

Ross Valley Fire Department

San Anselmo, California

Basic Financial Statements

For the year ended June 30, 2025

Prepared by:
Town of San Anselmo Finance Department

Ross Valley Fire Department
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For the Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Ross Valley Fire Department
San Anselmo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of Ross Valley Fire Department (Department), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund information of the Department as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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), issued by the Comptroller General of the United States. 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 Department 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

The Department's 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 Department'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.

To the Board of Directors
of Ross Valley Fire Department
San Anselmo, California
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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 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, we:

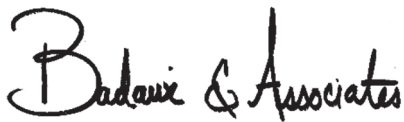
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Department'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 Department'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.

To the Board of Directors
of Ross Valley Fire Department
San Anselmo, California
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary information, defined benefit pension plan information, and OPEB plan information on pages 5-12 and pages 50-58 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Emeryville, California
October 31, 2025

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**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The Management Discussion and Analysis (MD&A) provides an overview of the Ross Valley Fire Department (the "Department") activities and financial performance for the fiscal year ended June 30, 2025. To obtain a complete understanding of the Department's financial condition, this document should be read in conjunction with the accompanying Basic Financial Statements and Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- Beginning net position decreased by \$325,303 due to a prior period adjustment for compensated absences.
- Net position declined by \$779,565 due to staffing growth, overtime, and higher pension obligations.
- Unassigned Fund Balance decreased by \$608,078, ending at \$2,994,802 (19.4% of the FY 2025–26 General Fund budgeted expenditures).
- Total expenditures increased by \$2,088,536 due to additional personnel costs and contracted services.
- Capital assets increased by \$185,792 (6%), reflecting investments in vehicles and equipment.
- Member agency contributions increased \$1,676,644 (14.3%), demonstrating continued support for service delivery.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Basic Financial Statements are presented in the following three sections:

- Management's Discussion and Analysis (MD&A)
- The Basic Financial Statements include all the financial activities of the Department. There are three components: Government-wide Financial Statements, Fund Financial Statements and Notes to the Basic Financial Statements
- Required and Other Supplemental Information

GOVERNMENT-WIDE FINANCIAL STATEMENTS

These statements, which include the Statement of Net Position and the Statement of Activities, provide a long-term view of the Department's financial condition using full accrual accounting, similar to that of private-sector entities.

The Statement of Net Position presents information on all the Department's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Changes in the Department's net position indicate improvement or decline in financial health.

The Statement of Activities provides information about revenues or expenses for each of the Department's programs. The Statement of Activities explains in detail the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The Department's activities are classified as Governmental Activities, encompassing fire services to member towns within the JPA. These services are primarily funded by intergovernmental revenues from member contributions.

FUND FINANCIAL STATEMENTS

At the fund level, the focus shifts to near-term resources and obligations. The fund financial statements provide a short-term view of how money flows in and out of the Department's most significant funds, called "major funds." Each major fund is presented individually, while all other funds are combined in a single column.

The General Fund, which supports the Department's daily operations, is always considered a major fund. These statements use the modified accrual basis of accounting, which emphasizes current financial resources and obligations. They are useful for assessing the Department's ability to meet near-term spending needs.

To provide a complete picture, the Fund Financial Statements are reconciled to the Government-wide Financial Statements, which use full accrual accounting and include long-term items such as capital assets and pension or OPEB liabilities. Together, these perspectives explain both the Department's short-term financial position and its long-term obligations.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

REQUIRED AND OTHER SUPPLEMENTAL INFORMATION

In addition to the Basic Financial Statements and accompanying notes, the Required Supplemental Information presents required supplemental information, including budgetary comparison schedules and information on the Department's pension and OPEB disclosures. Supplemental information follows the Notes to the Basic Financial Statements.

The following section analyzes changes in net position in more detail.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

This section focuses on the Department's net position and changes in the net position of its governmental activities. The net position, for the Department as a whole, decreased \$779,565 or (8%), from (\$10,043,772) on June 30, 2024, as restated, to (\$10,823,337) on June 30, 2025. The change in net position year-over-year increased \$18,751 from (\$798,316) on June 30, 2024, to (\$779,565) on June 30, 2025.

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Details of the net position are presented in the summary area as follows:

Analysis of Net Position

	Governmental Activities		Total Dollar Change	Total Percent Change
	2025	2024		
Cash and investments	\$ 4,042,632	\$ 4,506,841	\$ (464,209)	(10%)
Capital assets, net	3,329,575	3,143,783	185,792	6%
Other assets	278,857	158,685	120,172	76%
Total Assets	7,651,064	7,809,309	(158,245)	(2%)
OPEB related	1,808,189	1,730,645	77,544	
Pension related	6,117,868	8,187,395	(2,069,527)	
Total deferred outflows of resources	7,926,057	9,918,040	(1,991,983)	(20%)
Current liabilities	560,376	413,569	146,807	35%
Noncurrent liabilities	24,725,762	25,549,435	(823,673)	(3%)
Total liabilities	25,286,138	25,963,004	(676,866)	(3%)
OPEB related	380,801	701,733		
Pension related	733,519	1,431,687		
Total deferred inflows of resources	1,114,320	2,133,420	(1,019,100)	(48%)
Net investment in capital assets	2,999,288	2,652,244	347,044	13%
Unrestricted	(13,822,625)	(13,021,319)	(801,306)	(6%)
Prior period adjustment		325,303		
Net Position, as restated	\$ (10,823,337)	\$ (10,043,772)	\$ (779,565)	(7%)

On June 30, 2025, the Department continues to report an overall negative net position balance. The negative unrestricted balance reflects recognition of the Department's proportionate shares of CalPERS pension and OPEB liabilities under GASB 68 and 75. These non-budgetary accounting entries reduce unrestricted net position on the government-wide statements.

The net investment in capital assets represents capital assets minus related debt. These assets are used to deliver services and are not available for other spending.

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Information about changes in net position is presented in the summary schedule below:

Analysis of Changes in Net Position

	Activities		Dollar Change	Percent Change
	2025	2024		
Revenues:				
Program revenues:				
Charges for services	\$15,549,485	\$13,990,108	\$1,559,377	11%
General revenues:				
Investment earnings	31,411	27,169	4,242	16%
Miscellaneous	64,029	46,476	17,553	38%
Total Revenues	15,644,925	14,063,753	1,581,172	11%
Expenses:				
Fire Services	16,424,490	14,862,069	1,562,421	11%
Total Expenses	16,424,490	14,862,069	1,562,421	11%
Change	\$ (779,565)	\$ (798,316)	\$ 18,751	

Total revenues increased approximately \$1,581,172 or 11%. The increase is attributable to the Department's charges to its JPA members for continual coverage of operations.

Total expenses increased approximately \$1,562,421 or 11% compared to the prior year. This is primarily due to increases in the Department's personnel services and services & supplies expenditures, and the change in the unfunded retirement obligations administered by CalPERS, as well as its need to replace its equipment for continued services.

