



Financial Statements
June 30, 2021
Town of Ross

Financial Section

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities.....	11
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	15
Notes to Financial Statements	16
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Unaudited) and Actual – General Fund.....	43
Drainage Fund.....	44
Roadway Fund.....	45
Schedule of Proportionate Share of the Net Pension Liability	46
Schedule of Pension Contributions.....	47
Schedule of Changes in Net OPEB Liability	48
Schedule of OPEB Contributions.....	49
Supplementary Information	
Combining Balance Sheet - Non-Major Governmental Funds.....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds.....	51



Independent Auditor's Report

To the Members of the Town Council
Town of Ross
Ross, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Ross, California (Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 of 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 Town'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, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of the Town'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 solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Menlo Park, California
January 14, 2022

Introduction

The following provides a narrative overview and analysis of the fiscal operations during the fiscal year ended June 30, 2021 for the Town of Ross. The Management Discussion and Analysis is to be read in conjunction with the Town's financial statements.

Fiscal Year 2020-2021 Financial Highlights

The Fund Financial Statements shows total Town revenues of \$9.7 million and total expenditures of \$8.9 million. The total fund balance of \$14.7 million is \$0.8 million more than last year.

The government-wide statement of net position, the first statement of the basic financial statements, shows the Town's assets of \$26.0 million, deferred outflows of resources of \$2.0 million, liabilities of \$7.0 million, deferred inflows of resources of \$0.6 million, and a net position of \$20.3 million. Net position is \$1.0 million more than the prior year.

In November 2016 the residents of Ross approved Measure K, which extends the parcel tax eight years until June 30, 2025 at a rate of \$970 per parcel with annual cost of living adjustments. In fiscal year ended June 30, 2021 the rate was \$1,069.

Capital project highlights: The tennis courts at Frederick Allen Park were resurfaced, a new drinking fountain was installed in Natalie Coffin Greene Park, a new police vehicle was purchased, Thomas Court was resurfaced, and the Bolinas Avenue road reconstruction project was completed. Work continues on the Laurel Grove safe pathway project and the Winship bridge replacement.

The Town continues to pay down the unfunded pension liability over and above what is required. In fiscal year ended June 30, 2021 this discretionary payment was \$600 thousand.

Overview of the Financial Statements

The financial statements are presented in four parts:

- Management's discussion and analysis.
- The basic financial statements, which include the government-wide and fund financial statements along with the notes to the financial statements.
- Required supplementary information.
- Other supplementary information.

The Basic Financial Statements are comprised of Government-wide Financial Statements and Fund Financial Statements. These two sets of financial statements provide the reader two different viewpoints of the Town's financial activities and financial position.

Government-wide Financial Statements provide a long-term view of the Town's activities as a whole and comprise the statement of net position and statement of activities. The statement of net position provides information about the financial position of the Town as a whole, including all of its capital assets and long-term liabilities on a full accrual basis, similar to the basis used by private companies. The statement of activities provides information about the Town's revenues and expenses, on a full accrual basis, with the emphasis on measuring net revenues and expenses for each of the Town's activities. This statement also explains in detail the change in net position for the fiscal year.

All of the Town's basic services are considered to be governmental activities, including general government, planning and building, public safety, public works, and recreation. These services are supported by charges for services and general Town revenues such as taxes, investment income, and rental revenue.

All of the Town's activities are required to be grouped into governmental activities. The Town has no business-type activities as of June 30, 2021.

Fund Financial Statements report the Town's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the Town's general fund and other major funds. Unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Fund financial statements measure only current revenue and expenditures on the modified accrual basis, which means they measure only current financial resources and uses. The balance sheets exclude capital assets, long-term debt, and other long-term amounts. Major funds account for the major financial activities of the Town and are presented individually, while activities of non-major funds are presented in summary, with supplementary schedules presenting the detail for each of these funds. Major funds are explained in Note 1.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information follows the basic financial statements and includes budgetary comparison schedules for major funds, schedule retiree health benefits contributions and changes in that liability, a schedule of proportionate share of the net pension liability, and a schedule of pension contributions.

Supplementary Information follows the required supplementary information which includes the combining and individual fund statements and schedules that provide information on non-major governmental funds.

Government-Wide Financial Analysis

The Town has presented its financial statements in accordance with the Governmental Accounting Standards Board (GASB) Statements for accounting and financial reporting for State and local governments and include the basic financial statements and management's discussion and analysis. Comparative financial information is provided in Tables 1 and 2.

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Net change	% Change
Assets				
Cash and investments	\$ 16,337,718	\$15,206,272	\$ 1,131,446	7.44%
Receivables	366,891	722,833	(355,942)	-49.24%
Deposits and prepaid items	79,773	-	79,773	100.00%
Net OPEB asset	199,659	206,033	(6,374)	-3.09%
Capital assets, net	8,973,650	8,732,259	241,391	2.76%
Total assets	<u>25,957,691</u>	<u>24,867,397</u>	<u>1,090,294</u>	4.38%
Deferred Outflows of Resources				
Related to pensions and OPEB	<u>1,971,735</u>	<u>1,265,111</u>	<u>706,624</u>	55.85%
Liabilities				
Accounts payable	207,121	124,325	82,796	66.60%
Accrued and other liabilities	119,283	103,955	15,328	14.74%
Prepaid fees	32,786	37,762	(4,976)	-13.18%
Permit deposits payable	1,582,575	1,669,503	(86,928)	-5.21%
Unearned revenue	152,800	121,426	31,374	25.84%
Accrued compensated absences	347,311	317,972	29,339	9.23%
Capital lease				
Due within one year	683	620	63	10.16%
Due in more than one year	185,651	186,365	(714)	-0.38%
Net pension liability	<u>4,371,874</u>	<u>3,811,930</u>	<u>559,944</u>	14.69%
Total liabilities	<u>7,000,084</u>	<u>6,373,858</u>	<u>626,226</u>	9.82%
Deferred Inflows of Resources				
Related to pensions and OPEB	<u>624,080</u>	<u>456,104</u>	<u>167,976</u>	36.83%
Net Position				
Net investment in capital assets	8,787,316	8,545,274	242,042	2.83%
Restricted	2,955,625	3,107,606	(151,981)	-4.89%
Unrestricted	<u>8,548,129</u>	<u>7,649,666</u>	<u>898,463</u>	11.75%
Total Net Position	<u>\$ 20,291,070</u>	<u>\$ 19,302,546</u>	<u>\$ 988,524</u>	5.12%

Table 2
Condensed Statement of Activities

	Fiscal Year Ended		Net change	% Change
	June 30, 2021	June 30, 2020		
Revenues				
Program Revenues				
Charge for services	\$ 1,724,433	\$1,643,634	\$ 80,799	4.92%
Operating and capital contributions	822,525	1,158,072	(335,547)	-28.97%
General Revenues				
Property taxes	5,016,300	4,834,277	182,023	3.77%
Public safety tax	893,079	866,932	26,147	3.02%
Other taxes	495,266	370,994	124,272	33.50%
Gain on sale of capital assets	14,192	-	14,192	100.00%
Investment earnings	149,391	265,457	(116,066)	-43.72%
Other	574,625	393,513	181,112	46.02%
Total Revenues	<u>9,689,811</u>	<u>9,532,879</u>	<u>156,932</u>	1.65%
Expenses				
General Government	938,653	737,112	201,541	27.34%
Planning/building	914,194	784,155	130,039	16.58%
Public safety	4,876,827	4,596,475	280,352	6.10%
Public works	1,397,330	1,313,707	83,623	6.37%
Recreation	564,962	824,639	(259,677)	-31.49%
Interest on long-term debt	9,349	9,380	(31)	-0.33%
Total Expenses	<u>8,701,315</u>	<u>8,265,468</u>	<u>435,847</u>	5.27%
Change in Net Position	988,496	1,267,411	(278,915)	-22.01%
Net Position Beginning of Year	<u>19,302,574</u>	<u>18,035,135</u>	<u>1,267,439</u>	7.03%
Net Position End of Year	<u>\$ 20,291,070</u>	<u>\$ 19,302,546</u>	<u>\$ 988,524</u>	5.12%

Net position increased by \$1.0 million in the current year. Revenues increased by \$157,000 over the prior year. Expenses increased by \$436,000 over the prior year primarily due to pension adjustments.

