



Financial Statements  
June 30, 2024

# Town of Ross

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## Independent Auditor's Report

To the Honorable Mayor and Members of the City Council  
of the Town of Ross  
Ross, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ross, California (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2024, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, schedules of revenues, expenditures and changes in fund balances – budget and actual for the General Fund, Drainage Fund, and Roadway Fund, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the net OPEB liability and related ratios and the schedule of OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The combining nonmajor fund information and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund information and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2025, 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Bailly LLP".

Menlo Park, California  
March 3, 2025

## Introduction

The following provides a narrative overview and analysis of the fiscal operations during the fiscal year ended June 30, 2024 for the Town of Ross. The Management Discussion and Analysis is to be read in conjunction with the Town's financial statements.

## Fiscal Year 2023-2024 Financial Highlights

The Fund Financial Statements indicate total Town revenues of \$13.8 million and total expenditures of \$10.3 million. The total fund balance stands at \$21.6 million, reflecting an increase of \$3.5 million compared to the previous year.

The government-wide statement of net position, the initial statement of the basic financial statements, details the Town's assets totaling \$34.7 million, deferred outflows of resources amounting to \$2.8 million, liabilities of \$8.4 million, deferred inflows of resources of \$0.9 million, and a net position of \$28.2 million. The net position has risen by \$3.1 million from the prior year, primarily due to increased cash balances offset by rises in pension and other liabilities.

In November 2016, the residents of Ross approved Measure K, which extends the parcel tax for eight years until June 30, 2025, at a rate of \$970 per parcel with annual cost-of-living adjustments. For the fiscal year ending June 30, 2024, the rate was set at \$1,201.50.

Key highlights of capital projects and one-time expenses include the adoption of the Town of Ross Facilities Master Plan at the June 2023 Town Council meeting. This plan calls for the replacement and renovation of the Town's aging facilities, excluding fire services, but including police and paramedic facilities. A Capital Projects Fund was established in the fiscal year 2023/24, funded with transfers totaling \$9.5 million from other funds. The Laurel Grove Safe Pathway project was nearly completed, and work on the Winship Bridge replacement is ongoing. Drainage projects were finalized for Shady Lane, El Camino Bueno, and Norwood, with initial expenditures made for the Bolinas Avenue Drainage project. ADA improvements were implemented along the Shady Lane Pathway and a new police vehicle was acquired. Efforts continued on the housing element required by State Law, supported by a one-time grant of \$160 thousand from the State of California. On June 4, 2024, the State of California Department of Housing and Community Development issued a letter affirming that the Town's 2023-31 Housing Element is in substantial compliance, thus certifying the Town's 6th Cycle Housing Element. Additionally, the Town continues fuel reduction projects funded by the Marin Wildfire Prevention Authority JPA.

The Town remains committed to reducing its unfunded pension liability, making discretionary payments above the required amounts. In the fiscal year ending June 30, 2024, this additional payment totaled \$200,000.

## 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.
- 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, 2024.

**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, 2024	June 30, 2023	Net change	% Change
<b>Assets</b>				
Cash and investments	\$ 23,546,586	\$ 19,353,358	\$ 4,193,228	<b>21.67%</b>
Receivables	1,092,741	946,289	146,452	<b>15.48%</b>
Deposits and prepaid items	196,518	231,067	(34,549)	<b>-12.73%</b>
Net OPEB asset	64,259	108,857	(44,598)	<b>-40.97%</b>
Capital assets, net	9,832,840	9,066,906	765,934	<b>8.45%</b>
<b>Total assets</b>	<b>34,732,944</b>	<b>29,706,477</b>	<b>5,026,467</b>	<b>16.92%</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions and OPEB	2,852,717	3,617,273	(764,556)	<b>-21.14%</b>
<b>Liabilities</b>				
Accounts payable	401,022	276,690	124,332	<b>44.94%</b>
Accrued and other liabilities	63,715	53,649	10,066	<b>18.76%</b>
Prepaid fees	28,325	28,325	-	<b>0.00%</b>
Permit deposits payable	2,132,114	1,344,273	787,841	<b>58.61%</b>
Unearned revenue	159,484	216,030	(56,546)	<b>-26.18%</b>
Accrued compensated absences	306,980	269,510	37,470	<b>13.90%</b>
Lease liability				
Due within one year	651	620	31	<b>5.00%</b>
Due in more than one year	186,335	186,986	(651)	<b>-0.35%</b>
Net pension liability	5,166,104	4,706,494	459,610	<b>9.77%</b>
<b>Total liabilities</b>	<b>8,444,730</b>	<b>7,082,577</b>	<b>1,362,153</b>	<b>19.23%</b>
<b>Deferred Inflows of Resources</b>				
Related to pensions and OPEB	904,939	1,124,847	(219,908)	<b>-19.55%</b>
<b>Net Position</b>				
Net investment in capital assets	9,645,854	8,879,300	766,554	<b>8.63%</b>
Restricted	3,285,224	2,884,932	400,292	<b>13.88%</b>
Unrestricted	15,304,914	13,352,094	1,952,820	<b>14.63%</b>
<b>Total Net Position</b>	<b>\$ 28,235,992</b>	<b>\$ 25,116,326</b>	<b>\$ 3,119,666</b>	<b>12.42%</b>

**Table 2**  
**Condensed Statement of Activities**

	Fiscal Year Ended			
	June 30, 2024	June 30, 2023	Net change	% Change
Revenues				
Program Revenues				
Charge for services	\$ 2,092,998	\$2,123,998	\$ (31,000)	-1.46%
Operating and capital contributions	996,271	965,271	31,000	3.21%
General Revenues				
Property taxes	6,055,626	5,811,629	243,997	4.20%
Public safety tax	1,003,982	953,343	50,639	5.31%
Other taxes	357,952	352,045	5,907	1.68%
Gain on sale of capital assets	4,777	5,311	(534)	-10.05%
Investment earnings	925,464	111,953	813,511	726.65%
Other	2,371,796	795,739	1,576,057	198.06%
Total Revenues	13,808,866	\$11,119,289	2,689,577	24.19%
Expenses				
General Government	1,260,327	1,633,502	(373,175)	-22.85%
Planning/building	1,043,202	1,513,052	(469,850)	-31.05%
Public safety	5,005,225	4,946,943	58,282	1.18%
Public works	2,391,206	2,885,579	(494,373)	-17.13%
Recreation	979,864	1,145,519	(165,655)	-14.46%
Interest on long-term debt	9,380	9,410	(30)	-0.32%
Total Expenses	10,689,204	12,134,005	(1,444,801)	-11.91%
Change in Net Position	3,119,662	(1,014,716)	4,134,378	-407.44%
Net Position Beginning of Year	25,116,328	26,131,042	(1,014,714)	-3.88%
Net Position End of Year	\$ 28,235,990	\$ 25,116,326	\$ 3,119,664	12.42%

Net position increased by \$3.12 million in the current year. Revenues increased by \$2.69 million over the prior year. Expenses decreased by \$1.44 million over the prior year.