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

The focus of the Department's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Department's immediate financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance not yet limited to use for a particular purpose by either an external party, the Department itself, or an entity that has been delegated authority by the Board of Directors to assign resources for use at the end of the fiscal year.

As of June 30, 2025, the Department's governmental funds reported combined ending fund balances of \$4,073,401. Approximately \$2,994,802, or 74%, of the combined ending fund balance constitutes unassigned fund balance, which is available for spending at the Department's discretion. The remaining balance is either nonspendable, restricted, committed or assigned to indicate that it is:

- 1) Not in spendable form because it has been committed to liquidate prepaid expenses from the prior fiscal period, or advances to other funds;
- 2) Restricted for particular purposes;
- 3) Committed for particular purposes; or
- 4) Assigned for particular purposes.

As also noted above, the General Fund is the primary fund of the Department. As of June 30, 2025, the unassigned fund balance of the General Fund was \$2,994,802; the remaining fund balance, including nonspendable, restricted and committed resources, was \$1,078,599. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.4% of the subsequent 2025-26 General Fund budgeted expenditures, \$15,412,254, excluding expenditures related to pension and OPEB unfunded liability paydown. The Governmental Finance Officer Association recommends at least two months of expenditures.

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues:				
Intergovernmental:				
Town of San Anselmo (Contract)	\$ 4,748,772	\$ 4,187,309	\$ 561,463	13.4%
Town of Fairfax (Contract)	2,729,988	2,407,212	322,776	13.4%
Sleepy Hollow (Contract)	1,499,736	1,322,417	177,319	13.4%
County of Marin (Contract)	266,875	258,021	8,854	3.4%
Town of Ross (Contract)	2,738,189	2,414,444	323,745	13.4%
Prior Authority				
Retiree Health	80,000	51,520	28,480	55.3%
Retirement Contribution	1,540,667	1,277,806	262,861	20.6%
Other Sources	1,294,823	1,724,853	(430,030)	(24.9%)
Fire Prevention Fees	394,668	430,625	(35,957)	(8.4%)
Investment Earnings	31,412	27,169	4,243	15.6%
Miscellaneous	64,029	46,476	17,553	37.8%
Total Revenue	<u>15,389,159</u>	<u>14,147,852</u>	<u>1,241,307</u>	<u>8.8%</u>
Expenditures:				
Salary and Benefits	12,985,540	11,841,771	1,143,769	9.7%
Services and Supplies	2,216,095	1,394,046	822,049	59.0%
Debt Service:				
Principal	161,252	308,919	(147,667)	(47.8%)
Interest	7,865	14,910	(7,045)	(47.3%)
Capital Outlay	428,914	151,484	277,430	183.1%
Total Expenditures	<u>15,799,666</u>	<u>13,711,130</u>	<u>2,088,536</u>	<u>15.2%</u>
Excess of Expenditures Over Revenues	<u>(410,507)</u>	<u>436,722</u>	<u>(847,229)</u>	<u>(194.0%)</u>
Fund Balances, Beginning of Year				
	4,483,908	4,047,186	436,722	10.8%
Fund Balances, End of Year	<u>\$ 4,073,401</u>	<u>\$ 4,483,908</u>	\$ 436,722	(9.2%)

General Fund revenues increased \$1,241,307, or 8.8%, from the prior fiscal year to \$15,389,159. Of that total, membership contributions from each municipality within the JPA accounted for \$13,337,352, including retiree health and retirement contributions as of fiscal year-end, and increased \$1,676,644 or 14.3% year-over-year. These contributions represent the Department's primary funding source and reflect higher member obligations to support ongoing services to JPA residents.

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

General Fund expenditures increased \$2,088,536, or 15.2%, from the prior fiscal year to \$15,799,666. The majority of this increase was attributable to higher salaries and benefits, which rose by \$1,143,769. Services and supplies increased by \$822,049, while capital outlays for equipment and vehicles added \$277,430. These factors explain the overall year-over-year growth in expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

In comparing the original and final budgets for the current fiscal year, the Department increased its total revenue and expenditures budgets by \$227,363 and \$746,594, respectively. The final total revenues budget was revised upward to reflect additional workers’ compensation reimbursements, which are not budgeted due to their unpredictable nature, and rental revenue reflecting the execution of a three-month lease extension through December 2024 beyond the original agreement. A budget revision of \$227,363 was approved by the Board of Directors for the incoming resources. With regards to the expenditures increase, the Board approved an additional budget amount of \$746,594 for one-time dispatch costs for the transition to Marin County Fire and the purchase of two new command vehicles to add to the fleet.

Actual activity remained consistent with the Department’s conservative budgeting approach, with expenditures kept within available resources.

Review of the Department’s budget performance can be seen within the Required Supplementary Information Section of the Basic Financial Statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The capital assets of the Department are those assets that are used in the performance of the Department’s functions. As of June 30, 2025, capital assets, net of accumulated depreciation, totaled \$3,329,575. Depreciation is recognized in the government-wide statements. Additional information about the Department’s capital assets can be found in Note 3 of this report.

**Ross Valley Fire Department
Capital Assets, Gross of Depreciation**

	2025	2024
Construction in Progress	\$ -	\$ -
Vehicles	4,294,013	4,045,893
Machinery & Equipment	1,489,904	1,480,861
Furniture & Fixtures	93,062	93,062
Building Improvements	162,774	162,774
Total	\$ 6,039,753	\$ 5,782,590

**ROSS VALLEY FIRE DEPARTMENT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Long-Term Debt – Long-term debt consists of obligations used to finance capital assets. As of June 30, 2025, long-term debt from external creditors totals \$330,287 and has decreased by \$161,252 due to the current fiscal year’s principal payments. Additional information about the Department’s long-term debt activity can be found in Note 6 of this report.

**Ross Valley Fire Department
Long-Term Debt**

	2025	2024
Note Payable – PNC Equipment	\$ 330,287	\$ 491,539
Total	\$ 330,287	\$ 491,539

ECONOMIC OUTLOOK AND NEXT YEAR’S BUDGET

Stable revenues are expected, but rising pension, retiree health, and equipment costs will pressure resources. The FY 2025–26 budget addresses these challenges by prioritizing staffing reliability, replacing aging vehicles, and investing in service efficiency, consistent with challenges faced by many fire agencies across California. By managing resources carefully and planning for the future, the Department is well-positioned to continue providing high-quality fire and emergency services while adapting to changing financial conditions.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Department’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire Chief, Ross Valley Fire Department, 777 San Anselmo Avenue, San Anselmo, CA 94960.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Ross Valley Fire Department
Statement of Net Position
June 30, 2025

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 4,042,632
Accounts receivable	216,112
Interest receivable	7,701
Prepays	55,044
Total current assets	<u>4,321,489</u>
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	3,329,575
Total capital assets	<u>3,329,575</u>
Total noncurrent assets	<u>3,329,575</u>
Total Assets	<u>7,651,064</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - OPEB	1,808,189
Deferred outflows of resources - pension	6,117,868
Total deferred outflows of resources	<u>7,926,057</u>
LIABILITIES	
Current liabilities:	
Accounts payable	127,054
Accrued liabilities	121,034
Compensated absences	144,932
Interest payable	3,523
Long-term debt	163,833
Total current liabilities	<u>560,376</u>
Noncurrent liabilities:	
Compensated absences	580,662
Long-term debt	166,454
Net OPEB liability	4,840,353
Net pension liability	19,138,293
Total noncurrent liabilities	<u>24,725,762</u>
Total liabilities	<u>25,286,138</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	380,801
Deferred inflows of resources - pension	733,519
Total deferred inflows of resources	<u>1,114,320</u>
NET POSITION	
Net investments in capital assets	2,999,288
Unrestricted	(13,822,625)
Total net position	<u><u>\$ (10,823,337)</u></u>

See accompanying Notes to Basic Financial Statements.