Governmental Funds – Major Funds Highlights

General Fund Revenues for the year ended June 30, 2021 increased by \$464,000 over the prior year. Taxes were up \$307,000 . Revenue from the use of money and property decreased \$69,000 . Building and permit revenue was increased \$30,778. Public safety parcel tax funds of \$893,079 were transferred into the General Fund to partially offset the cost of police and \$45,000 was transferred in from the General Plan Update Fund to reimburse for staff time relating to work on modernizing and updating Town facilities and fire protection service analysis, zoning ordinance updates, and consultant studies related to the Town Facilities Master Plan.

General Fund Expenditures for the year ended June 30, 2021 increased \$799,000 from the prior year. Most of the increase is due to the discretionary \$600,000 contribution to CalPERS to pay down the unfunded liability for future year savings.

General Government increased \$131,000 or 17% primarily due to an increases in pension expense and consulting costs related to seismic work and the Townwide master plan.

Public Safety increased \$807,000 or 21% over the prior fiscal year primarily due to an increase in pension costs, wages, and the new wildfire protection program.

Planning/Building/Public Works increased \$111,000 or 15% primarily because of an increases in wages, pension expense, and Ross Common maintenance.

Recreation expenditures decreased \$196,000 or 29% less than the prior fiscal year primarily due to the effects the Covid-19 pandemic which reduced programs and classes conducted. A \$64,000 reduction in the expenses was due to the reclassification of the Ross Common maintenance to the Public Works Department.

Capital expenditures decreased \$142,000. Capital projects included the tennis court resurfacing and a new police vehicle.

Drainage Fund Highlights

Drainage Fund revenues decreased \$151,000 or 38% from the prior fiscal year with drainage impact fees decreasing by \$134,000. Expenditures of \$134,000 were primarily for the ongoing Winship Bridge replacement project.

Roadway Fund Highlights

Roadway Fund revenues decreased \$126,000 or 31% more than the prior fiscal year. Road impact fees decreased \$134,000. Expenditures of \$399,000 increased \$252,000 or 171% more than the prior fiscal year. The largest expenditure was for the Bolinas Avenue road reconstruction project which was completed in the fall of 2020. Thomas Court was resurfaced. Continuing over several years is the Laurel Grove safe pathway project.

General Fund Budgetary Highlights

A comparison of the final budget to actual revenues and expenditures for the General Fund is presented in the required supplementary information section of this report.

Actual revenues of \$7.9 million were over budget by \$0.36 million primarily due to the better than expected tax revenue and building and planning revenue.

Actual expenditures of 7.9 million were under budget by \$1.0 million. All departments were under budget primarily due to unspent money for outside services, and capital projects deferred to next year.

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2021 is \$9.0 million. This figure does not include the Town's infrastructure such as roads and bridges constructed prior to June 30, 2005 as allowed under current governmental accounting standards. The cumulative historical cost figures before June 30, 2005 may be added in the future at management's discretion. All additional infrastructures from June 30, 2005 forward are recorded and accounted for. Additional detail on capital assets can be found in Note 4 to these financial statements.

Long-Term Obligations

The Town's obligations consist of a capital lease in the amount of \$186,000 , accrued compensated absences in the amount of \$347,000 , and a net pension liability of \$4.4 million. Additional information on long-term debt, pension, compensated absences, and OPEB can be found in Notes 5, 6, 10, and 12 to these financial statements, respectively.

Economic Outlook and Next Year's Budget

General Fund property tax revenues for fiscal year ending June 30, 2022 are anticipated to be 4.2% higher than the prior year budget. Total General Fund revenues excluding one-time grants is estimated to be 3.7% more than the prior year budget. General Fund expenditures are estimated to be 5.14% more than the prior year budget.

The police MOU approved in June 2019 is effective from the July 1, 2019 through June 30, 2022. The MOU calls for annual raises of 3% each year.

The Town will receive one time revenues of \$586,000 in American Rescue Plan Funds from the federal government in fiscal year ending June 30, 2022.

In November 2016 the residents of Ross approved Measure K which extends the Public Safety parcel tax eight years until June 30, 2025 at a rate of \$970 per parcel with annual cost of living adjustments. The rate set for fiscal year ending June 30, 2022 is \$1,085 per parcel.

Request for Financial Information

This financial report is designed to provide a general overview of the Town of Ross's finances for all of the Town of Ross's residents, taxpayers, and customers. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Christa Johnson, Town Manager, Town of Ross, P.O. Box 320, Ross, CA 94957.

Town of Ross
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 14,743,036
Restricted assets - cash and investments	1,594,682
Accounts receivables	355,178
Interest receivables	11,713
Investments in Section 115 Trust	79,773
Net OPEB asset	199,659
Capital assets, net of accumulated depreciation	8,973,650
Total assets	25,957,691
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	1,953,886
Deferred outflows of resources related to OPEB	17,849
Total deferred outflows of resources	1,971,735
Liabilities	
Accounts payable	207,121
Accrued and other liabilities	119,283
Prepaid fees	32,786
Deposits payable from restricted assets	1,582,575
Unearned revenue	152,800
Accrued compensated absences	
Due within one fiscal year	115,770
Due in more than one fiscal year	231,541
Capital lease payable to Ross School	
Due within one fiscal year	683
Due in more than one fiscal year	185,651
Net pension liability	4,371,874
Total liabilities	7,000,084
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	595,323
Deferred inflows of resources related to pensions and OPEB	28,757
Total deferred inflows of resources	624,080
Net Position	
Net investment in capital assets	8,787,316
Restricted for	
Drainage projects	1,304,165
Highways and streets (roadway and gas tax)	1,269,141
Public safety (COPS)	5,918
Marin Wildfire Prevention Authority JPA Funds	15,887
General plan	360,514
Unrestricted	8,548,129
Total Net Position	\$ 20,291,070

Town of Ross
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total Governmental Activities
Governmental Activities					
General government	\$ 938,653	\$ 6,188	\$ -	\$ -	\$ (932,465)
Planning/building	914,194	259,808	-	52,347	(602,039)
Public safety	4,876,827	213,936	189,196	-	(4,473,695)
Public works	1,397,330	876,732	158,532	393,367	31,301
Recreation	564,962	367,769	29,083	-	(168,110)
Interest on long-term debt	9,349	-	-	-	(9,349)
Total Governmental Activities	\$ 8,701,315	\$ 1,724,433	\$ 376,811	\$ 445,714	(6,154,357)
General Revenues					
Taxes					
Property tax					5,016,300
Public safety tax					893,079
Sales tax					129,390
Franchise tax					205,788
Real property transfer tax					160,088
Investment earnings					149,391
Gain on sale of capital assets					14,192
Other revenue					574,625
Total general revenues					7,142,853
Change in Net Position					988,496
Net Position, Beginning of Year					19,302,574
Net Position, End of Year					\$ 20,291,070