### Governmental Funds – Major Funds Highlights

#### General Fund Highlights

General Fund Revenues for the year ending June 30, 2024, rose by \$1.6 million. Property taxes increased by 4.2%. Intergovernmental revenue added \$225 thousand from State of California housing grants. Investment interest was up \$400 thousand due to higher rates and a larger investment balance.

General Fund expenditures for the year ended June 30, 2024 decreased by \$0.37 million compared to the previous year.

- General Government expenditures decreased by \$281 thousand, or 20%, primarily due to the reduction of one-time expenses.
- Public Safety expenditures increased by \$190 thousand, or 4%, from the prior year, mainly due to staffing changes.
- Planning/Building/Public Works expenditures decreased by \$211 thousand, primarily as a result of reduced costs associated with housing element updates.
- Recreation expenditures amounted to \$770 thousand, remaining consistent with the prior year.
- Capital expenditures totaled \$189 thousand and included projects such as the reconstruction of the Town Hall parking lot to enhance ADA access, the purchase of a new police car, new technology equipment, and a new drinking fountain near the tennis courts.

#### **Drainage Fund Highlights**

Drainage Fund revenues increased by \$554 thousand from the previous year, due to higher impact fees and a Highway Bridge Program grant for the reconstruction of Winship Bridge. Expenditures amounted to \$590 thousand, covering drainage improvements for Shady Lane, El Camino Bueno, Norwood, initial costs for the Bolinas Avenue Drainage project, and ongoing engineering expenses for the Winship Bridge.

#### **Roadway Fund Highlights**

The Roadway Fund revenues increased by \$409 thousand, with \$319 thousand from impact fees. Expenditures amounting to \$708 thousand were primarily allocated to the Laurel Grove Safe Pathway project.

#### **General Fund Budgetary Highlights**

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

Actual revenues amounted to \$11.1 million, exceeding the budget by \$2.1 million, with the largest variance attributed to an increase in investment income resulting from higher interest rates and a growing investment balance.

Actual expenditures totaled \$8.9 million, which is \$1.2 million under budget. Both General Government and Public Safety underspent due to unfilled positions and unspent professional services. Public Works and Recreation expenditures are within 10% of the budget. The capital projects budget was underutilized primarily due to the postponement of projects to the subsequent year.

### **Capital Assets**

As of June 30, 2024, the Town's investment in capital assets for its governmental activities amounts to \$9.8 million. This amount excludes the Town's infrastructure such as roads and bridges constructed prior to June 30, 2005, in accordance with current governmental accounting standards. The cumulative historical cost figures before June 30, 2005, may be incorporated in the future at management's discretion. All additional infrastructure from June 30, 2005, onward is recorded and accounted for. Further details on capital assets are available in Note 4 to these financial statements.

### **Long-Term Obligations**

The Town's obligations include a \$187,000 lease, \$307,000 in accrued compensated absences, and a \$5,166,000 net pension liability. For more details on long-term debt, pension, compensated absences, and OPEB, see Notes 5, 6, 10, and 12 of these financial statements.

### **Economic Outlook and Next Year's Budget**

The General Government property tax revenues for the fiscal year ending June 30, 2024, are projected to be 4% higher than the previous year. Total General Fund revenues, excluding one-time grants, are anticipated to be consistent with the prior year.

The police Memorandum of Understanding (MOU), approved in July 2022, is effective from July 1, 2022, through June 30, 2025. The MOU for the 2025/26 fiscal year has yet to be negotiated.

In March 2024, the residents of Ross approved Measure E, which extends the Public Safety parcel tax for ten years until June 30, 2035, at a rate of \$1,201.50 per parcel, with annual cost of living adjustments. The rate set for the fiscal year ending June 30, 2026, remains \$1,201.50 per parcel.

CalPERS has announced a preliminary investment return of 9.3% for the fiscal year ending 2024, exceeding the benchmark of 6.8%. This positive performance will favorably impact the unfunded liability next year. The 2.5% investment gain above the forecasted 6.8% return will be amortized over 20 years, with employer contribution payments commencing in the fiscal year ending 2027.

The Ross Valley Fire Department Joint Powers Authority (JPA) agreement was amended on January 1, 2022, to provide for the closure of the Ross Fire Station in July 2025 and to allocate JPA resources, savings, and costs attributable to the Ross Fire Station closure. Additionally, in November 2023, the Council voted to increase the staffing on engines from two to three, which will result in increased future costs.

### **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 Christa Johnson, Town Manager, Town of Ross, P.O. Box 320, Ross, CA 94957.