Ross Valley Fire Department
Statement of Activities
For the year ended June 30, 2025

	Governmental Activities
PROGRAM EXPENSES:	
Public safety - fire protection:	
Personnel services	\$ 13,703,362
Services and supplies	2,387,845
Interest on long-term debt	6,145
Depreciation	327,138
Total program expenses	16,424,490
PROGRAM REVENUES:	
Charges for services	15,549,485
Total program revenues	15,549,485
Net program revenue over expenses	(875,005)
GENERAL REVENUES:	
Investment earnings	31,411
Miscellaneous	64,029
Total general revenues	95,440
Change in net position	(779,565)
Net position, beginning of year	(10,369,075)
Prior period adjustments	325,303
Net position, beginning of year, as restated	(10,043,772)
Net position, end of year	<u><u>\$ (10,823,337)</u></u>

**FUND
FINANCIAL STATEMENTS**

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Ross Valley Fire Department
Balance Sheet
General Fund
June 30, 2025

	General Fund
ASSETS	
Cash and investments	\$ 4,042,632
Accounts receivable	216,112
Interest receivable	7,701
Prepays	55,044
	\$ 4,321,489
	\$ 4,321,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 127,054
Accrued liabilities	121,034
	248,088
	248,088
Fund Balances:	
Nonspendable	55,044
Assigned:	
Compensated absences	232,261
Technologies	105,124
Equipment	120,000
Vehicle Replacement	566,170
Unassigned	2,994,802
	4,073,401
	4,073,401
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,321,489
	\$ 4,321,489

Ross Valley Fire Department
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 4,073,401

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

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Depreciable, net 3,329,575

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (3,523)

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to OPEB	1,808,189
Deferred outflows of resources related to pension	6,117,868
Deferred inflows of resources related to OPEB	(380,801)
Deferred inflows of resources related to pension	(733,519)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Accrued compensated absences - current	(144,932)
Accrued compensated absences - noncurrent	(580,662)
Long-term debt - due within one year	(163,833)
Long-term debt - due in more than one year	(166,454)
Net OPEB liability	(4,840,353)
Net pension liability	(19,138,293)

Net Position of Governmental Activities \$ (10,823,337)

Ross Valley Fire Department
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the year ended June 30, 2025

	<u>General Fund</u>
REVENUES:	
Intergovernmental:	
Town of San Anselmo (Contract)	\$ 4,748,772
Town of Fairfax (Contract)	2,729,988
Sleepy Hollow (Contract)	1,499,736
County of Marin (Contract)	266,875
Town of Ross (Contract)	2,738,189
Prior Authority:	
Retiree health	80,000
Retirement contributions	1,540,667
OES reimbursement	-
Other sources	1,294,823
Fire prevention fees	394,668
Investment earnings	31,412
Miscellaneous	64,029
	<u>15,389,159</u>
Total revenues	<u>15,389,159</u>
EXPENDITURES:	
Current:	
Salaries and benefits	12,985,540
Services and supplies	2,216,095
Capital outlay	428,914
Debt service:	
Principal	161,252
Interest and fiscal charges	7,865
	<u>15,799,666</u>
Total expenditures	<u>15,799,666</u>
REVENUES OVER (UNDER)	
EXPENDITURES	<u>(410,507)</u>
Net change in fund balances	(410,507)
FUND BALANCES:	
Beginning of year	<u>4,483,908</u>
End of year	<u>\$ 4,073,401</u>

Ross Valley Fire Department

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Government-Wide Statement of Activities For the year ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (410,507)
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Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense.

Capital outlay and other capitalized expenditures are added back to fund balance	257,163
Depreciation expense	(327,138)
Loss on disposal of capital assets	255,767

Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.

	110,496
--	---------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Long-term debt repayments	161,252
---------------------------	---------

Interest payments are recorded as expenditures in the governmental funds, however interest expense is recognized as expenses are incurred on the Government-Wide Statement of Activities

	1,720
--	-------

Current year employer OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.

	756,490
--	---------

OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.

	(470,732)
--	-----------

Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.

	2,568,430
--	-----------

Pension expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.

	(3,682,506)
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Change in Net Position of Governmental Activities	\$ (779,565)
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Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Ross Valley Fire Department

The Ross Valley Fire Department (the "Department") was created in 1982. An Amended and Restated Joint Powers Agreement was entered into effective July 1, 2010, between the Town of Fairfax, Town of San Anselmo, and the Sleepy Hollow Fire Protection District ("Sleepy Hollow"), to provide fire protection, emergency medical and related services within their respective jurisdictions. On July 1, 2012, the Department entered into a First Amendment to the Amended and Restated Joint Powers Agreement to admit the Town of Ross as a member. The Department is governed by an eight-voting member Board of Directors, consisting of, two from the Fairfax Town Council, two from the San Anselmo Town Council, two from Sleepy Hollow Fire Protection District, and two from Ross Town Council. The Department is administered by the Town Manager (Executive Officer) and shall rotate among Fairfax, San Anselmo, and Ross for two-year terms, or such other terms as may be determined by the Board.

Effective July 1, 2012, the cost sharing percentages are as follows:

Town of San Anselmo	40.53%
Town of Fairfax	23.30%
Town of Ross	23.37%
Sleepy Hollow Fire Protection District	12.80%
	100.00%

B. Basis of Presentation

The accounting policies of the Department conform with accounting principles generally accepted in the United States of America and are applicable to governments. The following is a summary of the significant policies.

The accounts of the Department are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues and expenses or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In fiscal year 2025, the Department had one fund.

Government - Wide Financial Statements

The Department'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 Department. These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Department's assets and liabilities, including capital assets and long-term liabilities, 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 in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Continued

The Government-Wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Department. In fiscal year 2025, the Department operated one government program.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors, granters, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the Department. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds are reported as separate columns in the governmental fund financial statements. Non-major funds are aggregated and presented in a single column. The Department had no non-major funds in the fiscal year ended June 30, 2025.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Accompanying schedules are presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-Wide financial statements.

Revenues susceptible to accrual are interest revenue and charges for services. Licenses and permits are not susceptible to accrual because, generally, they are not measurable until received in cash.

Expenses are generally recognized when incurred under the modified accrual basis of accounting. Principal and interest on general long-term debt is recognized when due. 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 included on the Balance Sheet. The Statement of Revenues, Expenses and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenses and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenses of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Department, are intergovernmental revenues and interest. Expenses are recorded in the accounting period in which the related fund liability is incurred.

