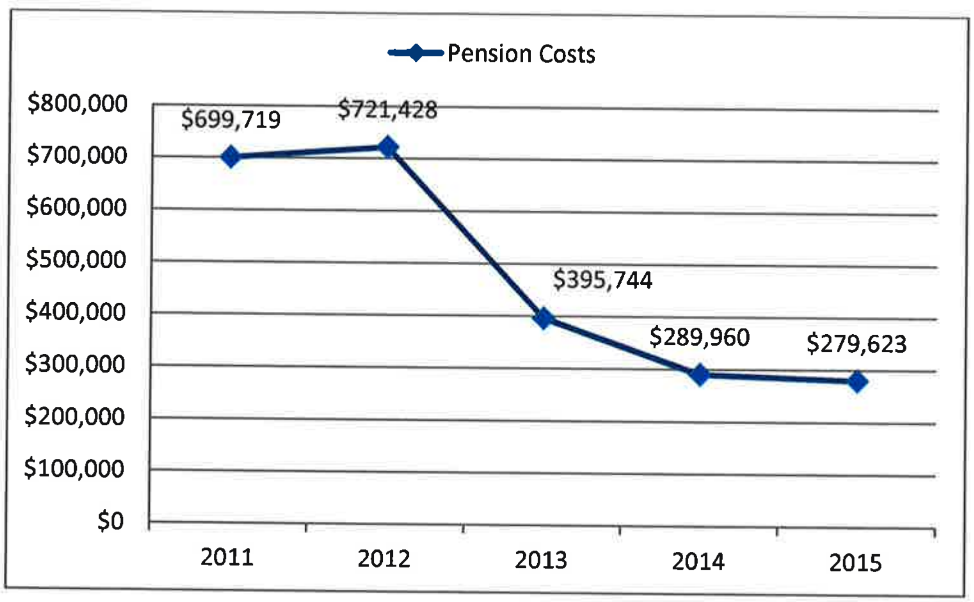
- Base model includes CalPERS side fund loan payoff with final payment in FY18 (five year loan)
- CalPERS rates go up in FY15 | .75% for Misc and .58% for Safety
- CalPERS pension costs increase 11% in FY16, 19% in FY17, 14% in FY18 and 12% in FY19 based on combination of CalPERS pension changes in February and May 2014 in which they updated mortality assumptions, combined risk pools, and added a charge for the unfunded liability (to be paid off in 30 years) and after change in 2012 where CalPERS changed the discount rate from 7.75% to 7.5% and a change in 2013 to amortization and smoothing policies
- Starting in January 2013, pension reform requires new members of CalPERS be enrolled in a new pension plan that offers lower pension benefits. Given the historically low turnover of staff, there is no accounting for any savings in the forecast period to FY19 from this reform
- Retiree annual required contribution costs (ARC) for health care expenses are based on an updated Bartel & Associates actuarial study done effective June 30, 2013. The contribution to the CERBT Trust FY15 increased to $75K.
- The forecast assumes employee benefits (i.e., includes health care, dental, workers comp, payroll taxes) increase 8% per year through FY19