Town of Ross  
Statement of Net Position  
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	\$ 21,332,618
Restricted assets - cash and investments	2,213,968
Accounts receivable	565,737
Interest receivable	251,385
Leases receivable	275,619
Notes receivable	196,518
Net OPEB asset	64,259
Capital assets not being depreciated	981,506
Capital assets, net of accumulated depreciation/amortization	<u>8,851,334</u>
Total assets	<u>34,732,944</u>
Deferred Outflows of Resources	
Related to pensions	2,763,969
Related to OPEB	<u>88,748</u>
Total deferred outflows of resources	<u>2,852,717</u>
Liabilities	
Accounts payable	401,022
Accrued and other liabilities	63,715
Prepaid fees	28,325
Permit deposits payable	2,132,114
Unearned revenue	159,484
Accrued compensated absences	
Due within one fiscal year	102,327
Due in more than one fiscal year	204,653
Lease payable to Ross School	
Due within one fiscal year	651
Due in more than one fiscal year	186,335
Net pension liability	<u>5,166,104</u>
Total liabilities	<u>8,444,730</u>
Deferred Inflows of Resources	
Related to pensions	656,960
Related to lease	<u>247,979</u>
Total deferred inflows of resources	<u>904,939</u>
Net Position	
Net investment in capital assets	9,645,854
Restricted for	
Drainage projects	1,398,049
Highways and streets (roadway and gas tax)	1,138,415
General plan	421,803
Other restricted	262,698
OPEB	64,259
Unrestricted	<u>15,304,914</u>
Total Net Position	<u><u>\$ 28,235,992</u></u>

Town of Ross  
Statement of Activities  
Year Ended June 30, 2024

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	\$ 1,260,325	\$ 64,953	\$ -	\$ -	\$ (1,195,372)
Planning/building	1,043,202	1,243,417	-	116,726	316,941
Public safety	5,005,225	322	244,642	-	(4,760,261)
Public works	2,391,206	18,352	211,303	392,600	(1,768,951)
Recreation	979,864	765,954	31,000	-	(182,910)
Interest on long-term debt	9,380	-	-	-	(9,380)
Total Governmental Activities	<u>\$ 10,689,202</u>	<u>\$ 2,092,998</u>	<u>\$ 486,945</u>	<u>\$ 509,326</u>	<u>\$ (7,599,933)</u>
General Revenues					
Taxes					
Property tax					6,055,626
Public safety tax					1,003,982
Sales tax					53,640
Franchise tax					241,442
Real property transfer tax					62,870
Investment earnings					925,464
Gain on sale of capital assets					4,777
Other revenue					<u>2,371,796</u>
Total general revenues					<u>10,719,597</u>
Change in Net Position					3,119,664
Net Position, Beginning of Year					<u>25,116,328</u>
Net Position, End of Year					<u>\$ 28,235,992</u>

Town of Ross  
Balance Sheet - Governmental Funds  
June 30, 2024

	General	Capital Project Fund	Drainage	Roadway	Nonmajor Governmental Funds	Totals
<b>Assets</b>						
Cash and investments	\$ 9,140,104	\$ 9,471,344	\$ 1,346,491	\$ 875,140	\$ 499,539	\$ 21,332,618
Restricted cash and investments	2,132,114	-	-	-	-	2,132,114
Accounts receivables	297,389	-	80,627	171,311	16,410	565,737
Interest receivables	220,335	-	15,369	9,952	5,729	251,385
Leases receivable	275,619	-	-	-	-	275,619
Note receivable	196,518	-	-	-	-	196,518
Investments in Section 115 Trust	81,854	-	-	-	-	81,854
<b>Total assets</b>	<b>\$ 12,343,933</b>	<b>\$ 9,471,344</b>	<b>\$ 1,442,487</b>	<b>\$ 1,056,403</b>	<b>\$ 521,678</b>	<b>\$ 24,835,845</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 338,721	\$ -	\$ 44,438	\$ 11,045	\$ 6,818	\$ 401,022
Accrued and other liabilities	63,715	-	-	-	-	63,715
Prepaid fees	28,325	-	-	-	-	28,325
Deposits payable	2,132,114	-	-	-	-	2,132,114
Unearned revenue	159,484	-	-	-	-	159,484
<b>Total liabilities</b>	<b>2,722,359</b>	<b>-</b>	<b>44,438</b>	<b>11,045</b>	<b>6,818</b>	<b>2,784,660</b>
<b>Deferred Inflows of Resources</b>						
Lease related	247,979	-	-	-	-	247,979
Note related	178,925	-	-	-	-	178,925
<b>Total deferred inflows of resources</b>	<b>426,904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426,904</b>
<b>Fund Balances</b>						
Nonspendable	27,640	-	-	-	-	27,640
Restricted	262,698	-	1,398,049	1,045,358	514,860	3,220,965
Assigned	1,092,885	9,471,344	-	-	-	10,564,229
Unassigned	7,811,447	-	-	-	-	7,811,447
<b>Total fund balances</b>	<b>9,194,670</b>	<b>9,471,344</b>	<b>1,398,049</b>	<b>1,045,358</b>	<b>514,860</b>	<b>21,624,281</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 12,343,933</b>	<b>\$ 9,471,344</b>	<b>\$ 1,442,487</b>	<b>\$ 1,056,403</b>	<b>\$ 521,678</b>	<b>\$ 24,835,845</b>

Town of Ross  
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds  
June 30, 2024

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

Fund balances - total governmental funds		\$ 21,624,281
Capital assets and right-to-use leased assets of governmental activities are not financial resources and therefore are not reported in the governmental funds.		9,832,840
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(306,980)
The deferred inflow of resources for the long-term portion of the note receivable does not provide current financial resources, but is accrued on the statement of net position.		178,925
Net other postemployment benefits assets are considered a long-term asset and therefore are not reported on the governmental funds balance sheets.		64,259
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.		
Lease	(186,986)	
Net pension liability	(5,166,104)	
Deferred outflows due to pension and OPEB	2,852,717	
Deferred inflows due to pension and OPEB	(656,960)	
		<u>(3,157,333)</u>
Net Position of Governmental Activities		<u><u>\$ 28,235,992</u></u>