Ross Valley Fire Department

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

B. Basis of Presentation, Continued

The Department's General Fund was the only major fund in the fiscal year ended June 30, 2025. The General Fund is the operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Budgets and budgetary accounting

The Department follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the June Board meeting, the Chief and Executive Officer submit to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenses and the means of financing them.
2. The budget is legally enacted through the passage of a resolution.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.
4. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expense of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All appropriations lapse at fiscal year-end.

E. Statement calculations and use of estimates

Due to rounding, column and row calculations may approximate actual figures. Approximations may result when decimal places are eliminated to present whole numbers.

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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Fair Value Measurements, Continued

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

H. New Accounting Pronouncements

GASB Statement No. 101 Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Department added accruals for floating holiday time, compensatory time, and administrative leave as a result of this statement. Beginning net position and June 30, 2024 balances of compensated absences were adjusted in the implementation of this statement. Please see notes 5 and 12 for more details.

GASB Statement No. 102, Certain Risk Disclosures - The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The Department had no adjustments or new disclosures as a result of this Statement.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Department's cash on deposit or first trust deed mortgage notes with a value of 150% of the Department's cash on deposit as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Department's name and places the Department ahead of general creditors of the institution.

Investments are stated at cost, which approximates fair value at June 30, 2025

Classification

The Department's cash and investments consist of the following June 30, 2025:

Local Agency Investment Fund (LAIF)	\$ 702,943
Cash in checking accounts	<u>3,339,689</u>
Total cash and investments	<u>\$ 4,042,632</u>

B. Fair Value Hierarchy

The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At June 30, 2025, the Department held \$702,943 in Local Agency Investment Fund (LAIF), which is exempt from categorization.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity is of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Department is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Department reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2025, these investments matured in an average of 248 days.

All of the Department's investments are held in LAIF and mature in less than twelve months.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

2. CASH AND INVESTMENTS, Continued

D. 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. None of the Department's investments are subject to credit ratings.

E. Custodial Credit Risk

Custodial credit risk for cash on deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Department will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

3. CAPITAL ASSETS

The Department's capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is charged to governmental activities by function.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets.

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

Building improvements	5-40 years
Fire Trucks	15-20 years
Furniture and fixtures	5-10 years
Non-emergency vehicles	10 years
Machinery and equipment	3-10 years

A summary of changes in capital assets for the fiscal year ended June 30, 2025, is as follows:

	Balance at June 30, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Capital assets being depreciated:					
Vehicles	\$ 4,045,893	\$ 248,120	\$ -	\$ -	\$ 4,294,013
Machinery and equipment	1,480,861	9,043	-	-	1,489,904
Furniture and fixtures	93,062	-	-	-	93,062
Building Improvements	162,774	-	-	-	162,774
	<u>5,782,590</u>	<u>257,163</u>	<u>-</u>	<u>-</u>	<u>6,039,753</u>
Less accumulated depreciation for:					
Vehicles	1,364,069	249,369	-	-	1,613,438
Machinery and equipment	1,103,699	65,708	(248,273)	-	921,134
Furniture and fixtures	70,177	6,876	(7,494)	-	69,559
Building Improvements	100,862	5,185	-	-	106,047
Total accumulated depreciation	<u>2,638,807</u>	<u>327,138</u>	<u>(255,767)</u>	<u>-</u>	<u>2,710,178</u>
Total capital assets being depreciated	<u>3,143,783</u>	<u>(69,975)</u>	<u>255,767</u>	<u>-</u>	<u>3,329,575</u>
Total capital assets	\$ 3,143,783	\$ (69,975)	\$ 255,767	\$ -	\$ 3,329,575

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

4. DEFERRED COMPENSATION ARRANGEMENT

The Department provides a deferred compensation plan (the "Plan") according to Internal Revenue Code Section 457. The Plan is available to all employees and permits the deferral of a portion of the participating employees' salaries. Deferred amounts may not be withdrawn until termination, retirement, death, or unforeseeable emergency. Prior to August 20, 1996, the assets of the Plan were owned by the Department and were subject to claims from general creditors. On August 20, 1996, President Clinton signed into law changes affecting Internal Revenue Code Section 457. New plan agreements, which have been amended to comply with the amended provisions, require plans to hold assets in trust for the exclusive benefit of the participants and their beneficiaries. The Department has an obligation to ensure that the Plan's funds are prudently managed and invested. Participating employees may direct Plan investments to several categories of investment mutual funds provided by the Plan's trustee. Since the assets of the Plan are no longer available to general creditors, the respective assets and liabilities of the Plan are not included on the accompanying financial statements.

5. COMPENSATED ABSENCES

Employees of the Department accumulate vacation compensation based on years of service. Each employee may accumulate and carry forward a maximum of 1-1/2 years' vacation entitlement. Employees may also accumulate sick pay up to a maximum number of hours as set out in the current memorandum of understanding. At retirement, an employee may elect to convert unused sick pay to cash at one-half of the accumulated value.

Additionally, employees may earn 1-1/2 compensatory hours for each hour of off-duty attendance of qualified educational programs. Employees may accumulate a maximum of 240 hours.

Compensatory absences as shown on the Statement of Net Position include the value of accumulated vacation, accrual for sick leave hours that are expected to be used as future time off by employees, the portion of sick pay benefits expected to be paid at retirement and the value of compensatory time accumulated.

The following is a schedule of changes in compensated absences for the fiscal year ended June 30, 2025:

Beginning Balance	\$ 1,161,393
Additions	285,550
Payments	<u>(721,349)</u>
Ending Balance	<u>\$ 725,594</u>
Current Portion	<u>\$ 144,932</u>

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

6. LONG-TERM DEBT

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2025:

	Balance at June 30, 2024	Additions	Retirements	Balance at June 30, 2025	Current Portion
Private/Direct Debt:					
PNC Equipment Financing Lease	\$ 491,539	\$ -	\$ (161,252)	\$ 330,287	\$ 163,833
Total	<u>\$ 491,539</u>	<u>\$ -</u>	<u>\$ (161,252)</u>	<u>\$ 330,287</u>	<u>\$ 163,833</u>

PNC Equipment Financing Lease: On October 21, 2021, the Department entered into a financing purchase agreement with PNC Equipment Finance, LLC (Lender) in the amount of \$856,466, bearing an interest rate of 1.60%. The funds will be used to finance the purchase of one fire truck. Principal and interest payments are due annually, commencing October 2022, maturing in October 2026.

As of June 30, 2025, the outstanding balance of the debt, including accrued interest, was \$338,234.

The annual debt service requirements to mature the debts outstanding at June 30, 2025 were as follows:

Year Ending June 30,	Principal	Interest	Total
2026	163,833	5,284	169,117
2027	166,454	2,663	169,117
Total	<u>\$ 330,287</u>	<u>\$ 7,947</u>	<u>\$ 338,234</u>

Ross Valley Fire Department

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

7. NET POSITION AND FUND BALANCES

Net Position is on the full accrual basis while Fund Balances are measured on the modified accrual basis for the year ended June 30, 2025.