Town of Ross
Balance Sheet - Governmental Funds
June 30, 2021

	General	Drainage	Roadway	Non-Major Governmental Funds	Totals
Assets					
Cash and investments	\$11,920,489	\$ 1,273,307	\$ 1,000,779	\$ 548,461	\$14,743,036
Restricted cash and investments	1,594,682	-	-	-	1,594,682
Accounts receivables	172,131	64,039	110,393	8,615	355,178
Interest receivables	9,349	1,050	825	489	11,713
Investments in Section 115 Trust	79,773	-	-	-	79,773
Total assets	\$13,776,424	\$ 1,338,396	\$ 1,111,997	\$ 557,565	\$16,784,382
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 138,901	\$ 34,231	\$ 33,989	\$ -	\$ 207,121
Accrued and other liabilities	119,283	-	-	-	119,283
Prepaid fees	32,786	-	-	-	32,786
Deposits payable	1,582,575	-	-	-	1,582,575
Unearned revenue	152,800	-	-	-	152,800
Total liabilities	2,026,345	34,231	33,989	-	2,094,565
Fund Balances					
Restricted	95,660	1,304,165	1,078,008	557,565	3,035,398
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	11,654,419	-	-	-	11,654,419
Total fund balances	11,750,079	1,304,165	1,078,008	557,565	14,689,817
Total Liabilities and Fund Balances	\$13,776,424	\$ 1,338,396	\$ 1,111,997	\$ 557,565	\$16,784,382

Town of Ross
 Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds
 June 30, 2021

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

Fund balances - total governmental funds		\$ 14,689,817
Capital assets of governmental activities are not financial resources and therefore are not reported in the governmental funds.		8,973,650
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(347,311)
Net other postemployment benefits assets are considered a long-term asset and therefore are not reported on the governmental funds balance sheets.		199,659
Certain liabilities and deferred inflows and outflows of resources are not due and payable or realizable in the current period and therefore are not reported in the governmental funds.		
Capital lease	(186,334)	
Net pension liability	(4,371,874)	
Deferred outflows due to pension liabilities and OPEB	1,971,735	
Deferred inflows due to pension liabilities and OPEB	<u>(624,080)</u>	
		<u>(3,210,553)</u>
Net Position of Governmental Activities		<u><u>\$ 20,305,262</u></u>

Town of Ross

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021

	General	Drainage	Roadway	Non-Major Governmental Funds	Total
Revenues					
Taxes	\$ 5,552,070	\$ -	\$ -	\$ 893,079	\$ 6,445,149
Intergovernmental	403,444	91,471	110,393	273,121	878,429
Building/public works permits	728,123	150,813	151,083	52,347	1,082,366
Revenue from use of money and property	385,295	4,906	6,039	4,137	400,377
Charges for services	806,620	-	-	-	806,620
Fines and forfeitures	16,993	-	-	-	16,993
Miscellaneous	48,494	-	11,383	-	59,877
Total revenues	7,941,039	247,190	278,898	1,222,684	9,689,811
Expenditures					
Current					
General government	899,144	-	-	-	899,144
Planning/building	844,017	-	-	-	844,017
Public safety	4,626,048	-	-	170,000	4,796,048
Public works	901,407	23,477	12,936	85,183	1,023,003
Recreation	485,118	-	-	-	485,118
Capital outlay	142,025	110,072	385,876	191,017	828,990
Debt service					
Principal	651	-	-	-	651
Interest and fees	9,349	-	-	-	9,349
Total expenditures	7,907,759	133,549	398,812	446,200	8,886,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,280	113,641	(119,914)	776,484	803,491
Other Financing Sources (Uses)					
Transfers in	938,079	-	-	-	938,079
Sale of capital assets	14,192	-	-	-	14,192
Transfers out	-	-	-	(938,079)	(938,079)
Total other financing sources (uses)	952,271	-	-	(938,079)	14,192
Net Change in Fund Balances	985,551	113,641	(119,914)	(161,595)	817,683
Fund Balances, Beginning of Year	10,764,528	1,190,524	1,197,922	719,160	13,872,134
Fund Balances, End of Year	\$11,750,079	\$1,304,165	\$1,078,008	\$ 557,565	\$14,689,817

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds		\$ 817,683
<p>Governmental funds report capital outlays as expenditures, but in the statement of activities the cost of such assets is allocated over their estimated useful lives as depreciation expense or is allocated to the appropriate functional expense when the cost is below the capitalization threshold.</p>		
Cost of assets capitalized	828,990	
Depreciation expense	<u>(587,597)</u>	
		241,393
<p>Capital lease payment is an expense on the statement of revenues, expenditures and changes in fund balance but do not impact the statement of activities.</p>		
		651
<p>Compensated absences expenses incurred and reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Amounts paid for previously accrued compensated absences are recorded as expenditures in the governmental funds, but reduce the accrual on the statement of net position and are not included as an expense in the statement of activities.</p>		
		(29,339)
<p>Pension and other post employment benefits expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>(27,700)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 1,002,688</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Ross (the Town) operates under a Council-Manager form of government and provides the following services as authorized as a general law Town: police, streets, public improvements, public works, building, planning and zoning, recreation, and general administrative services. The Town provides fire protection services through a joint powers authority.

Significant Accounting Policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

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 Town consists of all funds, departments, boards, and agencies that are not legally separate from the Town.

Basis of Accounting and Measurement Focus

Fund Financial Statements

The accounts of the Town are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The Town's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the Town. The Town does not currently have any fiduciary or business-type activities.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town’s assets and liabilities, deferred inflows and outflows of resources, including capital assets and infrastructure as well as long-term debt are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized in the period in which the liability is incurred. The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of program revenues for the Town are reported in three categories: (1) charges for services, (2) operating contributions and grants, and (3) capital contributions and grants. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function.

Contributions and grants include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported as general revenues.

Certain eliminations have been made as prescribed by the GASB with regard to interfund activities, payables, and receivables. Internal balances in the government-wide financial statements have been eliminated.

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to net position presented in the government-wide financial statements. The Town has presented all major funds that meet the qualifications as defined by the GASB.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included on the balance sheets. The reported fund balance is the net current resources available, which is considered only to be a measure of available spendable resources. The statement of revenues, expenditures, and changes in fund balances presents a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 90-days after year-end, except for property taxes for which the accrual period is 60 days after year-end) are recognized when due. Those revenues susceptible to accrual are property taxes, sales taxes, transient occupancy taxes, utility user taxes, property transfer taxes, interest revenues, and charges for services. Fines, licenses, use of property, and permit revenues are not susceptible to accrual because they generally are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term obligations and certain other long-term liabilities such as pension and compensated absences which are recognized when due. Because of their current financial resources focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities.

The Town reports the following major governmental funds:

- The **general fund** is the government’s primary operating fund. It accounts for all financial resources of the Town except those required to be accounted for in another fund.
- The **drainage fund** accounts for expenditures and related financial resources collected through drainage impact fees and other restricted funds collected specifically for drainage maintenance, repair and modification.
- The **roadway fund** accounts for expenditures and related financial resources collected through road impact fees and other restricted funds collected specifically for roadway improvements, repair and modification.

Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget/actual comparisons in this report use this budgetary basis. Budgetary comparison schedules are presented for the general, drainage, and roadway funds. The budgetary comparison schedules present both the original adopted budget and the final budget with all amendments.

Capital Assets

The Town's assets are capitalized at historical cost or estimated historical cost. The Town's policy has set the capitalization threshold as follows:

Buildings and building improvements	\$	25,000
Electronic equipment		1,000
Infrastructure		50,000
Land and land improvements		25,000
Machinery, equipment and vehicles		5,000
Computer software		5,000

Leased assets are capitalized using the present value of the future lease payments. Donated capital assets are valued at their estimated acquisition value on the date of contribution. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis using mid-year convention. Department heads or their designees assign a useful life to all assets using the following general guidelines:

Buildings and building improvements	5-25 Years
Electronic equipment	3-5 Years
Infrastructure	10-50 Years
Land improvements	5-50 Years
Machinery, equipments and vehicles	3-10 Years
Pavement System	28 Years
Sidewalk, curb, and gutters	40 Years
Traffic signals	25 Years
Street lights	25 Years
Bridges	75 Years
Park improvements	25-40 Years
Sewer and storm drains	50 Years

In accordance with the generally accepted accounting principles, the Town has reported all capital assets including infrastructure on a prospective basis in the statement of net position. The Town elected to use the basic approach, whereby depreciation expense and accumulated depreciation has been recorded.