Town of Ross

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

Year Ended June 30, 2024

	General	Capital Project Fund	Drainage	Roadway	Nonmajor Governmental Funds	Total
Revenues						
Taxes	\$ 6,453,856	\$ -	\$ -	\$ -	\$ 1,003,982	\$ 7,457,838
Intergovernmental	730,073	-	181,279	228,325	129,539	1,269,216
Building/public works permits	1,237,333	-	441,480	441,480	120,187	2,240,480
Revenue from use of money and property	1,154,975	(35,021)	64,711	37,247	23,969	1,245,881
Charges for services	1,482,669	-	-	-	-	1,482,669
Fines and forfeitures	10,735	-	-	-	-	10,735
Miscellaneous	97,272	-	-	-	-	97,272
Total revenues	11,166,913	(35,021)	687,470	707,052	1,277,677	13,804,091
Expenditures						
Current						
General government	1,112,862	-	-	-	-	1,112,862
Planning/building	890,562	-	-	-	-	890,562
Public safety	4,833,315	-	-	-	-	4,833,315
Public works	1,061,716	-	169,759	36,546	-	1,268,021
Recreation	770,245	-	-	-	-	770,245
Capital outlay	188,542	-	420,472	671,266	135,215	1,415,495
Debt service						
Principal	620	-	-	-	-	620
Interest and fees	9,380	-	-	-	-	9,380
Total expenditures	8,867,242	-	590,231	707,812	135,215	10,300,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,299,671	(35,021)	97,239	(760)	1,142,462	3,503,591
Other Financing Sources (Uses)						
Transfers in	1,003,982	9,506,365	-	-	-	10,510,347
Sale of capital assets	4,777	-	-	-	-	4,777
Transfers out	(9,506,365)	-	-	-	(1,003,982)	(10,510,347)
Total other financing sources (uses)	(8,497,606)	9,506,365	-	-	(1,003,982)	4,777
Net Change in Fund Balances	(6,197,935)	9,471,344	97,239	(760)	138,480	3,508,368
Fund Balances, Beginning of Year	15,392,605	-	1,300,810	1,046,118	376,380	18,115,913
Fund Balances, End of Year	\$ 9,194,670	\$ 9,471,344	\$ 1,398,049	\$ 1,045,358	\$ 514,860	\$ 21,624,281

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds		\$ 3,508,368
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 and amortization expenses are allocated to the appropriate functional expense when the cost is below the capitalization threshold.		
Cost of assets capitalized	1,415,493	
Depreciation and amortization expenses	<u>(649,559)</u>	
		765,934
Revenue in the funds for the current period's receipts of the long-term note receivable are not reported as revenues in the statement of activities.		(34,973)
Capital lease payment is an expense on the statement of revenues, expenditures and changes in fund balance but does not impact the statement of activities.		620
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.		(37,470)
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.		<u>(1,082,815)</u>
Change in Net Position of Governmental Activities		<u>\$ 3,119,664</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, animal control services, 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 nonmajor 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 when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within one year of the end of the current fiscal period. 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 **Capital Project Fund** accounts for the expenditures to replace and renovate the Town's aging facilities.
- 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 including right to use buildings	\$ 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.

### **Leases Receivable**

The Town is lessor for noncancellable leases of Town property for a post office and wireless communications facilities. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### Subscription Based Information Technology Arrangements (SBITA)

At the commencement of a subscription based information technology arrangement (SBITA), the Town initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

### Lease Payable

The Town is a lessee for a noncancellable lease of the Ross Recreation office and community room. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### 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.

### 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, 2024 is classified as follows in the accompanying financial statements:

Cash and investments	\$ 21,332,618
Section 115 Trust	81,854
Restricted cash and investments	<u>2,132,114</u>
Total cash and investments	<u><u>\$ 23,546,586</u></u>

Restricted cash and investments are restricted for payment of permit time completion deposits payable. Cash and cash equivalents as of June 30, 2024, consist of the following:

Cash	\$ 660,181
Section 115 Trust	81,854
Investments	<u>22,804,551</u>
Total cash and investments	<u><u>\$ 23,546,586</u></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, 2024, the Town's investment with the LAIF had a weighted average maturity of 217 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 Town's investments in the LAIF were unrated as of June 30, 2024.

### **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 deposit 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. As of June 30, 2024, the Town's bank balance of \$743,891 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.

### **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. LAIF is uncategorized. 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.

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,003,982	\$ 9,506,365
Capital Project Fund	9,506,365	
Nonmajor Funds		
Public safety tax fund	<u>-</u>	<u>1,003,982</u>
	<u><u>\$ 10,510,347</u></u>	<u><u>\$ 10,510,347</u></u>

**Note 4 - Capital Assets**

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

	Beginning Balance	Additions and Adjustments	Retirements and Adjustments	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 2	\$ -	\$ -	\$ 2
Construction in progress	1,177,533	148,793	(344,822)	981,504
Total capital assets, not being depreciated	1,177,535	148,793	(344,822)	981,506
Capital Assets, Being Depreciated				
Land improvements	10,762,834	1,526,082	-	12,288,916
Buildings	2,073,445	-	(3,695)	2,069,750
Furniture and fixtures	34,145	-	(5,661)	28,484
Office equipment	142,601	16,640	(8,216)	151,025
Safety equipment	51,274	-	-	51,274
Software	127,091	-	-	127,091
Street and park equipment	179,216	14,249	-	193,465
Vehicles	342,570	54,551	-	397,121
Right to Use - Ross Recreation Building lease - Ross School	188,758	-	-	188,758
Total capital assets, being depreciated	13,901,934	1,611,522	(17,572)	15,495,884
Less Accumulated Depreciation and Amortization for				
Land improvements	3,785,066	523,789	-	4,308,855
Buildings	1,498,972	40,722	(3,695)	1,535,999
Furniture and fixtures	34,145	-	(5,661)	28,484
Office equipment	112,880	13,470	(8,216)	118,134
Safety equipment	45,329	4,173	-	49,502
Software	127,091	-	-	127,091
Street and park equipment	106,207	11,086	-	117,293
Vehicles	296,473	53,119	-	349,592
Right to Use - Ross Recreation Building	6,400	3,200	-	9,600
Total accumulated depreciation	6,012,563	649,559	(17,572)	6,644,550
Total capital assets, being depreciated, net	7,889,371	961,963	-	8,851,334
Governmental Activities Capital Assets, Net	\$ 9,066,906	\$ 1,110,756	\$ (344,822)	\$ 9,832,840

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

General government	\$ 15,263
Public safety	59,495
Planning	12,165
Public works	513,079
Recreation	<u>49,557</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 649,559</u>

## **Note 5 - Leases**

### **Leases Receivable**

The Town has multiple lease contracts for lease of Town property for post office and wireless communications facilities. The leases expire through fiscal year 2025 and were measured with a discount rate of 2.54%. As of June 30, 2024 Town's receivable for lease payments was \$275,619. Also, the Town has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2024 the balance of the deferred inflow of resources was \$247,979.