A. *Net Position*

Net Position is the excess of all the Department's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the Department's capital assets, reduced by outstanding debt attributable to the acquisition, construction or improvement of these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Department cannot unilaterally alter. As of June 30, 2025, the Department did not have any restricted net position.

Unrestricted describes the portion of Net Position which is not restricted to use.

When both restricted and unrestricted resources are available, the Department's policy is to first apply restricted resources and then unrestricted resources as necessary.

B. *Fund Balances*

GASB Statement No. 54, Fund Balance and Governmental Fund Type Definitions (GASB 54) establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. GASB 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- **Non-spendable:** Nonspendable fund balances includes amounts that cannot be spent because they are not in spendable form, such as prepaid items or items that are legally or contractually required to be maintained intact, such as principal of an endowment fund. As of June 30, 2025, the Department has nonspendable fund balances totaling \$55,044.
- **Restricted:** Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation. As of June 30, 2025, the Department did not have any restricted fund balances.
- **Committed:** Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Board of Directors is considered the highest authority for the Department.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

7. NET POSITION AND FUND BALANCES, Continued

B. Fund Balances, Continued

- Assigned: Assigned fund balances include amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The authority has not been delegated. As of June 30, 2025, the Department has assigned fund balances totaling \$1,023,555.
- Unassigned: Unassigned fund balance 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. As of June 30, 2025 the Department has unassigned fund balance totaling \$2,994,802.

The Department's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

8. PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Department's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Rate Plans. The Department's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost - sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Benefit provisions under the Plan are established by State statute and Department resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 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 1957 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.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

8. PENSION PLAN, Continued

A. General Information about the Pension Plans, continued

The Plan's provisions and benefits in effect at June 30, 2025 are summarized as follows:

	Safety	
	Prior to January 1, 2013	On of after January 1, 2013
Hire date		
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	26.29%	14.72%
Unfunded Accrued Liability	\$ 1,469,245	\$ 13,517

	Miscellaneous	
	Prior to January 1, 2013	On of after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-67	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	16.02%	7.87%
Unfunded Accrued Liability	\$ 7,327	\$ 724

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan 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 Department is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, the contributions to the Plan were as follows:

	Safety	Miscellaneous	Total
Contributions - employer	\$ 2,527,351	\$ 41,079	\$ 2,568,430

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

8. PENSION PLAN, Continued

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

As of June 30, 2025, the Department reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability(Asset)
Safety	\$ 18,897,935
Miscellaneous	240,358
Total Net Pension Liability	<u>\$ 19,138,293</u>

The Department's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan as of June 30, 2025 is measured as of June 30, 2024, 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, 2023 rolled forward to June 30, 2024 using standard update procedures. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Department's proportionate share of the net pension liability for each Plan as of June 30, 2023 and 2024 was as follows:

	Safety	Miscellaneous	Total
Proportion - June 30, 2023	0.2562%	0.0049%	0.1555%
Proportion - June 30, 2024	0.2592%	0.0050%	0.1578%
Change - Increase (Decrease)	<u>0.0030%</u>	<u>0.0001%</u>	<u>0.0023%</u>

For the year ended June 30, 2025, the Department recognized pension expense of \$3,682,506. At June 30, 2025, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,568,430	\$ -
Differences between actual and expected experience	1,563,021	50,958
Changes in assumptions	471,785	-
Differences in actual contributions and proportionate share of contributions	489,712	220,663
Changes in proportion	97,637	461,898
Net differences between projected and actual earnings on plan investments	927,283	-
Total	<u>\$ 6,117,868</u>	<u>\$ 733,519</u>

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

8. PENSION PLAN, Continued

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

\$2,568,430 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2026	\$ 930,346
2027	2,162,468
2028	40,383
2029	(317,278)
Total	<u>\$ 2,815,919</u>

Actuarial Assumptions - The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety & Miscellaneous Plans</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% ⁽¹⁾
Mortality	Derived using CalPERS Membership Data for all Funds ⁽²⁾
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

(1) Net of pension plan investment expenses and administrative expenses, including inflation

(2) The mortality table used 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 on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

8. PENSION PLAN, Continued

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

Discount Rate - The discount rate used to measure the total pension liability for each Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the expected real rate of return by asset class.

Asset Class	New Strategic Allocation	Real Return ⁽¹⁾⁽²⁾
Global Equity - cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.0%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management Study

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

8. PENSION PLAN, Continued

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Department's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Safety	Miscellaneous	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 28,175,221	\$ 518,154	\$ 28,693,375
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 18,897,935	\$ 240,358	\$ 19,138,293
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability (Asset)	\$ 11,310,419	\$ 11,691	\$ 11,322,110

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

9. OTHER POST EMPLOYMENT BENEFITS

Other Post-Employment Benefits (OPEB) Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Department's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Department's Other Post Employment Benefit (OPEB) Plan

Plan Description - The Department's Post Employment Benefit Plan is an agent multiple-employer defined benefit OPEB Plan. CalPERS invests the plan's assets as part of the California Employer's Retiree Benefit Trust (CERBT). The Department provides lifetime retiree medical coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

9. OTHER POST EMPLOYMENT BENEFITS, Continued

A. General Information about the Department's Other Post Employment Benefit (OPEB) Plan, continued

The employee must begin his or her retirement warrant within 120 days of terminating employment with the Department to be eligible to continue medical coverage through the Department and be entitled to the employer subsidy described below. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Benefits provided: As a condition of participation in the CalPERS medical program, the Department is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued, as well as to a surviving spouse, if the spouse is entitled to survivor pension benefits.

Under the terms of the Department's current PEMHCA resolution, executed in 2013, all employees who satisfy the requirements under " Access to Coverage" above and continue their medical coverage through the Department in retirement will receive the PEMHCA minimum employer contribution (MEC). The MEC is \$157 per month in 2024 and increases to \$158 per month in 2025.

Instead of the minimum contribution described above, employees first covered by the Ross Valley Firefighters Association or the Ross Valley Fire Chief Officers Association prior to April 1, 2013 and Miscellaneous employees hired prior to April 1, 2013 will be reimbursed an amount equal to the Department's share of CalPERS medical premiums as of January 1, 2013, increased annually by a maximum of \$100 per month, until such time as the Department's share is the same as the Department's share for active employees.

For the year ended June 30, 2025, the Department's contributions to the Plan were \$756,490.

Employees Covered by Benefit Terms - Membership in the plan consisted of the following at the measurement date of June 30, 2024:

Active employees	33
Inactive employees or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefit payments	<u>6</u>
Total	<u><u>71</u></u>

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

9. OTHER POST EMPLOYMENT BENEFITS, Continued

B. Net OPEB Liability

Actuarial Methods and Assumptions - The Department's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost, Level Percent of pay
Actuarial Assumptions:	
Discount Rate	6.10%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	6.10% net of investment-related expenses
Mortality Rate	Mortality rates used were those published by CalPERS, adjusted to back to back out 15 years of Scale MP 2016 to central year 2015. then projected.
Mortality Improvement	Macleod Watts Scale 2022 applied generationally from 2017
Healthcare Trend Rate	6.5% in 2025 and grade down to 3.9% by 2075

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which 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	49.0%	4.70%
Fixed Income	23.0%	2.60%
Treasury Inflation Protection Securities	5.0%	4.00%
Global Real Estate Investment Trusts (REITs)	20.0%	1.40%
Commodities	3.0%	2.00%
Total	<u>100.0%</u>	

Discount Rate - The discount rate used for accounting purposes for the measurement period ended June 30, 2024 is 6.10%.