Interfund Transactions

With Council approval, resources may be transferred from one Town fund to another. Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Property Taxes

The County of Marin (County) assesses all properties and it bills, collects, and distributes property taxes and special assessments as follows:

	Secured	Unsecured
Lien dates	January 1	January 1
Assessment dates	July 1	July 1
Due dates	50% on November 1 and February 1	July 1
Delinquent as of	December 10 and April 10	August 31

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenue is recognized in accordance with applicable GASB pronouncements; that is, in the fiscal year for which the taxes have been levied provided they become available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period. The County remits the entire amount of the tax levy to the Town (net of County administrative fees), and handles all delinquencies, retaining any interest and penalties.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and net other postemployment liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's California Public Employees' Retirement System (CalPERS) and additions 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The Town does not have a policy that requires sick leave to be paid upon an employee's termination from the Town. As an estimate of the ultimate amount that may be paid out if an individual retires in good standing, accumulated sick leave is only recognized as a liability to the extent of twenty-five percent of sick leave calculated at fiscal year-end and reflected in the government-wide financial statements. All vacation pay is accrued when incurred and is reflected in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liabilities have matured, e.g., as a result of employee resignations and retirements.

Following is a summary of the Town's sick leave pay out policies:

Miscellaneous Employees: Upon retirement, in good standing: 50% of accumulated unused sick leave, up to a maximum of 45 days (360 hours).

Police Employees: Upon retirement, in good standing: 50% of unused sick leave, up to a maximum of 660 hours total.

Estimates

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

Cash and Cash Equivalents

The Town considers cash and cash equivalents as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

All investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Town is authorized under California Government Code and the Town’s investment policy to make direct investments in U.S. Treasury instruments and securities of the U.S. Government, the Local Agency Investment Fund (LAIF), federally insured deposits in commercial banks and savings and loan associations and money market funds.

The table below identifies the investment types that are authorized for the Town by the California Government Code. Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	N/A	None	None
Registered State Bonds, Notes	5 years	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
Federal Agency Securities	5 years	N/A	None	None
Banker's Acceptance	180 days	N/A	40%	30%
Commercial Paper	270 days	A1, P1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	None
Repurchase Agreements	1 year	N/A	None	None
Reverse Repurchase Agreements	92 days	N/A	20% of base	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	None
Investment Trust of California (CalTRUST)	N/A	N/A	None	None
Passbook Savings Account Demand Deposits	N/A	N/A	None	None
Medium Term Corporate Notes	5 years	A	30%	N/A
Mortgage Pass-Through Securities	5 years	AA	20%	N/A
Mutual Funds	N/A	Top Ranking	20%	10%
Money Market Mutual Funds	N/A	Top Ranking	None	N/A

(a) Nationally Recognized Statistical Rating Organization.

Use of Restricted Resources

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

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with prepaid fees. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town counsel of decision-making authority.

Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Note 2 - Cash and Investments

The Town's dependence on property tax receipts requires it to maintain significant cash reserves to finance operations during certain portions of the year. The Town pools cash from all sources so that it can safely invest at maximum yields, while individual funds can make expenditures at any time.

All investments are carried at fair value. Investment income is allocated quarterly among funds on the basis of average fund balance in funds that maintain positive average cash balances.

Summary of Deposits and Investments

Cash and investments as of June 30, 2021 is classified as follows in the accompanying financial statements:

Cash and investments	\$ 14,743,036
Restricted cash and investments	<u>1,594,682</u>
 Total cash and investments	 <u><u>\$ 16,337,718</u></u>

Restricted cash and investments are restricted for payment of permit time completion deposits payable. Cash and cash equivalents as of June 30, 2021, consist of the following:

Cash	\$ 773,248
Section 115 Trust	79,773
Investments	<u>15,484,697</u>
 Total cash and investments	 <u>\$ 16,337,718</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market's interest rates. The Town manages its exposure to interest rate risk by purchasing only short-term investments as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2021, the Town's investments were in LAIF and PARS Section 115 in the amounts of \$15,484,697 and \$79,773, respectively. At June 30, 2021 LAIF had a weighted average maturity of 291 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The LAIF and PARS Section 115 investments are not rated.

Concentration of Credit Risk

The Town's investment policy contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. The Town's investments are not exposed to the concentration risk because the investments are pooled with PARS Section 115 and LAIF which are diversified due to their nature.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the Town's deposits may not be returned. The Town's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the Town's bank balance of \$773,248 in two banks is either insured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Neither the California Government Code nor the Town’s investment policy contains legal or policy requirements that would limit the exposure to custodial risk. The Town is not exposed to custodial credit risk.

Fair Value Measurements

The Town 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. These categories are Level 1 which are based quoted prices in active markets, Level 2 which are based on observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets and Level 3 which are based on unobservable inputs which uses the best information available under the circumstances, which might include the Town’s own data.

The Town is a voluntary participant in the LAIF that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in the pool is reported in the accompanying financial statement at amounts based upon the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, and is recorded on the amortized cost basis. The investments are not registered with the Securities and Exchange Commission. LAIF is not rated by the rating agencies. Investments in PARS Section 115 is categorized as Level 2.

Investments in LAIF is not measured using the input levels above because the Town'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 and therefore these investments are not categorized.

Note 3 - Interfund Transfers

With Council approval, resources may be transferred from one Town fund to another. Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfer In	Transfer Out
General Fund	\$ 938,079	\$ -
Non-Major Funds		
Public safety tax fund	-	893,079
General plan update fund	-	45,000
	\$ 938,079	\$ 938,079

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Additions and Adjustments	Retirements and Adjustments	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 2	\$ -	\$ -	\$ 2
Construction in progress	742,770	186,055	(13,965)	914,860
Total capital assets, not being depreciated	<u>742,772</u>	<u>186,055</u>	<u>(13,965)</u>	<u>914,862</u>
Capital Assets, Being Depreciated				
Land improvements	9,181,161	602,373	(48,223)	9,735,311
Buildings	2,074,371	-	-	2,074,371
Furniture and fixtures	34,145	-	-	34,145
Office equipment	141,930	12,329	(11,943)	142,316
Safety equipment	64,248	-	(12,974)	51,274
Software	127,091	-	-	127,091
Street and park equipment	141,811	-	(8,105)	133,706
Vehicles	414,556	42,196	(70,448)	386,304
Leased building under capital lease - Ross School	457,824	-	-	457,824
Total capital assets, being depreciated	<u>12,637,137</u>	<u>656,898</u>	<u>(151,693)</u>	<u>13,142,342</u>
Less Accumulated Depreciation for				
Land improvements	2,529,833	405,918	(48,223)	2,887,528
Buildings	1,327,223	69,754	-	1,396,977
Furniture and fixtures	31,582	1,707	-	33,289
Office equipment	118,982	13,032	(11,943)	120,071
Safety equipment	42,950	7,007	(12,974)	36,983
Software	66,917	25,418	-	92,335
Street and park equipment	101,135	8,578	(8,105)	101,608
Vehicles	291,680	40,922	(70,448)	262,154
Capital Lease - Ross Rec.	137,348	15,261	-	152,609
Total accumulated depreciation	<u>4,647,650</u>	<u>587,597</u>	<u>(151,693)</u>	<u>5,083,554</u>
Total capital assets, being depreciated, net	<u>7,989,487</u>	<u>69,301</u>	<u>-</u>	<u>8,058,788</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,732,259</u>	<u>\$ 255,356</u>	<u>\$ (13,965)</u>	<u>\$ 8,973,650</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 35,423
Public safety	65,653
Planning	61,628
Public works	350,196
Recreation	<u>74,697</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 587,597</u></u>

Note 5 - Long-Term Debt

On November 6, 2012, the Town signed a memorandum of understanding with Ross School District regarding leasing a building on which the Town pays a minimum of \$10,000 per year to have access to a minimum of eight classrooms to conduct recreation classes. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	Lease Payments
2022	\$ 10,000
2023	10,000
2024	10,000
2025	10,000
2026	10,000
2027-2031	50,000
2032-3035	50,000
Thereafter to 2076	<u>400,000</u>
 Total minimum lease payments	 550,000
Less amount representing interest	<u>(363,666)</u>
 Present value of minimum lease payments	 186,334
Current portion	<u>(683)</u>
 Long-term portion	 <u><u>\$ 185,651</u></u>

Note 6 - Pension Plan

The Town participates in the Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost Sharing) for its Miscellaneous and Safety employees which is administered by CalPERS. A cost-sharing multiple-employer defined benefit pension plan is a plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay benefits of the employees of any employer that provides pensions through the plan.