### **Lease Payable**

The Town entered into a lease agreement which expires June 30, 2079, as lessee for the acquisition and use of Ross Recreation office and community room in the fiscal year ended June 30, 2022. As of June 30, 2024, the value of the lease liability was \$186,986. The Town is required to make annual principal and interest payments of \$10,000. The lease has an interest rate of 5%. The value of the right-to-use asset as of the end of the current fiscal year was \$188,758 and had accumulated amortization of \$9,600.

The future principal and interest lease payment, were as follows:

Year Ending June 30,	Principal	Interest	Lease Payments
2025	651	9,349	10,000
2026	683	9,317	10,000
2027	717	9,283	10,000
2028	753	9,247	10,000
2029-2033	4,370	45,630	50,000
2034-2038	5,578	44,422	50,000
2039-2043	7,119	42,881	50,000
2044-2048	9,086	40,914	50,000
2049-2053	11,596	38,404	50,000
2054-2058	14,800	35,200	50,000
2059-2063	18,889	31,111	50,000
2064-2068	24,107	25,893	50,000
2069-2073	30,768	19,232	50,000
2074-2078	39,268	10,732	50,000
2079	18,601	1,407	20,000
Total	\$ 186,986	\$ 373,022	\$ 560,000

## 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, 2024, are summarized as follows:

Hire Date	Miscellaneous			Safety	
	Prior to January 1, 2013 Classic	On or after to January 1, 2013 Tier 2	On or after January 1, 2013 PEPRA	Prior to January 1, 2013 Classic	On or after January 1, 2013 PEPRA
Type of hire	2% @ 55	2% @ 60	2% @ 62	3% @ 55	2.7% @ 57
Formula	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit vesting schedule	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Benefit payments	50	50	52	50	50
Earliest retirement age	7.00%	7.00%	7.75%	9.00%	13.75%
Required employee contribution rates	11.84%	10.10%	7.68%	24.15% (3% of which is paid by safety employees)	13.54%
Required employer contribution rates					

## 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, 2024, 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, 2024, the Town's reported net pension liabilities for its proportionate shares of the pension liability of each Plan are as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 1,034,311
Safety	<u>4,131,793</u>
Total net pension liability	<u>\$ 5,166,104</u>

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, 2023 and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward 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, 2023 and 2024 is as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Proportion - June 30, 2023	0.01971%	0.05507%
Proportion - June 30, 2024	0.02068%	0.05528%
Change - Increase (Decrease)	0.00097%	0.00021%

At the year ended June 30, 2024, the Town recognized pension expense of \$1,626,366 in the Government-wide financial statement. At June 30, 2024, 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	\$ 171,823	\$ -	\$ 404,181	\$ -	\$ 576,004	\$ -
Difference between actual and projected contribution	-	(98,114)	-	(488,080)	-	(586,194)
Changes in assumptions	62,446	-	241,137	-	303,583	-
Difference in expected and actual experience	52,838	(8,196)	303,350	(25,970)	356,188	(34,166)
Change in proportion	286,861	-	508,434	(36,600)	795,295	(36,600)
Net difference between projected and actual earnings	167,464	-	565,435	-	732,899	-
	<u>\$ 741,432</u>	<u>\$ (106,310)</u>	<u>\$ 2,022,537</u>	<u>\$ (550,650)</u>	<u>\$ 2,763,969</u>	<u>\$ (656,960)</u>

The amount of \$576,004 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:

	Miscellaneous Plan	Safety Police Plan	Total
Year ended June 30	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2025	\$ 207,293	\$ 399,100	\$ 606,393
2026	131,238	250,387	381,625
2027	119,963	402,437	522,400
2028	4,805	15,782	20,587
	<u>\$ 463,299</u>	<u>\$ 1,067,706</u>	<u>\$ 1,531,005</u>

## Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	<u>All Plans</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	2.80%
Investment rate of return	6.90%
Mortality Rate Table <sup>1</sup>	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance <sup>2</sup> Floor on Purchasing Power applies, 2.3% thereafter

<sup>1</sup> The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website

<sup>2</sup> Purchasing Power Protection Allowance (PPPA) is a benefit designed to restore the original purchasing power of CalPERS retirees to a predetermined limit.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 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, 2022 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 6.90 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 6.90 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	Current Target	
	Allocation	Real Return <sup>1, 2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

<sup>1</sup> An expected price inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

### 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 5.90%	Discount Rate 6.90%	1% Increase in Discount Rate 7.90%
Net pension liability (asset)			
Miscellaneous	\$ 2,067,702	\$ 1,034,311	\$ 183,742
Safety	7,382,300	4,131,793	1,474,272
	<u>\$ 9,450,002</u>	<u>\$ 5,166,104</u>	<u>\$ 1,658,014</u>

#### **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, 2024, 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.

**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.

**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 Nonmajor Governmental Funds	Total
	General Fund	Capital Project Fund	Drainage Fund	Roadway Fund		
<b>Nonspendable</b>						
Leases receivable	\$ 27,640	\$ -	\$ -	\$ -	\$ -	\$ 27,640
Total nonspendable	<u>27,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,640</u>
<b>Restricted</b>						
PARS Section 115	\$ 81,854	\$ -	\$ -	\$ -	\$ -	\$ 81,854
Grants for safety	13,470	-	-	-	-	13,470
Streets and roadway projects	-	-	-	1,045,358	93,057	1,138,415
Drainage projects	-	-	1,398,049	-	-	1,398,049
Fire prevention - MWPA JPA	147,124	-	-	-	-	147,124
CalRecycle grant funds	20,250	-	-	-	-	20,250
General plan compliance costs	-	-	-	-	421,803	421,803
Total restricted	<u>262,698</u>	<u>-</u>	<u>1,398,049</u>	<u>1,045,358</u>	<u>514,860</u>	<u>3,220,965</u>
<b>Assigned</b>						
Capital projects	-	9,471,344	-	-	-	9,471,344
Facilities and equipment	1,092,885	-	-	-	-	1,092,885
Total assigned	<u>1,092,885</u>	<u>9,471,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,564,229</u>
<b>Unassigned</b>						
For economic uncertainties	1,500,000	-	-	-	-	1,500,000
Remaining unassigned	6,311,447	-	-	-	-	6,311,447
Total unassigned	<u>7,811,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,811,447</u>
	<u>\$ 9,194,670</u>	<u>\$ 9,471,344</u>	<u>\$ 1,398,049</u>	<u>\$ 1,045,358</u>	<u>\$ 514,860</u>	<u>\$ 21,624,281</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 28 other government agencies in the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), 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 PLAN JPA for its liability and property insurance.