Kaiser health plan family rate and percentage increase



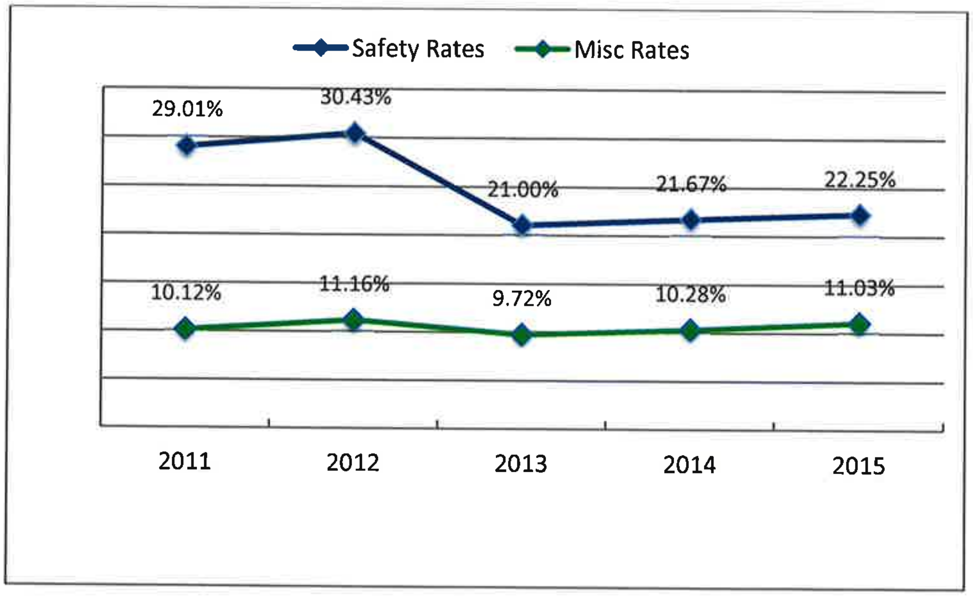


Pension costs



(Note for FY13 and FY14, RVFD pension costs are not part of the Town thus pension costs did not drop by half; costs transferred to RVFD; Town is paying pension costs in annual payment to RVFD).

CalPERS employer rates



(Note, rates declined in FY14 due to payoff of the CalPERS side fund debt)

Outside services
FY15 is projected to increase 62% vs. FY14. Total expense for this category $1,001K, a $381K increase over estimated actual FY14. The increase is due to increased attorney, accounting, computer, engineers, fire, human resources, public works plan check costs, and Ross Recreation contracted services. Plan check costs are offset by applicant fees. It is anticipated in FY16 forward, outside services are projected to be relatively stable, with a three (3) percent annual growth rate through the forecast period.

Ross Valley Fire Department (RVFD)
The forecast assumes 3% annual growth in costs.

Repairs and maintenance, vehicles
FY15 is projected to increase 29% vs. FY14. Total repairs and maintenance expense $263K, a $58K increase over estimated actual FY14. The forecast projects a 3% annual increase in repairs and maintenance and a 10% annual increase in vehicles due to volatile fuel prices.

Debt service
This category is primarily comprised of debt owed to Marin County in connection with the refinance of the CalPERS side fund debt in FY13. Debt service is $232K per annum. The Marin County loan will be paid in full in 2017 and the Marin Emergency Radio Authority (MERA) debt payoff is 2021.

Insurance and Other
FY15 insurance is projected to increase 29% vs. FY14. Total expense for insurance $81K for FY15. Other costs are projected to increase 94% vs. FY14. Most of the increase in other expense is due to the addition of Ross Recreation Department. Total expense for other $253K, $123K higher than FY14. The insurance forecast assumes 3% increases over the forecast period. A 2% per year increase is forecast for other.

Transfers into Facilities Fund

In FY15 through FY19 modest transfers are made to the Facilities & Equipment Fund to fund capital expenditures and improvements. The allocation is $25K/year.

Ongoing challenges

The California Public Employees' Retirement System (CalPERS) continues to make actuarial adjustments to CalPERS rates. The latest ones enacted by the CalPERS board in February of 2014 and May 2014 adjusts rates to reflect more realistic mortality assumptions, changes to the risk pools, and new payments for unfunded liabilities. The new rates to be phased in starting in 2017 will have a material fiscal impact on all California public agencies. In addition, health care costs continue to increase well above the cost of living. The monthly premium for the Kaiser family plan is projected to go over the $2,000 mark in January 2015 and near the $3,000 mark in 2020 less than five years away. Rates have increased on average 8% + per year the past five years. A key uncertainty with the rates is the impacts of the Affordable Care Act (ACA).

Summary

The LRFF shows a snapshot of potential financial results based on a number of assumptions. The snapshot shows the Town will incur modest deficits in FY16 and significant deficits beginning in 2017 assuming no public safety parcel tax income. Even with a new parcel tax deficits are projected in FY18 and FY19. The Town therefore should continue work to find additional revenue sources or consider structural savings as benefit costs are increasing faster than revenues. Also consideration needs to be given to the FY18 parcel tax rate and the likelihood of passage in planning for the future.