General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Town’s separate Safety and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information which can be found on the CalPERS website at: <http://www.calpers.ca.gov>.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and their beneficiaries. Benefits are based on years of credited service equal to one year of full time employment, age, and the average of the final 3 years’ compensation except Safety employees final average compensation is 1 year. Members with five years of total service are eligible to retire at age 50 (PEPRA employees age 52) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The plans’ provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire Date	Miscellaneous			Safety	
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Type of hire	Classic	Tier 2	PEPRA	Classic	PEPRA
Formula	2% @ 55	2% @ 60	2% @ 62	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Earliest retirement age	50	50	52	50	50
Required employee contribution rates	7.000%	7.000%	6.750%	8.987%	13.000%
Required employer contribution rates	10.484%	8.794%	7.732%	21.746% (3% of which is paid by safety employees)	13.044%

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 July 1 following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Town is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Beginning in fiscal year 2015-2016, CalPERS collected employer contributions towards unfunded liability as a dollar amount instead of the prior method of a contribution rate. The pool’s unfunded liability is allocated to each individual plan based on the plan’s total liability rather than by plan individual payroll. This allows employers to track their own unfunded liability and pay it down faster if they choose.

For the year ended June 30, 2021, the actuarial determined contributions for each Plan were as follows:

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

As of June 30, 2021, the Town’s reported net pension liabilities for its proportionate shares of the pension liability of each Plan are as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 772,937
Safety	3,598,937
Total net pension liability	\$ 4,371,874

The Town’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020 and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward using standard update procedures. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town’s proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021 is as follows:

	Safety	Miscellaneous
Proportion - June 30, 2020	0.0505%	0.01641%
Proportion - June 30, 2021	0.0054%	0.01832%
Change - Increase (Decrease)	-0.0451%	0.00192%

At the year ended June 30, 2021, the Town recognized pension expense of \$632,223 in the Government-wide financial statement. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 269,619	\$ -	\$ 913,274	\$ -	\$ 1,182,893	\$ -
Contributions in excess of proportionate share	14,672	107,525	64,359	452,688	79,031	560,213
Changes in assumptions	-	5,513	-	11,988	-	17,501
Difference in expected and actual experience	39,832	-	279,079	-	318,911	-
Adjustment due to differences in proportions	82,721	6,082	189,149	11,527	271,870	17,609
Net differences between projected and actual earnings	22,961	-	78,220	-	101,181	-
	<u>\$ 429,805</u>	<u>\$ 119,120</u>	<u>\$ 1,524,081</u>	<u>\$ 476,203</u>	<u>\$ 1,953,886</u>	<u>\$ 595,323</u>

The amount of \$1,182,893 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Miscellaneous Plan	Safety Police Plan	Total
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2022	\$ 9,478	\$ 34,559	\$ 44,037
2023	12,353	33,675	46,028
2024	8,224	27,178	35,402
2025	11,011	39,192	50,203
	<u>\$ 41,066</u>	<u>\$ 134,604</u>	<u>\$ 175,670</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	
Actuarial Assumptions	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	Varies by entry age and service
Investment rate of return	7.15%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2017 experience study report available on CalPERS website. All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2014, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "Crossover Testing Report" that can be obtained at CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

For Miscellaneous and Safety Plans			
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Years 0-10	Long-Term Expected Real Rate of Return Years 11+
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100%</u>		

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

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

	1% Decrease in Discount Rate 6.150%	Discount Rate 7.150%	1% Increase in Discount Rate 8.150%
Net pension liability (asset)			
Miscellaneous	\$ 1,625,732	\$ 772,937	\$ 68,299
Safety	\$ 6,337,825	\$ 3,598,937	\$ 1,351,420

Payable to the Pension Plan

At June 30, 2021, the Town did not have significant contributions payable to the pension plans.

Note 7 - Commitments and Contingencies

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney, there is no pending litigation that is likely to have a material adverse effect on the financial position of the Town.

The Town may receive State and Federal funds for specific purposes that are subject to review by the grantor agencies. Such audits could generate expenditure disallowances under the terms of the grants. It is believed that any required reimbursements would not be material.

Note 8 - Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balances for governmental funds are comprised of the following:

Nonspendable – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed – includes amounts that can only be used for the specific purposes determined by a council resolution of the Town Council. Commitments may be changed or lifted only by the Council taking the same formal action that imposed the constraint originally.

Assigned – represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution assigned fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exit temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances comprise the following elements:

	Major			Total	Total
	General Fund	Drainage Fund	Roadway Fund	Non-Major Governmental Funds	
Restricted					
PARS Section 115	\$ 79,773	\$ -	\$ -	\$ -	\$ 79,773
Grants for safety	-	-	-	5,918	5,918
Streets and roadway projects	-	-	1,078,008	191,133	1,269,141
Drainage projects and related	-	1,304,165	-	-	1,304,165
MWPA JPA Funds	15,887	-	-	-	15,887
General plan compliance costs	-	-	-	360,514	360,514
Total restricted	<u>95,660</u>	<u>1,304,165</u>	<u>1,078,008</u>	<u>557,565</u>	<u>3,035,398</u>
Unassigned					
For economic uncertainties	1,500,000	-	-	-	1,500,000
For facilities and equipment	6,090,246	-	-	-	6,090,246
Remaining unassigned	4,064,173	-	-	-	4,064,173
Total unassigned	<u>11,654,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,654,419</u>
	<u>\$ 11,750,079</u>	<u>\$ 1,304,165</u>	<u>\$ 1,078,008</u>	<u>\$ 557,565</u>	<u>\$ 14,689,817</u>

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town policy is to first apply restricted funds to projects or programs that meet the criteria of the funds purpose and then committed, assigned or unassigned funds as needed, in that order.

Minimum Fund Balance Policy

The Town established an emergency reserve in the General Fund for economic uncertainties of \$1,500,000 in order to protect the Town against revenue shortfalls or unpredicted one-time expenditures.

Note 9 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other government agencies in the Pooled Liability Assurance Network Joint Powers Authority (Authority), a public entity risk pool currently operating as a common risk management and insurance program for the members. The Town pays an annual premium to the Authority for its general comprehensive liability insurance. The agreement provides that Authority will be self-sustaining through member premiums and assessments. The Authority is governed by a board consisting of elected officials. The board controls the operations of the Authority including selection of management and approval of operating budgets, independent of any influence by member cities.

The Town maintains General and Auto Liability coverage through the Authority up to a limit of \$5 million, except for Employee Benefit Plan Administrative Liability which has a limit of \$250,000. Excess general liability insurance is provided through the Authority for an additional \$25 million (for a total of \$30 million), which is provided by Peleus Insurance Company, QBE Insurance, Berkley Public Risk, Hallmark Insurance, and Arch. Excess auto liability insurance is provided through the Authority for an additional \$20 million (for a total of \$25 million), which is provided by the same liability insurers with the exception of Arch. The Town’s deductible for this coverage is \$25,000.

The Town maintains Property Insurance coverage through the Authority to cover losses up to a limit of \$225,000. The Authority obtained excess coverage from Alliant Property Insurance Program (APIP) with limit up to \$1,000,000,000 per occurrence. The Town has a deductible of \$5,000 for property and \$5,000 for vehicles.