PLAN JPA provides liability coverage up to a maximum of \$35 million per occurrence among all members with the first \$1 million being self-funded by the JPA and the remainder with the purchase of five layers of excess liability insurance. The Town has a self-insured responsibility of \$25 thousand. PLAN JPA also provides property damage coverage among all members to \$1 billion excluding earthquake coverage and with limited flood coverage. The Town has a deductible of \$5 thousand for property and vehicle damage.

SHARP JPA, the Shared Agency Risk Pool Joint Powers Authority, with five members covers worker's compensation claims. Members contribute to the pool to pay claims up to \$250,000. SHARP participates in excess pools to pay claims above \$250,000.

Both PLAN JPA and SHARP JPA are currently administered by Sedgwick staff under the direction of their respective Boards of Directors, comprised of member agencies.

Financial statements for PLAN JPA and SHARP JPA can be obtained from Katie Sullivan at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

**Note 10 - Accrued Compensated Absences**

Accumulated vacation and sick leave benefits payable in future years when used by the Town employees amounted to \$306,980 at June 30, 2024. 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	\$ 269,510	\$ 37,470	\$ -	\$ 306,980	\$ 102,327

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

#### **Note 11 - Participation in Joint Powers Agreements**

The Town participates in the jointly governed organizations discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint organization is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint organization, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint organization are not the Town's responsibility, and the Town does not have an equity interest in the assets of each joint organization except upon dissolution of the joint organization.

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 \$19,274. Financial statements may be obtained by a request to MERA P.O. Box 159, Corte Madera, CA 94976.

**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, 2024, the tax was \$94.50 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: 900 Fifth Avenue, Suite 100, San Rafael, CA 94901. The Town's member contributions for the current fiscal year were \$48,988.

**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. The Town's contribution for the current fiscal year was \$3,192. MCEP is now under the administration Marin General Services Authority.

**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 \$11,249.

**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 (RVFD)** – On July 1, 2012, the Town entered into a joint powers Agreement with the Town of Fairfax, the Town of San Anselmo, and the Sleepy Hollow Fire Protection district to merge the Town of Ross Fire Department with the Ross Valley Fire Department to provide fire and emergency medical services within the member jurisdictions. RVFD is governed by an eight-voting member Board of Directors, consisting of two members appointed by each of governing bodies of the JPA members. Member contributions are determined by a pro-rata share of total budgeted expenditures, of which, the Town's percentage share is 23.37%. During fiscal year 2023-2024, the Town contributed \$2,414,445 for operating costs and \$85,453 to fund apparatus replacement.

The JPA agreement was amended on January 1, 2022 to provide for the closure of the Ross Fire Station and to allocate JPA resources, savings, and costs attributable to the Ross Fire Station closure.

Financial statements may be obtained from the RVFD, 777 San Anselmo Avenue, San Anselmo, CA 94960.

**Marin Wildfire Prevention Authority (MWPA)** – The voters approved in March 2020 a 10-year parcel tax called Measure C to fund wildfire prevention and preparedness efforts through a joint powers agreement among 17 member agencies covering most of Marin County. The levied parcel tax is \$0.10 per building square foot (or \$75 per multi family unit). The authority allocates to members 20% of the tax measure proceeds for defensible space and fire-resistant structure evaluations and 20% for local specific wildfire prevention efforts. Cross jurisdictional projects implemented by MWPA are allocated 60%.

The MWPA is governed by a Board of Directors composed of elected leaders from each agency.

Financial statements may be obtained from the MWPA located at 1600 Los Gamos Dr., Suite 345, San Rafael, CA 94903.

## **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, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	18
Inactive employees or beneficiaries currently receiving benefits payments	14
	<hr/>
	32
	<hr/> <hr/>

## 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, 2024, 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, 2024 was \$157. 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, 2023 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.25%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	6.25%
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%	7.5%
Fixed Income	43%	4.3%
Treasury Inflation Protected Securities	5%	3.0%
Real Estate Investment Trusts	8%	7.3%
Commodities	4%	7.5%
	100%	

### Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 6.25%. 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 liability (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	\$ 430,608	\$ 539,465	\$ (108,857)
Service cost	17,757	-	17,757
Interest	26,779	18,562	8,217
Changes of assumptions	5,618	-	5,618
Investment Gains/(Losses)	12,853	-	12,853
Benefit payments, including refunds of employee contributions	(25,603)	(25,603)	-
Administrative expenses	-	(153)	153
Balance, end of year	<u>\$ 468,012</u>	<u>\$ 532,271</u>	<u>\$ (64,259)</u>

The following presents the net OPEB liability (asset) of the Town if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate, for the year ended June 30, 2024:

	1% Decrease in Discount Rate (5.25%)	Discount Rate (6.25%)	1% Increase in Discount Rate (7.25%)
Net OPEB (asset)	<u>\$ (9,646)</u>	<u>\$ (64,259)</u>	<u>\$ (109,875)</u>

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

The following presents the net OPEB liability (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, 2024.