The Town under the Council's leadership continues to take fiscal measures to deal with current and future fiscal challenges including:

- Approved new Police Chief contract where the position will pick up 10% of the healthcare cost and is entitled to only the lowest cost family healthcare plan
- Approved new Ross Police Officer Memorandum of Understanding (MOU) enacting CalPERS public safety cost share of employee portion; 6% of 9% share over the term of the agreement
- Continue to share services for certain capital projects with Town of San Anselmo (e.g., OBAG)
- Eliminated non-essential services not offering real tangible community value
- Enacted CalPERS misc. employee cost share; 6% of the 7% share
- Use of contracted services to provide services

To maintain prudent fiscal stewardship, the Town will need to continue exploration of the employee benefit structure, alternative service delivery methods, and more efficient operations. Staff will continue to review alternative service delivery and services costs to address the report fiscal issues. The goal is to realize a long-term sustainable Town fiscal condition.

TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

SOURCES OF FUNDS	Actual 2013	Adopted 2014	Est. Actual 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Property Taxes								
Property Tax	$ 2,723,568	$ 2,750,000	$ 2,894,206	$ 2,980,000	$ 3,017,250	$ 3,054,966	$ 3,093,153	$ 3,131,817
Property Tax In Lieu of Vehicle Lic. Fee	198,509	198,000	208,250	219,870	198,000	198,000	198,000	198,000
Property Tax - Excess ERAF Funds	275,751	265,000	354,296	275,000	265,000	265,000	265,000	265,000
Real Property Transfer Tax	80,024	50,000	80,000	65,000	65,650	66,307	66,970	67,639
Subtotal	**3,277,852**	**3,263,000**	**3,536,752**	**3,539,870**	**3,545,900**	**3,584,272**	**3,623,122**	**3,662,456**
Public Safety Tax	-	**700,400**	**711,692**	**711,450**	**777,044**	**795,350**	-	-
Other Taxes								
Business Licenses	29,299	31,000	33,000	31,000	31,310	31,623	31,939	32,259
Sales Tax	27,431	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Property Tax in Lieu of Sales Tax(3xflip)	8,346	8,000	9,990	9,990	10,000	10,000	10,000	10,000
Franchise - Cable TV	40,474	41,000	55,000	55,000	55,000	55,000	55,000	55,000
Frnachise - Marin Sanitary Service	86,635	80,000	85,000	85,000	85,000	85,000	85,000	85,000
Franchise - PG&E	29,108	29,108	32,025	32,025	32,025	32,025	32,025	32,025
Subtotal	**221,293**	**214,108**	**240,015**	**238,015**	**238,335**	**238,648**	**238,964**	**239,284**
Intergovernmental Revenue								
Marin County Measure A Parks	-	-	9,459	14,603	14,749	14,897	15,045	15,196
Homeowner Property Tax Relief	18,468	18,500	18,494	18,500	18,500	18,500	18,500	18,500
Prop 172 1/2 Cent Sales Tax	18,600	19,000	19,000	19,000	19,000	19,000	19,000	19,000
State Vehicle License Fee	1,252	-	1,038	-	-	-	-	-
Subtotal	**38,320**	**37,500**	**47,991**	**52,103**	**52,249**	**52,397**	**52,545**	**52,696**
Investment Income and Rents								
Interest/Change in Value	6,620	10,000	9,500	7,500	7,500	7,500	7,500	7,500
Rental Income - Cellular	78,540	78,870	92,500	87,792	88,670	89,557	90,452	91,357
Rental Income - Post Office	105,840	105,600	105,620	105,600	107,712	109,882	112,063	112,063
Rental Income - Residence	23,700	23,700	25,525	27,300	28,500	29,700	30,900	32,100
Subtotal	**214,700**	**218,170**	**233,145**	**228,192**	**232,382**	**236,639**	**240,915**	**243,020**
Building Department Revenue								
Building Permits	422,219	260,000	635,000	400,000	408,000	416,160	424,483	432,973
Building - BSASRF & SMIP	1,846	2,000	3,150	2,350	2,350	2,350	2,350	2,350
Permits - Film	1,800	5,000	12,600	5,000	5,000	5,000	5,000	5,000
Permits - Special Events	250	500	625	500	500	500	500	500
Resale Inspections	24,825	20,000	27,000	25,000	25,250	25,503	25,758	26,015
Fee Program Administration	7,355	10,000	30,000	15,000	15,150	15,302	15,455	15,609
Records Management & Retention	5,447	3,500	22,000	17,500	17,675	17,852	18,030	18,211
Technology Surcharge Fees	36,525	20,000	125,000	70,000	71,400	72,828	74,285	75,770
Construction Penalties (to facilities fund)	369,104	-	-	-	-	-	-	
Subtotal	**869,371**	**321,000**	**855,375**	**535,350**	**545,325**	**555,494**	**565,860**	**576,428**
Planning								
Planning Application Fees	162,076	90,000	110,000	90,000	91,800	93,636	95,509	97,419
Planning Construction Review	38,567	40,000	75,000	50,000	51,000	52,020	53,060	54,122
Planning Administrative Citations	-	2,500	3,500	2,500	2,500	2,500	2,500	2,500
Tree Removal Permits	10,435	4,000	14,000	5,000	5,100	5,202	5,306	5,412
Subtotal	**211,078**	**136,500**	**202,500**	**147,500**	**150,400**	**153,358**	**156,375**	**159,453**
Police Revenue	**33,471**	**28,500**	**26,016**	**18,400**	**18,584**	**18,770**	**18,958**	**19,147**
Recreation Revenue	-	-	-	**1,170,000**	**1,193,400**	**1,217,268**	**1,241,613**	**1,266,446**
Miscellaneous								
Contributions	70,618	2,500	2,000	2,000	500	500	500	500
Miscellaneous	7,666	7,500	17,450	8,000	5,000	5,000	5,000	5,000
Reimbursement for Town Costs	29,475	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Ross Recreation Insurance Reimb.	12,000	12,000	15,000	-	-	-	-	-
Sale of Real Estate	150,000	-	-	-	-	-	-	-
Subtotal	**269,759**	**37,000**	**49,450**	**25,000**	**20,500**	**20,500**	**20,500**	**20,500**
Total sources before transfers in	**5,135,844**	**4,956,178**	**5,902,936**	**6,665,880**	**6,774,119**	**6,872,695**	**6,158,853**	**6,239,429**
Transfers In from Legal Defense Fund	-	82,600	82,600	83,900	18,306	-	-	-
Total sources of funds	5,135,844	5,038,778	5,985,536	6,749,780	6,792,425	6,872,695	6,158,853	6,239,429

TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

USES OF FUNDS	Actual 2013	Proposed 2014	Est. Actual 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Wages	1,457,641	1,302,216	1,252,336	1,901,185	1,939,209	1,977,993	2,017,553	2,057,904
Pension	395,744	299,085	289,960	279,623	309,000	367,000	417,000	468,000
Employee Benefits - Other	433,834	486,414	459,013	699,869	755,859	816,327	881,633	952,164
Subtotal	**2,287,219**	**2,087,715**	**2,001,309**	**2,880,677**	**3,004,067**	**3,161,320**	**3,316,186**	**3,478,068**
Outside Services	367,435	555,624	619,785	1,001,336	1,031,376	1,062,317	1,094,187	1,127,012
Ross Valley Fire Department	1,670,097	1,589,159	1,589,159	1,639,915	1,689,112	1,739,786	1,791,979	1,845,739
Memberships & Organizations	42,686	50,564	62,272	66,986	68,326	69,692	71,086	72,508
Rent	-	-	-	129,100	99,000	100,980	103,000	105,060
Repairs and Maintenance	132,161	228,500	204,500	263,000	270,890	279,017	287,387	296,009
Vehicles	32,744	46,000	40,000	45,000	49,500	54,450	59,895	65,885
Insurance	76,033	88,000	62,378	80,515	82,930	85,418	87,981	90,620
Other (miscelleneous)	102,029	123,320	130,482	253,444	258,513	263,683	268,957	274,336
Debt Service	19,385	223,271	420,010	232,214	232,259	233,209	28,894	28,894
Capital	28,135	7,900	17,195	31,500	33,075	34,729	36,465	38,288
Subtotal	**2,470,705**	**2,912,338**	**3,145,781**	**3,743,010**	**3,814,982**	**3,923,281**	**3,829,831**	**3,944,351**
Total uses before transfers	**4,757,924**	**5,000,053**	**5,147,090**	**6,623,687**	**6,819,049**	**7,084,601**	**7,146,017**	**7,422,419**
Transfers out to Facilities Fund	-	-	721,494	25,000	25,000	25,000	25,000	25,000
Total uses of funds	4,757,924	5,000,053	5,868,584	6,648,687	6,844,049	7,109,601	7,171,017	7,447,419

TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

SOURCES OF FUNDS	Est. Actual 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Property Taxes						
Property Tax	6.27%	2.96%	1.25%	1.25%	1.25%	1.25%
Property Tax In Lieu of Vehicle Lic. Fee	4.91%	5.58%	-9.95%	0.00%	0.00%	0.00%
Property Tax - Excess ERAF Funds	28.48%	-22.38%	-3.64%	0.00%	0.00%	0.00%
Real Property Transfer Tax	-0.03%	-18.75%	1.00%	1.00%	1.00%	1.00%
Subtotal	**7.90%**	**0.09%**	**0.17%**	**1.08%**	**1.08%**	**1.09%**
Public Safety Tax		**-0.03%**	**9.22%**	**2.36%**	**-100.00%**	**-100.00%**
Other Taxes						
Business Licenses	12.63%	-6.06%	1.00%	1.00%	1.00%	1.00%
Sales Tax	-8.86%	0.00%	0.00%	0.00%	0.00%	0.00%
Property Tax in Lieu of Sales Tax(3xflip)	19.70%	0.00%	0.10%	0.00%	0.00%	0.00%
Franchise - Cable TV	35.89%	0.00%	0.00%	0.00%	0.00%	0.00%
Frnachise - Marin Sanitary Service	-1.89%	0.00%	0.00%	0.00%	0.00%	0.00%
Franchise - PG&E	10.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Subtotal	**8.46%**	**-0.83%**	**0.13%**	**0.13%**	**0.13%**	**0.13%**
Intergovernmental Revenue						
Marin County Measure A Parks			1.00%	1.00%	1.00%	1.00%
Homeowner Property Tax Relief	0.14%	0.03%	0.00%	0.00%	0.00%	0.00%
Prop 172 1/2 Cent Sales Tax	2.15%	0.00%	0.00%	0.00%	0.00%	0.00%
State Vehicle License Fee	-17.09%	-100.00%				
Subtotal	**25.24%**	**8.57%**	**0.28%**	**0.28%**	**0.28%**	**0.29%**
Investment Income and Rents						
Interest/Change in Value	43.50%	-21.05%	0.00%	0.00%	0.00%	0.00%
Rental Income - Cellular	17.77%	-5.09%	1.00%	1.00%	1.00%	1.00%
Rental Income - Post Office	-0.21%	-0.02%	2.00%	2.01%	1.98%	0.00%
Rental Income - Residence	7.70%	6.95%	4.40%	4.21%	4.04%	3.88%
Subtotal	**8.59%**	**-2.12%**	**1.84%**	**1.83%**	**1.81%**	**0.87%**
Building Department Revenue						
Building Permits	50.40%	-37.01%	2.00%	2.00%	2.00%	2.00%
Building - BSASRF & SMIP	70.64%	-25.40%	0.00%	0.00%	0.00%	0.00%
Permits - Film	600.00%	-60.32%	0.00%	0.00%	0.00%	0.00%
Permits - Special Events	150.00%	-20.00%	0.00%	0.00%	0.00%	0.00%
Resale Inspections	8.76%	-7.41%	1.00%	1.00%	1.00%	1.00%
Fee Program Administration	307.89%	-50.00%	1.00%	1.00%	1.00%	1.00%
Records Management & Retention	303.89%	-20.45%	1.00%	1.00%	1.00%	1.00%
Technology Surcharge Fees	242.23%	-44.00%	2.00%	2.00%	2.00%	2.00%
Construction Penalties (to facilities fund)	-100.00%					
Subtotal	**-1.61%**	**-37.41%**	**1.86%**	**1.86%**	**1.87%**	**1.87%**
Planning						
Planning Administrative Citations		-28.57%	0.00%	0.00%	0.00%	0.00%
Planning Application Fees	-32.13%	-18.18%	2.00%	2.00%	2.00%	2.00%
Planning Construction Review	94.47%	-33.33%	2.00%	2.00%	2.00%	2.00%
Tree Removal Permits	34.16%	-64.29%	2.00%	2.00%	2.00%	2.00%
Subtotal	**-4.06%**	**-27.16%**	**1.97%**	**1.97%**	**1.97%**	**1.97%**
Police Revenue	**-22.27%**	**-29.27%**	**1.00%**	**1.00%**	**1.00%**	**1.00%**
Recreation Revenue			**2.00%**	**2.00%**	**2.00%**	**2.00%**
Miscellaneous						
Contributions	-97.17%	0.00%	-75.00%	0.00%	0.00%	0.00%
Miscellaneous	127.63%	-54.15%	-37.50%	0.00%	0.00%	0.00%
Reimbursement for Town Costs	-49.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Ross Recreation Insurance Reimb.	25.00%	-100.00%				
Sale of Real Estate	-100.00%					
Subtotal	**-81.67%**	**-49.44%**	**-18.00%**	**0.00%**	**0.00%**	**0.00%**
Total Revenue before transfers in	**14.94%**	**12.92%**	**1.62%**	**1.46%**	**-10.39%**	**1.31%**
Transfers In from Legal Defense Fund		1.57%	-78.18%	-100.00%		
Total Sources of funds	16.54%	12.77%	0.63%	1.18%	-10.39%	1.31%