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

9. OTHER POST EMPLOYMENT BENEFITS, Continued

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at Measurement Date 6/30/2023	\$ 10,292,542	\$ 5,564,907	\$ 4,727,635
Changes Recognized for the Measurement Period:			
Service Cost	266,576	-	266,576
Interest on the total OPEB liability	627,832	-	627,832
Net investment income	-	610,486	(610,486)
Contributions from the employer	-	743,563	(743,563)
Administrative expenses	-	(1,815)	1,815
Differences between expected and actual experience	570,544	-	570,544
Investment Experience	-	-	-
Benefit payments	(533,570)	(533,570)	-
Net changes	931,382	818,664	112,718
Balance at Measurement Date 6/30/2024	\$ 11,223,924	\$ 6,383,571	\$ 4,840,353

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CalPERS. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$117,527.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB 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 discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.10%)	Current Discount Rate (6.10%)	Discount Rate +1% (7.10%)
\$ 6,295,381	\$ 4,840,353	\$ 3,637,901

The following presents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Current Healthcare Cost Trend Rates		
1% Decrease (5.5% grade down to 2.9%)	Trend Rates (6.5% grade down to 3.9%)	1% Increase (7.5% grade down to 4.9%)
\$ 3,762,791	\$ 4,840,353	\$ 6,127,596

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

9. OTHER POST EMPLOYMENT BENEFITS, Continued

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Department recognized OPEB expense of \$470,732. At June 30, 2025, the Department reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 756,490	\$ -
Differences between actual and expected experience	492,919	380,801
Changes of assumptions	493,429	-
Net differences between projected and actual earnings on plan investments	65,351	-
Total	<u>\$ 1,808,189</u>	<u>\$ 380,801</u>

\$756,490 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2026	\$ (21,452)
2027	302,581
2028	74,677
2029	116,226
3030	94,892
Thereafter	103,974
Total	<u>\$ 670,898</u>

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

10. PUBLIC ENTITY RISK POOLS

Fire Risk Management Services (FRMS)

Effective September 1993, the Department was self-insured for workers' compensation coverage as a member of Fire Risk Management Services ("FRMS"). FRMS is a public authority risk pool created pursuant to a joint powers agreement between the approximately 200 member fire agencies. FRMS manages one pool for all member agencies. Each member pays an annual premium to FRMS based on the number of personnel, and estimated dollar amount of payroll and an experience factor. At fiscal year-end, when actual payroll expenses are available, an adjustment to the year's annual premium is made. FRMS obtains reinsurance through a commercial carrier for claims in exceeding \$750,000 per insured event. FRMS is not a component entity of the Department for purposes of Government Standards Board Statement No. 14. The most recent condensed financial information for FRMS can be obtained by contacting FRMS at the following address or website:

Fire Risk Management Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
www.frmsrisk.org

Fire Agencies Insurance Risk Authority

Effective July 1, 1989 Ross Valley Fire Department was self-insured for property damages and general liability coverage as a member of the Fire Agencies Insurance Risk Authority (the "Risk Authority"). The Risk Authority is a public authority risk pool created pursuant to a joint powers agreement between approximately 100 member fire agencies. The Risk Authority manages one pool for all member agencies. Each member pays an annual premium to the Risk Authority based on an actuarial calculation. The Risk Authority purchases first dollar coverage for general liability, auto liability, auto physical damage, and property, from the American Alternative Insurance Company, a subsidiary of the Glatfelter Insurance Group. The Risk Authority's current policy through American Alternative Insurance Company is in force through July 1, 2022. Currently the Risk Authority continues to be fully insured for all lines of coverage including: General Liability, Auto Liability, Property, Director and Officers Errors and Omissions, and Medical Malpractice. The Risk Authority is not a component entity of Ross Valley Fire Department for purposes of Government Accounting Standards Board Statement No. 14. The most recent condensed financial information for the system can be obtained by contacting the System at the following address or website:

Fire Agencies Insurance Risk Authority
1255 Battery Street, Suite 450
San Francisco, CA 94111
www.faira.org

Ross Valley Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

11. CONTINGENCIES

On February 4, 1991, the Department was awarded a judgment of \$464,000, plus interest, relating to embezzlements committed by a former employee over several years. On July 18, 2006, the judgment was renewed to extend the period of enforceability through to July 17, 2016, and the total renewed judgment was \$277,567. On March 24, 2016, an application for renewal of judgment was submitted by the Department, which extends the period of enforceability through March 24, 2026, and the total renewed judgment was \$540,035. As of June 30, 2025, the balance owed was \$1,080,070 which includes interest of \$540,035 at 10% per annum. The Department has offset this receivable with an allowance for doubtful accounts since there have been no collections on the judgment. Therefore, this receivable is not recorded in the accompanying Statement of Net Position.

12. PRIOR PERIOD ADJUSTMENTS

For the year ended June 30, 2025, the Department implemented GASB Statement No. 101, *Compensated Absences*, which requires recognition of a liability as leave is earned and likely to be used or paid. Adoption of this Statement will enhance the relevance and reliability of information about the liability for compensated absences. The implementation represents a change in accounting principle and resulted in a restatement of the opening balance of compensated absences reported in the Statement of Net Position. This change affected the compensated absence line item within Governmental Activities to reflect previously unrecognized liabilities, and the opening balance net position was restated retrospectively.

	Net Position/ Fund Balance as Previously Reported	Compensated Absences Adjustments	Net Position/ Fund Balance Net Position as Restated
Government-Wide			
Governmental activities	\$ (10,369,075)	\$ 325,303	\$ (10,043,772)
Total Primary Government	\$ (10,369,075)	\$ 325,303	\$ (10,043,772)

REQUIRED SUPPLEMENTARY INFORMATION

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Ross Valley Fire Department
Required Supplementary Information
For the Year Ended June 30, 2025

1. COST-SHARING EMPLOYER DEFINED PENSION PLAN:

A. *Schedule of Proportionate Share of the Net Pension Liability*

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

B. *Schedule of Pension Contributions*

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered payroll.

2. AGENT-MULTIPLE EMPLOYER OTHER POSTEMPLOYMENT BENEFIT PLAN:

A. *Schedule of Changes in the Net OPEB Liability and Related Ratios*

This schedule reports the changes in the net OPEB liability, the employer's covered employee payroll, the net OPEB liability as a percentage of the employer's covered employee payroll and the OPEB plan's fiduciary net position as a percentage of the total OPEB liability.