	1% Decrease in Trend Rate (3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase in Trend Rate (5.00%)
Net OPEB liability (asset)	\$ (114,650)	\$ (64,259)	\$ (3,385)

### 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. As of fiscal year ended June 30, 2024, the Town reported the following deferred outflows/inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Experience	\$ 24,837	\$ -
Change in Assumptions	10,068	-
Change between projected and actual earnings	53,843	-
Total	\$ 88,748	\$ -

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

Year Ending June 30,	Deferred Outflows/Inflows of Resources
2025	\$ 23,074
2026	22,100
2027	33,808
2028	5,960
2029	2,933
Thereafter	873
	\$ 88,748



Required Supplementary Information  
June 30, 2024

## 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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 6,332,000	\$ 6,332,000	\$ 6,453,856	\$ 121,856
Intergovernmental	407,317	407,317	730,073	322,756
Building/public works permits	583,124	583,124	1,237,333	654,209
Use of money and property	474,758	474,758	1,154,975	680,217
Charges for services	1,133,450	1,133,450	1,482,669	349,219
Fines and forfeitures	10,000	10,000	10,735	735
Miscellaneous	42,674	73,674	97,272	23,598
Total revenues	<u>8,983,323</u>	<u>9,014,323</u>	<u>11,166,913</u>	<u>2,152,590</u>
Expenditures				
Current				
General government	1,382,145	1,382,145	1,112,862	269,283
Planning/building	947,860	947,860	890,562	57,298
Public safety	5,263,649	5,263,649	4,833,315	430,334
Public works	1,101,655	1,101,655	1,061,716	39,939
Recreation	797,257	828,257	770,245	58,012
Capital outlay	572,500	572,500	188,542	383,958
Debt service				
Principal	620	620	620	-
Interest	9,380	9,380	9,380	-
Total expenditures	<u>10,075,066</u>	<u>10,106,066</u>	<u>8,867,242</u>	<u>1,238,824</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,091,743)</u>	<u>(1,091,743)</u>	<u>2,299,671</u>	<u>3,391,414</u>
Other Financing Sources (Uses)				
Transfers in	1,028,562	1,028,562	1,003,982	(24,580)
Sale of capital assets	-	-	4,777	4,777
Transfers out	(8,806,365)	(9,506,365)	(9,506,365)	
Total other financing sources (uses)	<u>(7,777,803)</u>	<u>(8,477,803)</u>	<u>(8,497,606)</u>	<u>(19,803)</u>
Net Change in Fund Balance	<u>\$ (8,869,546)</u>	<u>\$ (9,569,546)</u>	<u>(6,197,935)</u>	<u>\$ 3,371,611</u>
Fund Balance, Beginning of Year			<u>15,392,605</u>	
Fund Balance, End of Year			<u>\$ 9,194,670</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Unaudited) and Actual –  
 Drainage Fund  
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 181,279	\$ (68,721)
Licenses and permits	150,000	150,000	441,480	\$ 291,480
Investment earnings	15,000	15,000	64,711	49,711
Total revenues	415,000	415,000	687,470	272,470
Expenditures				
Current				
Public works	100,000	100,000	169,759	(69,759)
Capital outlay	500,000	500,000	420,472	79,528
Total expenditures	600,000	600,000	590,231	9,769
Net Change in Fund Balance	<u>\$ (185,000)</u>	<u>\$ (185,000)</u>	97,239	<u>\$ 282,239</u>
Fund Balance, Beginning of Year			<u>1,300,810</u>	
Fund Balance, End of Year			<u>\$ 1,398,049</u>	

Town of Ross

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Unaudited) and Actual –  
Roadway Fund  
Year Ended June 30, 2024

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 273,739	\$ 273,739	\$ 228,325	\$ (45,414)
Licenses and permits	150,000	150,000	478,727	328,727
Investment earnings	8,000	8,000	-	(8,000)
Total revenues	<u>431,739</u>	<u>431,739</u>	<u>707,052</u>	<u>275,313</u>
Expenditures				
Current				
Public works	-	-	36,546	(36,546)
Capital outlay	<u>793,000</u>	<u>793,000</u>	<u>671,266</u>	<u>121,734</u>
Total expenditures	<u>793,000</u>	<u>793,000</u>	<u>707,812</u>	<u>85,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(361,261)</u>	<u>(361,261)</u>	<u>(760)</u>	<u>360,501</u>
Net Change in Fund Balance	<u>\$ (361,261)</u>	<u>\$ (361,261)</u>	<u>(760)</u>	<u>\$ 360,501</u>
Fund Balance, Beginning of Year			<u>1,046,118</u>	
Fund Balance, End of Year			<u>\$ 1,045,358</u>	

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

Miscellaneous	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan's proportion of the net pension liability	0.05528%	0.55070%	-0.01003%	0.01832%	0.01641%	0.01448%	0.01986%	0.01964%	0.02262%	0.02419%
Plan's proportionate share of the net pension liability (asset)	\$ 1,034,311	\$ 922,181	\$ (190,473)	\$ 772,937	\$ 657,018	\$ 545,637	\$ 782,895	\$ 682,426	\$ 620,516	\$ 597,760
Plan's covered payroll	\$ 1,374,685	\$ 1,287,850	\$ 1,209,036	\$ 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	75.24%	71.61%	56.29%	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	77.96%	78.19%	90.49%	77.71%	75.26%	75.26%	75.39%	75.87%	79.89%	81.15%
Safety	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan's proportion of the net pension liability	0.02068%	0.01971%	0.15240%	0.00540%	0.05054%	0.04810%	0.05904%	0.06092%	0.07105%	0.07650%
Plan's proportionate share of the net pension liability	\$ 4,131,793	\$ 3,784,313	\$ 534,726	\$ 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	\$ 795,417	\$ 841,618	\$ 973,506	\$ 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	519.45%	449.65%	54.93%	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	74.87%	76.52%	86.61%	73.12%	73.37%	75.26%	71.74%	72.69%	77.27%	78.83%
Measurement date	6/30/2023	6/30/2022	6/30/2021	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.