TOWN OPERATING FUND AND RECREATION FUND BASE MODEL FINANCIAL FORECAST

USES OF FUNDS	Est. Actual 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Wages	-14.08%	51.81%	2.00%	2.00%	2.00%	2.00%
Pension	-26.73%	-3.56%	10.51%	18.77%	13.62%	12.23%
Employee Benefits - Other	5.80%	52.47%	8.00%	8.00%	8.00%	8.00%
Subtotal	**-12.50%**	**43.94%**	**4.28%**	**5.23%**	**4.90%**	**4.88%**
Outside Services	68.68%	61.56%	3.00%	3.00%	3.00%	3.00%
Ross Valley Fire Department	-4.85%	3.19%	3.00%	3.00%	3.00%	3.00%
Memberships & Organizations	45.88%	7.57%	2.00%	2.00%	2.00%	2.00%
Rent			-23.32%	2.00%	2.00%	2.00%
Repairs and Maintenance	54.74%	28.61%	3.00%	3.00%	3.00%	3.00%
Vehicles	22.16%	12.50%	10.00%	10.00%	10.00%	10.00%
Insurance	-17.96%	29.08%	3.00%	3.00%	3.00%	3.00%
Other (miscelleneous)	27.89%	94.24%	2.00%	2.00%	2.00%	2.00%
Debt Service	2066.68%	-44.71%	0.02%	0.41%	-87.61%	0.00%
Capital	-38.88%	83.19%	5.00%	5.00%	5.00%	5.00%
Subtotal	27.32%	18.99%	1.92%	2.84%	-2.38%	2.99%
Total expenditures before transfers	**8.18%**	**28.69%**	**2.95%**	**3.89%**	**0.87%**	**3.87%**
Transfers out to Facilities Fund			**0.00%**	**0.00%**	**0.00%**	**0.00%**
Total Uses of funds	23.3%	13.3%	2.9%	3.9%	0.9%	3.9%