B. *Schedule of OPEB Contributions*

This schedule reports the employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

Ross Valley Fire Department
Required Supplementary Information
For the year ended June 30, 2025

Schedule of Proportionate Share of Net Pension Liability and Related Ratios - Last 10 Years

Measurement date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Proportion of the net pension liability (asset)	0.12218%	0.11365%	0.12254%	0.12450%
Proportionate share of the net pension liability (asset)	\$ 7,679,794	\$ 7,800,932	\$ 10,603,794	\$ 12,347,230
Covered payroll during measurement period	\$ 3,098,740	\$ 3,661,763	\$ 3,462,466	\$ 3,963,936
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	247.84%	213.04%	306.25%	311.49%
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%
Proportionate share of aggregate employer contributions	\$ 1,327,172	\$ 1,216,394	\$ 1,200,884	\$ 1,289,736

Notes to Schedule

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018, and decreased to 6.9% in 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
0.12994%	0.13379%	0.13995%	0.16355%	0.15597%	0.15547%	0.15781%
\$ 12,520,916	\$ 13,709,015	\$ 15,226,658	\$ 8,845,238	\$ 18,016,209	\$ 19,395,576	\$ 19,138,293
\$ 3,781,313	\$ 4,099,185	\$ 3,650,227	\$ 3,995,858	\$ 4,251,976	\$ 4,609,096	\$ 4,588,645
331.13%	334.43%	417.14%	221.36%	423.71%	420.81%	417.08%
75.26%	75.26%	75.10%	85.57%	72.08%	70.89%	72.65%
\$ 1,675,902	\$ 1,658,659	\$ 2,237,745	\$ 2,780,093	\$ 3,079,887	\$ 1,884,583	\$ 1,879,807

Ross Valley Fire Department
Required Supplementary Information
For the year ended June 30, 2025

Schedule of Pension Contributions - Last 10 Years

Cost-Sharing Multiple Employee Defined Pension Plan

Fiscal year	Safety		
	2016	2017	2018
Actuarially determined contribution	\$ 1,192,485	\$ 1,083,105	\$ 1,159,683
Contributions in relation to the actuarially determined contributions	(1,192,485)	(1,083,105)	(1,159,683)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll during fiscal year	\$ 3,285,846	\$ 3,677,391	\$ 3,565,056
Contributions as a percentage of covered payroll	36.29%	29.45%	32.53%

Fiscal year	Miscellaneous		
	2016	2017	2018
Actuarially determined contribution	\$ 23,266	\$ 28,516	\$ 25,799
Contributions in relation to the actuarially determined contributions	(23,266)	(28,516)	(25,799)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll during fiscal year	\$ 176,620	\$ 286,545	\$ 216,257
Contributions as a percentage of covered payroll	13.17%	9.95%	11.93%

Note to Schedule

Valuation date: 6/30/2014 6/30/2015 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
 Amortization method Level percentage of payroll, closed
 Remaining amortization period Varies, not more than 30 years

Asset valuation method	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service		
Investment rate of return	7.50%	7.50%	7.50%
Payroll Growth	3.00%	3.00%	3.00%

Safety

2019	2020	2021	2022	2023	2024	2025
\$ 1,338,894	\$ 1,531,354	\$ 1,756,149	\$ 1,961,684	\$ 2,162,883	\$ 2,252,557	\$ 2,252,557
(1,338,894)	(1,531,354)	(1,756,149)	(1,961,684)	(2,162,883)	(2,252,557)	(2,252,557)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,889,989	\$ 3,358,275	\$ 3,642,002	\$ 3,791,210	\$ 4,021,975	\$ 4,139,440	\$ 4,414,460
34.42%	45.60%	48.22%	51.74%	53.78%	54.42%	51.03%

Miscellaneous

2019	2020	2021	2022	2023	2024	2025
\$ 28,436	\$ 38,265	\$ 40,496	\$ 51,442	\$ 64,105	\$ 46,170	\$ 41,079
(28,436)	(38,265)	(40,496)	(51,442)	(64,105)	(46,170)	(41,079)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 209,196	\$ 291,952	\$ 353,856	\$ 460,766	\$ 587,121	\$ 449,205	\$ 269,043
13.59%	13.11%	11.44%	11.16%	10.92%	10.28%	15.27%

6/30/2017 6/30/2018 6/30/2019 6/30/2020 6/30/2021 6/30/2022 6/30/2023

Entry Age Normal
Level percentage of payroll, closed
Varies, not more than 30 years

Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
2.75%	2.500%	2.500%	2.500%	2.500%	2.500%	2.500%
		Varies by entry age and service				
7.375%	7.25%	7.00%	7.00%	7.00%	7.00%	7.00%
3.00%	2.875%	2.750%	2.750%	2.750%	2.750%	2.750%

Ross Valley Fire Department
Required Supplementary Information
For the year ended June 30, 2025

*Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years**

OPEB Plan - Agent Multiple Employer

Measurement Date	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
Total OPEB Liability			
Service cost	\$ 188,230	\$ 194,348	\$ 215,840
Interest	624,233	654,393	680,634
Differences between actual and expected experience	-	-	(1,694,852)
Changes in assumptions	-	345,115	6,241
Benefit payments	(382,896)	(422,295)	(474,032)
Net change in the total OPEB liability	429,567	771,561	(1,266,169)
Total OPEB liability - beginning	8,613,336	9,042,903	9,814,464
Total OPEB liability - ending (a)	<u>\$ 9,042,903</u>	<u>\$ 9,814,464</u>	<u>\$ 8,548,295</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 785,990	\$ 1,108,061	\$ 1,002,745
Net investment income	167,198	171,917	177,139
Administrative expense	(854)	(1,151)	(642)
Benefit payments	(382,896)	(422,295)	(474,032)
Other expenses	-	(2,858)	-
Net change in plan fiduciary net position	569,438	853,674	705,210
Plan fiduciary net position - beginning	1,590,112	2,159,550	3,013,224
Plan fiduciary net position - ending (b)	<u>\$ 2,159,550</u>	<u>\$ 3,013,224</u>	<u>\$ 3,718,434</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 6,883,353</u>	<u>\$ 6,801,240</u>	<u>\$ 4,829,861</u>
Plan fiduciary net position as a percentage percentage of the total OPEB liability	23.88%	30.70%	43.50%
Covered-employee payroll	\$ 3,963,937	\$ 3,781,313	\$ 4,099,185
Net OPEB liability as a percentage of covered employee payroll	173.65%	179.86%	117.82%

* Fiscal year 2018 was the 1st year of implementation.