Town of Ross  
Schedule of Pension Contributions  
Last Ten Fiscal Years

Miscellaneous	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 171,823	\$ 219,366	\$ 203,737	\$ 269,619	\$ 142,175	\$168,584	\$ 198,343	\$ 123,515	\$ 244,274	\$ 68,225
Contributions in relation to the actuarially determined contribution	(171,823)	(219,366)	(203,737)	(269,619)	(142,175)	(168,584)	(198,343)	(123,515)	(244,274)	(68,225)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,448,660	\$ 1,374,685	\$ 1,287,850	\$ 1,209,036	\$ 1,166,258	\$1,101,366	\$ 969,297	\$ 969,202	\$ 719,234	\$ 734,555
Contributions as a percentage of covered payroll	11.9%	16.0%	15.8%	22.3%	12.2%	15.3%	20.5%	12.7%	34.0%	9.3%
Safety	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$ 404,181	\$ 579,615	\$ 562,271	\$ 913,274	\$ 378,022	\$534,803	\$ 993,890	\$ 459,244	\$ 1,095,123	\$ 149,341
Contributions in relation to the actuarially determined contribution	(404,181)	(579,615)	(562,271)	(913,274)	(378,022)	(534,803)	(993,890)	(459,244)	(1,095,123)	(149,341)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 957,377	\$ 795,417	\$ 841,618	\$ 973,506	\$ 865,174	\$927,789	\$ 946,202	\$ 936,025	\$ 878,002	\$ 817,494
Contributions as a percentage of covered payroll	42.2%	72.9%	66.8%	93.8%	43.7%	57.6%	105.0%	49.1%	124.7%	18.3%

Town of Ross  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 17,757	\$ 17,282	\$ 13,678	\$ 13,312	\$ 11,607	\$11,296	\$10,994
Interest	26,779	25,440	22,819	21,565	22,488	22,610	21,257
Differences between expected and actual experience	-	-	27,564	2,204	(44,490)	-	-
Change of assumptions	5,618	-	11,507	-	18,448	-	-
Experience gains/losses	12,853	1,472	-	-	-	-	-
Benefit payments, included refunds of employee contributions	(25,603)	(22,496)	(18,959)	(17,576)	(15,814)	(16,155)	(15,534)
Net change in total OPEB liability	37,404	21,698	56,609	19,505	(7,761)	17,751	16,717
Total OPEB liability - beginning of year	430,608	408,910	352,301	332,796	340,557	322,806	306,089
Total OPEB liability - end of year (a)	<u>\$ 468,012</u>	<u>\$ 430,608</u>	<u>\$ 408,910</u>	<u>\$ 352,301</u>	<u>\$ 332,796</u>	<u>\$ 340,557</u>	<u>\$ 322,806</u>
Plan Fiduciary Net Position							
Net investment income	\$ 18,562	\$ (78,483)	\$ 107,802	\$ 30,971	\$ 31,303	\$40,397	\$43,036
Contributions	-	-	-	-	-	48,000	63,534
Benefit payments, included refunds of employee contributions	(25,603)	(22,496)	(18,959)	(17,576)	(15,814)	(16,155)	(15,534)
Administrative expense	(153)	(160)	(199)	(264)	(111)	(862)	(363)
Net change in plan fiduciary net position	(7,194)	(101,139)	88,644	13,131	15,378	71,380	90,673
Plan fiduciary net position - beginning of year	539,465	640,604	551,960	538,829	523,451	452,071	361,398
Plan fiduciary net position - end of year (b)	<u>532,271</u>	<u>539,465</u>	<u>640,604</u>	<u>551,960</u>	<u>538,829</u>	<u>523,451</u>	<u>452,071</u>
Town's net OPEB (asset) - end of year = (a) - (b)	<u>\$ (64,259)</u>	<u>\$ (108,857)</u>	<u>\$ (231,694)</u>	<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	113.73%	125.28%	156.66%	156.67%	161.91%	153.70%	140.04%
Covered-employee payroll	\$ 2,170,102	\$ 2,129,468	\$ 2,083,754	\$ 2,029,155	\$ 1,915,500	\$ 1,905,227	\$ 1,915,500
Net OPEB asset as a percentage of covered-employee payroll	-2.96%	-5.11%	-11.12%	-9.84%	-10.15%	-9.60%	-6.75%
Measurement date	6/30/2023	6/30/2022	6/30/2021	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\*

	2024	2023	2022	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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee-payroll	\$ 2,406,037	\$ 2,170,102	\$ 2,129,468	\$ 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%	0.00%	0.00%	0.00%	2.52%

\*Fiscal year 2018 was the year of implementation.



Supplementary Information  
June 30, 2024

## Town of Ross

Town of Ross  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2024

	Gas Tax	General Plan Update Fund	Public Safety Tax Fund	Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 75,746	\$ 423,793	\$ -	\$ 499,539
Accounts receivables	16,410	-	-	16,410
Interest receivables	901	4,828	-	5,729
Total assets	<u>\$ 93,057</u>	<u>\$ 428,621</u>	<u>\$ -</u>	<u>\$ 521,678</u>
Liabilities				
Accounts payable	\$ -	\$ 6,818	\$ -	\$ 6,818
Total liabilities	<u>-</u>	<u>6,818</u>	<u>-</u>	<u>6,818</u>
Fund Balances				
Restricted	<u>93,057</u>	<u>421,803</u>	<u>-</u>	<u>514,860</u>
Total fund balances	<u>93,057</u>	<u>421,803</u>	<u>-</u>	<u>514,860</u>
Total Liabilities and Fund Balances	<u>\$ 93,057</u>	<u>\$ 428,621</u>	<u>\$ -</u>	<u>\$ 521,678</u>

**Town of Ross**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year Ended June 30, 2024

	Gas Tax	General Plan Update Fund	Public Safety Tax Fund	Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ -	\$ 1,003,982	\$ 1,003,982
Intergovernmental	129,539	-	-	129,539
Building/public works permits	-	120,187	-	120,187
Revenue from use of money and property	5,887	18,082	-	23,969
Total revenues	<u>135,426</u>	<u>138,269</u>	<u>1,003,982</u>	<u>1,277,677</u>
Expenditures				
Capital outlay	<u>135,215</u>	-	-	<u>135,215</u>
Total expenditures	<u>135,215</u>	-	-	<u>135,215</u>
Excess (Deficiency) of Revenues over Expenditures	211	138,269	1,003,982	1,142,462
Other Financing Sources (Uses)				
Transfers out	-	-	(1,003,982)	(1,003,982)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,003,982)</u>	<u>(1,003,982)</u>
Net Change in Fund Balances	211	138,269	-	138,480
Fund Balances, Beginning of Year	<u>92,846</u>	<u>283,534</u>	-	<u>376,380</u>
Fund Balances, End of Year	<u><u>\$ 93,057</u></u>	<u><u>\$ 421,803</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 514,860</u></u>