Note 10 - Accrued Compensated Absences

Accumulated vacation and sick leave benefits payable in future years when used by the District employees amounted to \$347,311 at June 30, 2021. Benefits will be recorded as an expenditure in the governmental funds when the related balance becomes due. The following is the change of the compensated absences liability during the year:

	Beginning Balance	Addition	Deletion	Ending Balance	Current Portion
Compensated absences	317,972	135,330	(105,991)	347,311	115,770

The balance will be paid by the fund in which the employee worked.

Note 11 - Participation in Joint Powers Agreements

The Town of Ross participates in the following Joint Powers Agreements:

Marin Emergency Radio Authority (MERA) - A public agency consisting of Marin County, all cities and towns within Marin County, as well as fire districts and other special districts. MERA was founded in February 1997 to develop a county-wide regional communications system to replace the existing inoperable and obsolete system with a state-of-the-art digital emergency communications system. As a participant in this JPA and a user of the system, Town of Ross makes an annual contribution to MERA to help fund the cost of this county-wide system. The contribution for the current year was \$11,922 for operating expenses and \$19,378 for bond and note payments.

Ross Valley Paramedic Authority – The Ross Valley Paramedic Authority (RVPA) was created in December 1982. RVPA is a Joint Powers Agreement (JPA) between eight member agencies. Each of these agencies appoints a board member. The board elects a President and Vice President each year. The Executive Officer is Marin County Fire Chief Jason Weber, who volunteers his time to serve as the administrator on behalf of the County of Marin.

RVPA's operations are financed by its members, through a tax on each residential unit and an equivalent tax for commercial property. During fiscal year ended June 30, 2021, the tax was \$83.50 per living unit and 1,500 square feet of structure on parcels in non-residential use. Financial statements may be obtained by mailing a request to: County of Marin Fire Chief, Jason Weber, P.O. Box 518 Woodacre, CA 94973.

Marin General Services Authority – The Marin General Services Authority (MGSA) was created in 2005 by the cities, towns, and County of Marin and two Community Service Districts to offer various public services effectively and efficiently throughout the county in a uniform manner with minimal overhead expense including animal control, abandoned vehicle abatement, and taxicab regulation, information management services, and street light maintenance. The MGSA has administrative authority for Marin Map JPA which provides geographic information systems and serves as an advisory body to the Marin County Stormwater Pollution Prevention Program, the Marin Climate and Energy Partnership, and the Mediation Program run by the District Attorney's office.

The financial responsibility of each member is based on a relative population and assessed value formula. Audited financial statements may be obtained by mailing a request to Marin General Services Authority at: 555 Northgate Drive, Suite 230, San Rafael, CA 94903. The Town's member contributions for the current fiscal year were \$39,269.

Marin Major Crimes Task Force (MCTF) – In 1979, a Joint Powers Agreement (JPA) was formed between the county, towns and cities. Currently, the members of the Task Force JPA include the county, the towns and cities of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, and Tiburon. The JPA provides oversight of the MCTF through a 9 –member Oversight Committee comprised of a City Councilmember, a member of the County Board of Supervisors, two city managers, the County Administrator, two chief law enforcement officials and two Marin County residents who do not hold any of the above positions.

The MCTF is currently managed by the Sheriff’s Office with a Sheriff’s Lieutenant overseeing the operation and a Sheriff’s Sergeant supervising the unit. The main focus of the MCTF is narcotic related investigations. The Task Force also serves as a countywide investigations resource and assists other agencies with cases of significance. The MCTF supplements the efforts of the existing local law enforcement agencies to better deal with major cases or criminal activity that no single jurisdiction can effectively deal with alone. The contribution for fiscal year end June 30, 2021 was \$3,118.

Marin Hazardous Materials Spills Management Authority – This multi-agency and multi-jurisdictional agency responds to hazardous materials emergencies. The annual budget is determined by the Marin County Fire Chief’s Association and is allocated on a jurisdiction percent of population based on the county of Marin’s current census data. Financial statements may be obtained by mailing a request to: the Hazardous Materials Response Team, c/o San Rafael Fire Department, 1039 C Street, San Rafael, CA 94901.

Marin Climate and Energy Partnership (MCEP) – The MCEP was created in 2007 by the County of Marin, eleven Marin cities and towns, the Transportation Authority of Marin, Marin Clean Energy, and the Marin Municipal Water District. The member agencies work together to reduce greenhouse gas emissions in government operations and our communities. The MCEP works to implement a wide range of greenhouse gas reduction programs, such as green building regulation, electric vehicle charging stations, LED streetlights, zero waste initiatives, and green purchasing policies. The MCEP demonstrates a way for local government to collaborate on various energy and climate-related issues and addresses AB 32 goals on a countywide basis.

Marin County Stormwater Pollution Prevention Program (MCSTOPPP) – MCSTOPPP was formed in 1993 between the County of Marin and eleven cities and towns within Marin. The Town of Ross became a member in 2005. The goal of MCSTOPPP is to prevent storm water pollution, protect and enhance water quality in creeks and wetlands, preserve beneficial uses of local waterways, and comply with State and Federal regulations.

The MCSTOPPP is administered by the Marin County Flood Control and Water Conservation District with staffing provided by the Marin County Department of Public Works. The Marin General Services Authority provides budgetary and programmatic oversight. Member contributions are calculated using square miles and population factors. The Town’s contribution for the current fiscal year was \$9,861.

Zero Waste Marin - This Authority was established by the County, local cities, and waste franchising districts to finance, prepare and implement source reduction and recycling elements on a county-wide integrated waste management plan as required by State Assembly Bill 939. Financial statements of the Authority can be obtained at: 3501 Civic Center Drive, San Rafael, California 94903.

Ross Valley Fire Department – On July 1, 2012, the Town entered into a Joint Powers Agreement with Town of Fairfax, Town of San Anselmo, and the Sleepy Hollow Fire Protection District to merge the Ross Fire Department with the Ross Valley Fire Department to provide fire services to the Town. All costs are fairly and equitably allocated among all members of the JPA, of which, the Town’s percentage share is 23.37%. During fiscal year 2020-2021, the Town made \$2,082,551 in payments towards service provided by the Ross Valley Fire Department. The Town also made payments of \$76,706 for apparatus replacement, and \$91,494 for wildfire prevention program.

The Town of Ross shall not assume or be liable for any obligation of the JPA, whether absolute, contingent, known, unknown, or otherwise incurred by the JPA prior to the agreement date. The Town remains liable for its payments under the outstanding Marin Emergency Radio Authority (MERA) bonds as of the agreement date.

Note 12 - Post Employment Health Care Benefits

Plan Description

The Town provides certain other postemployment benefits (OPEB Plan) to employees. The Town’s agent multiple-employer defined benefit postemployment healthcare plan provides health care benefits to eligible retirees in accordance with a Council resolution. The Town contracts with CalPERS to administer its retiree health benefit plan. Eligible employees retiring at or after age 50 with a minimum of 5 years of CalPERS service or disability may opt to continue health care coverage, with a portion of the monthly premium paid for by the Town which is currently the Public Employees Medical and Health Care Act (PEMHCA) minimum amount. Coverage is provided for life and spouses are eligible for the same type of coverage if elected by the retiree. Coverage discontinues either at the request of the retiree or by defaulting on the employee portion of the premium. Benefit provisions and contribution requirements are established and may be amended by the Town’s Council. The Town does not provide vision, life, or Medicare Part B reimbursement to retirees.

Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	16
Inactive employees entitled to but not yet receiving benefits payments	-
Inactive employees or beneficiaries currently receiving benefits payments	9
	25

Contributions

The obligation of the Town to contribute to the plan is based on an actuarial determined rate. For the fiscal year ended June 30, 2021, the Town did not make contributions to the plan. Retirees receiving benefits contributes the difference between the current monthly premiums for the selected plan and the PEMHCA reimbursement amount, which at June 30, 2021 was \$139. The Town make contributions and participates in the California Employers' Retiree Benefit Trust (CERBT) Fund for the purpose of prefunding obligations for past services. Through this plan, the California Public Employees' Retirement System (CalPERS) Board of Administration has the sole and exclusive control and power over the administration and investment of the prefunding plan.

Net OPEB Asset/Liability

The Town's net OPEB Asset was measured as of June 30, 2020 and the total OPEB Asset was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.50%
Inflation	2.75%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	6.50%
Mortality Rate	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	4.00% per annum

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40%	5.0%
Fixed Income	43%	5.0%
Treasury Inflation Protected Securities	5%	3.0%
Real Estate Investment Trusts	8%	5.0%
Commodities	4%	3.0%
	100%	

Discount Rate

The discount rate used to measure the total OPEB (Asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that the Town contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB (Asset).

Changes in Net OPEB (Asset)

The changes in the net OPEB (Asset) for the Town's Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (asset) (a-b)
Balance, beginning of year	\$ 332,796	\$ 538,829	\$ (206,033)
Service cost	13,312	-	13,312
Interest	21,565	30,971	(9,406)
Changes of benefit terms	-	-	-
Difference in expected and actual experience	2,204	-	2,204
Changes of assumptions	-	-	-
Contributions	-	-	-
Employer - implicit subsidy	-	-	-
Net investment income	-	-	-
Administrative expenses	-	-	-
Benefit payments, including refunds of employee contributions	(17,576)	(17,576)	-
Implicit rate subsidy fulfilled	-	-	-
Administrative expenses	-	(264)	264
Balance, end of year	<u>\$ 352,301</u>	<u>\$ 551,960</u>	<u>\$ (199,659)</u>

Sensitivity of the Net OPEB (Asset) to Changes in the Discount Rate

The following presents the net OPEB (Asset) of the Town if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate, for the year ended June 30, 2021:

	1% Decrease in Discount Rate (5.50%)	Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Net OPEB liability (asset)	<u>\$ (241,532)</u>	<u>\$ (199,659)</u>	<u>\$ (149,485)</u>

Sensitivity of the Net OPEB (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB (Asset) of the Town if it were calculated using health care cost trend rates that are one percentage point lower or one percentage higher than the current rate, for the year ended June 30, 2021.

	1% Decrease in Trend Rate (3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase in Trend Rate (5.00%)
Net OPEB liability (asset)	\$ (154,340)	\$ (199,659)	\$ (237,071)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in the future OPEB expense. For the fiscal year ended June 30, 2021, the Town recognized OPEB expense of -\$4,523. As of fiscal year ended June 30, 2021, the Town reported the following deferred outflows/inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Experience	\$ 1,778	\$ (25,803)
Change in Assumptions	10,426	-
Investment Gains and Losses	5,645	(2,954)
Total	\$ 17,849	\$ (28,757)

These amounts will be recognized as OPEB expense in the future as follows:

Year Ending June 30,	Deferred Outflows/Inflows of Resources
2022	\$ (5,220)
2023	(5,244)
2024	(1,421)
2025	977
	\$ (10,908)

Note 13 - New Accounting Pronouncements

Effect of New Governmental Accounting Standards Board (GASB) Pronouncement

GASB Statement No. 84 – In January of 2017, 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. Implementation of this Statement did not have a material impact on the Town’s financial statements.

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 87 – In June 2017, 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; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. The Town has not determined the effect of this Statement.

GASB Statement No. 89 – 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 (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2020. The Town has not determined the effect of this Statement.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, An Amendment of GASB Statements No. 14 and No. 61*. The 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. The Statement is effective for reporting periods beginning after December 15, 2019. The Town has not determined the effect of this Statement.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The Town has not determined the effect of this Statement.

GASB Statement No. 92 – 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 to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The Town has not determined the effect of this Statement.

GASB Statement No. 93– In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The Town has not determined the effect of this Statement.

GASB Statement No. 94– In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The Town has not determined the effect of this Statement.

GASB Statement No. 96– In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The Town has not determined the effect of this Statement.

GASB Statement No. 97– In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. The Statement is effective for reporting periods beginning after June 15, 2021. The Town has not determined the effect of this Statement.



Required Supplementary Information
June 30, 2021

Town of Ross

Town of Ross

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Unaudited) and Actual –
 General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,360,000	\$ 5,360,000	\$ 5,552,070	\$ 192,070
Intergovernmental	376,600	379,600	403,444	23,844
Building/public works permits	560,700	560,700	728,123	167,423
Use of money and property	361,283	361,283	385,295	24,012
Charges for services	906,100	906,100	806,620	(99,480)
Fines and forfeitures	13,000	13,000	16,993	3,993
Miscellaneous	46,500	43,500	48,494	4,994
Total revenues	7,624,183	7,624,183	7,941,039	316,856
Expenditures				
Current				
General government	1,140,451	1,159,201	899,144	260,057
Planning/building	932,175	950,925	844,017	106,908
Public safety	4,395,732	4,720,732	4,626,048	94,684
Public works	897,249	934,749	901,407	33,342
Recreation	579,698	579,698	485,118	94,580
Capital outlay	552,990	552,990	142,025	410,965
Debt service				
Principal	651	651	651	-
Interest	9,349	9,349	9,349	-
Total expenditures	8,508,295	8,908,295	7,907,759	1,000,536
Excess (Deficiency) of Revenues Over Expenditures	(884,112)	(1,284,112)	33,280	1,317,392
Other Financing Sources (Uses)				
Transfers in	963,033	963,033	938,079	(24,954)
Sale of capital assets	-	-	14,192	14,192
Total other financing sources (uses)	963,033	963,033	952,271	(10,762)
Net Change in Fund Balance	\$ 78,921	\$ (321,079)	985,551	\$ 1,306,630
Fund Balance, Beginning of Year			10,764,528	
Fund Balance, End of Year			\$ 11,750,079	

Town of Ross

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Unaudited) and Actual –
 Drainage Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 137,000	\$ 137,000	\$ 91,471	\$ (45,529)
Licenses and permits	160,000	160,000	150,813	(9,187)
Investment earnings	9,000	9,000	4,906	(4,094)
Total revenues	<u>306,000</u>	<u>306,000</u>	<u>247,190</u>	<u>(58,810)</u>
Expenditures				
Current				
Public works	50,000	50,000	23,477	26,523
Capital outlay	137,000	137,000	110,072	26,928
Total expenditures	<u>187,000</u>	<u>187,000</u>	<u>133,549</u>	<u>53,451</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>119,000</u>	<u>119,000</u>	<u>113,641</u>	<u>(5,359)</u>
Net Change in Fund Balance	<u>119,000</u>	<u>119,000</u>	<u>113,641</u>	<u>(5,359)</u>
Fund Balance, Beginning of Year			<u>1,190,524</u>	
Fund Balance, End of Year			<u>\$ 1,304,165</u>	

Town of Ross
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Unaudited) and Actual –
Roadway Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 130,600	\$ 130,600	\$ 110,393	\$ (20,207)
Licenses and permits	160,000	160,000	151,083	(8,917)
Investment earnings	12,000	12,000	6,039	(5,961)
Miscellaneous	30,000	30,000	11,383	(18,617)
Total revenues	<u>332,600</u>	<u>332,600</u>	<u>278,898</u>	<u>(53,702)</u>
Expenditures				
Current				
Public works	20,000	20,000	12,936	7,064
Capital outlay	639,000	639,000	385,876	253,124
Total expenditures	<u>659,000</u>	<u>659,000</u>	<u>398,812</u>	<u>260,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(326,400)</u>	<u>(326,400)</u>	<u>(119,914)</u>	<u>206,486</u>
Net Change in Fund Balance	<u><u>(326,400)</u></u>	<u><u>(326,400)</u></u>	<u>(119,914)</u>	<u>206,486</u>
Fund Balance, Beginning of Year			<u>1,197,922</u>	
Fund Balance, End of Year			<u><u>\$ 1,078,008</u></u>	

Town of Ross
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

Miscellaneous	2021	2020	2019	2018	2017	2016	2015
Plan's proportion of the net pension liability	0.01832%	0.01641%	0.01448%	0.01986%	0.01964%	0.02262%	0.02419%
Plan's proportionate share of the net pension liability	\$ 772,937	\$ 657,018	\$ 545,637	\$ 782,895	\$ 682,426	\$ 620,516	\$ 597,760
Plan's covered payroll	\$ 1,166,258	\$ 1,101,366	\$ 969,297	\$ 969,202	\$ 719,234	\$ 734,555	\$ 587,276
Proportionate share of the net pension liability as a percentage of covered payroll	56.29%	59.65%	56.29%	80.78%	94.88%	84.48%	101.79%
Plan's fiduciary net position as a percentage of the plan's total pension liability	77.71%	75.26%	75.26%	75.39%	75.87%	79.89%	81.15%
Safety	2021	2020	2019	2018	2017	2016	2015
Plan's proportion of the net pension liability	0.00540%	0.05054%	0.04810%	0.05904%	0.06092%	0.07105%	0.07650%
Plan's proportionate share of the net pension liability	\$ 3,598,937	\$ 3,154,912	\$ 2,822,097	\$ 3,527,483	\$ 3,155,417	\$ 2,927,626	\$ 2,869,504
Plan's covered payroll	\$ 865,174	\$ 927,789	\$ 946,202	\$ 936,025	\$ 878,002	\$ 817,494	\$ 766,634
Proportionate share of the net pension liability as a percentage of covered payroll	415.98%	340.05%	298.26%	372.80%	359.39%	358.12%	374.30%
Plan's fiduciary net position as a percentage of the plan's total pension liability	73.12%	73.37%	75.26%	71.74%	72.69%	77.27%	78.83%
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Notes to schedule:							

Benefit changes: There were no changes to benefit terms.

Changes in assumptions: In 2017, the discount rate reduced from 7.65 to 7.15 percent.

*Fiscal year 2015 was the first year of implementation.

Town of Ross
Schedule of Pension Contributions
Last Ten Fiscal Years*

Miscellaneous	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 269,619	\$ 142,175	\$168,584	\$ 198,343	\$ 123,515	\$ 244,274	\$ 68,225
Contributions in relation to the actuarially determined contribution	(269,619)	(142,175)	(168,584)	(198,343)	(123,515)	(244,274)	(68,225)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,209,036	\$ 1,166,258	\$1,101,366	\$ 969,297	\$ 969,202	\$ 719,234	\$ 734,555
Contributions as a percentage of covered payroll	22.3%	12.2%	15.3%	20.5%	12.7%	34.0%	9.3%
Safety	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 913,274	\$ 378,022	\$534,803	\$ 993,890	\$ 459,244	\$ 1,095,123	\$ 149,341
Contributions in relation to the actuarially determined contribution	(913,274)	(378,022)	(534,803)	(993,890)	(459,244)	(1,095,123)	(149,341)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 973,506	\$ 865,174	\$927,789	\$ 946,202	\$ 936,025	\$ 878,002	\$ 817,494
Contributions as a percentage of covered payroll	93.8%	43.7%	57.6%	105.0%	49.1%	124.7%	18.3%

*Fiscal year 2015 was the first year of implementation.

Town of Ross
Schedule of Changes in Net OPEB Liability
Last Ten Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 13,312	\$ 11,607	\$11,296	\$10,994
Interest	21,565	22,488	22,610	21,257
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	2,204	(44,490)	-	-
Change of assumptions	-	18,448	-	-
Benefit payments, included refunds of employee contributions	(17,576)	(15,814)	(16,155)	(15,534)
Implicit rate subsidy fulfilled	-	-	-	-
Net change in total OPEB liability	19,505	(7,761)	17,751	16,717
Total OPEB liability - beginning of year	332,796	340,557	322,806	306,089
Total OPEB liability - end of year (a)	<u>\$ 352,301</u>	<u>\$ 332,796</u>	<u>\$ 340,557</u>	<u>\$ 322,806</u>
Plan Fiduciary Net Position				
Net investment income	\$ 30,971	\$ 31,303	\$40,397	\$43,036
Contributions	-	-	48,000	63,534
Benefit payments, included refunds of employee contributions	(17,576)	(15,814)	(16,155)	(15,534)
Implicit rate subsidy fulfilled	-	-	-	-
Administrative expense	(264)	(111)	(862)	(363)
Other	-	-	-	-
Net change in plan fiduciary net position	13,131	15,378	71,380	90,673
Plan fiduciary net position - beginning of year	538,829	523,451	452,071	361,398
Plan fiduciary net position - end of year (b)	551,960	538,829	523,451	452,071
Town's net OPEB (Asset) - end of year = (a) - (b)	<u>\$ (199,659)</u>	<u>\$ (206,033)</u>	<u>\$ (182,894)</u>	<u>\$ (129,265)</u>
Plan fiduciary net position as a percentage of total OPEB asset	156.67%	161.91%	153.70%	140.04%
Covered-employee payroll	\$ 2,029,155	\$ 1,915,500	\$ 1,905,227	\$ 1,915,500
Net OPEB asset as a percentage of covered-employee payroll	-9.84%	-10.15%	-9.60%	-6.75%
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

*Fiscal year 2018 was the first year of implementation.

Town of Ross
Schedule of OPEB Contributions
Last Ten Fiscal Years*

	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 48,000
Contributions in relation to the actuarially determined contribution	-	-	-	(48,000)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee-payroll	\$ 2,083,754	\$ 2,029,155	\$ 1,915,500	\$ 1,905,227
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	2.52%

*Fiscal year 2018 was the first year of implementation.



Supplementary Information
June 30, 2021

Town of Ross

Town of Ross
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2021

	Gas Tax	General Plan Update Fund	Citizens Option for Public Safety	Public Safety Tax Fund	Non-Major Governmental Funds
Assets					
Cash and investments	\$ 182,368	\$ 360,180	\$ 5,913	\$ -	\$ 548,461
Accounts receivables	8,615	-	-	-	8,615
Interest receivables	150	334	5	-	489
Total assets	\$ 191,133	\$ 360,514	\$ 5,918	\$ -	\$ 557,565
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances					
Restricted	191,133	360,514	5,918	-	557,565
Total Liabilities and Fund Balances	\$ 191,133	\$ 360,514	\$ 5,918	\$ -	\$ 557,565

Town of Ross
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
Year Ended June 30, 2021

	Gas Tax	General Plan Update Fund	Citizens Option for Public Safety	Public Safety Tax Fund	Non-Major Governmental Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 893,079	\$ 893,079
Intergovernmental	108,929	-	164,192	-	273,121
Building/public works permits	-	52,347	-	-	52,347
Revenue from use of money and property	2,022	2,111	4	-	4,137
Total revenues	110,951	54,458	164,196	893,079	1,222,684
Expenditures					
Current					
Public safety	-	-	170,000	-	170,000
Public works	85,183	-	-	-	85,183
Capital outlay	191,017	-	-	-	191,017
Total expenditures	276,200	-	170,000	-	446,200
Excess (Deficiency) of Revenues over Expenditures	(165,249)	54,458	(5,804)	893,079	776,484
Other Financing Sources (Uses)					
Transfers out	-	(45,000)	-	(893,079)	(938,079)
Net Change in Fund Balances	(165,249)	9,458	(5,804)	-	(161,595)
Fund Balances, Beginning of Year	356,382	351,056	11,722	-	719,160
Fund Balances, End of Year	\$ 191,133	\$ 360,514	\$ 5,918	\$ -	\$ 557,565