<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>
\$ 258,232	\$ 265,979	\$ 263,345	\$ 311,233	\$ 266,576
580,614	602,131	601,212	612,753	627,832
-	(372,771)	-	(87,474)	570,544
-	21,319	741,660	70,351	-
(536,159)	(524,175)	(530,904)	(533,099)	(533,570)
302,687	(7,517)	1,075,313	373,764	931,382
8,548,295	8,850,982	8,843,465	9,918,778	10,292,542
<u>\$ 8,850,982</u>	<u>\$ 8,843,465</u>	<u>\$ 9,918,778</u>	<u>\$ 10,292,542</u>	<u>\$ 11,223,924</u>

\$ 901,184	\$ 754,259	\$ 786,295	\$ 664,891	\$ 743,563
133,881	1,158,676	(749,910)	327,847	610,486
(1,817)	(1,595)	(1,419)	(1,482)	(533,570)
(536,159)	(524,175)	(530,904)	(533,099)	(1,815)
-	-	-	-	-
497,089	1,387,165	(495,938)	458,157	818,664
3,718,434	4,215,523	5,602,688	5,106,750	5,564,907
<u>\$ 4,215,523</u>	<u>\$ 5,602,688</u>	<u>\$ 5,106,750</u>	<u>\$ 5,564,907</u>	<u>\$ 6,383,571</u>
<u>\$ 4,635,459</u>	<u>\$ 3,240,777</u>	<u>\$ 4,812,028</u>	<u>\$ 4,727,635</u>	<u>\$ 4,840,353</u>

47.63%	63.35%	51.49%	54.07%	56.87%
\$ 4,055,818	\$ 3,995,857	\$ 4,251,976	\$ 4,609,096	\$ 4,588,645
114.29%	81.10%	113.17%	102.57%	105.49%

Ross Valley Fire Department
Required Supplementary Information
For the year ended June 30, 2025

*Schedule of OPEB Contributions - Last 10 Years**

OPEB Plan - Agent Multiple Employer

Fiscal year ended June 30,	2018	2019	2020
Actuarially determined contribution	\$ 696,858	\$ 727,745	\$ 750,115
Contributions in relation to the actuarially determined contribution	1,108,061	1,002,745	901,184
Contribution deficiency (excess)	\$ (411,203)	\$ (275,000)	\$ (151,069)
Covered employee payroll	\$ 3,781,313	\$ 4,099,185	\$ 4,055,818
Contributions as a percentage of covered employee payroll	29.30%	24.46%	22.22%

Notes to schedule

Valuation date	June 30, 2015	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage pay	Level percentage pay	Level percentage pay
Asset valuation method	Market value	Market value	Market value
Inflation	2.75%	2.75%	2.75%
Discount rate	7.25%	7.25%	7.25%
Salary increases	3.25%	3.25%	3.25%
Retirement age	50 to 75 years	50 to 75 years	50 to 75 years
Amortization period	22 years closed	21 years closed	20 years closed
Healthcare cost trend rates	7.5% in 2017 to 4.5% in steps of 0.5%	8.0% in 2018 to 5% in steps of 0.5%	
Mortality	CalPERS 2014 Experience Study		
Mortality improvement	MW Scale 2014 generationally	MW Scale 2017 generationally	MW Scale 2017 generationally

*Fiscal year 2018 was the first year of implementation.



<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 631,593	\$ 520,319	\$ 536,878	\$ 554,371	\$ 683,859
754,259	786,295	664,891	743,563	756,490
<u>\$ (122,666)</u>	<u>\$ (265,976)</u>	<u>\$ (128,013)</u>	<u>\$ (189,192)</u>	<u>\$ (72,631)</u>
\$ 3,995,857	\$ 4,251,976	\$ 4,609,096	\$ 4,588,645	\$ 4,683,503
18.88%	18.49%	14.43%	16.20%	16.15%

June 30, 2019	June 30, 2021	June 30, 2021	June 30, 2023	June 30, 2023
Entry age Level percentage pay	Entry age Level percentage pay	Entry age Level percentage pay	Entry age Level percentage pay	Entry age Level percentage pay
Market value 2.50%	Market value 2.50%	Market value 2.50%	Market value 2.50%	Market value 2.50%
6.80%	6.80%	6.80%	6.10%	6.10%
3.00%	3.00%	3.00%	3.00%	3.00%
50 to 75 years	50 to 75 years	50 to 75 years	50 to 75 years	50 to 75 years
19 years closed	18 years closed	18 years closed	16 years closed	16 years closed
5.4% in 2021 fluctuating down to 4% by 2076	5.7% in 2021 fluctuating down to 4% by 2076	5.7% in 2022 fluctuating down to 4% by 2076	6.5% in 2025 fluctuating down to 3.9% by 2075	6.5% in 2025 fluctuating down to 3.9% by 2075
CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study	CalPERS 2021 Experience Study	CalPERS 2021 Experience Study
MW Scale 2018 generationally	MW Scale 2020 generationally	MW Scale 2020 generationally	MW Scale 2022 generationally	MW Scale 2022 generationally

Ross Valley Fire Department

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental:				
Town of San Anselmo (Contract)	\$ 4,748,772	\$ 4,748,772	\$ 4,748,772	\$ -
Town of Fairfax (Contract)	2,729,988	2,729,988	2,729,988	-
Sleepy Hollow (Contract)	1,499,736	1,499,736	1,499,736	-
County of Marin (Contract)	266,875	266,875	266,875	-
Town of Ross (Contract)	2,738,189	2,738,189	2,738,189	-
Prior Authority:				
Retiree health	80,000	80,000	80,000	-
Retirement contributions	1,540,667	1,540,667	1,540,667	-
Other sources	846,527	1,073,890	1,294,823	220,933
Fire prevention fees	361,718	361,718	394,668	32,950
Investment earnings	25,000	25,000	31,412	6,412
Miscellaneous	70,000	70,000	64,029	(5,971)
Total revenues	14,907,472	15,134,835	15,389,159	254,324
EXPENDITURES:				
Current:				
Salaries and benefits	12,661,856	12,661,856	12,985,540	(323,684)
Services and supplies	1,713,202	2,194,796	2,216,095	(21,299)
Capital outlay	496,198	761,198	428,914	332,284
Debt service:				
Principal	161,253	161,253	161,252	1
Interest and fiscal charges	7,865	7,865	7,865	-
Total expenditures	15,040,374	15,786,968	15,799,666	(12,698)
REVENUES OVER (UNDER) EXPENDITURES	(132,902)	(652,133)	(410,507)	241,626
Net change in fund balances	\$ (132,902)	\$ (652,133)	(410,507)	\$ 241,626
FUND BALANCES:				
Beginning of year			4,483,908	
End of year			\$ 4,073,401	

Ross Valley Fire Department

San Anselmo, California

*Auditor's Communication with
Those Charged with Governance*

For the year ended June 30, 2025



October 31, 2025

To the Board of Directors and Management
of the Ross Valley Fire Department
San Anselmo, California

We have audited the financial statements of the Ross Valley Fire Department (Department) as of and for the year ended June 30, 2025, and have issued our report thereon dated October 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit and the Single Audit

As stated in our engagement letter dated May 21, 2025, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We assigned an individual who was not part of the auditing and financial statement preparation team to review the financial statements of the Department.

Significant Risks Identified

We have identified the following significant risks:

- *Risk of Management Override of Internal Controls* – A risk of management override of internal controls exists at any entity where management can change or decide not to perform that entity’s internal controls.
- *Revenue Recognition Risk* – Errors in revenue recognition can affect bond covenant ratios and the net position of the Department.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in Note 1 to the financial statements. The Department adopted new accounting policies related to financial reporting by implementing *GASB Statements No. 101 Compensated Absences* and *GASB Statements No. 102 Certain Risk Disclosures* in fiscal year June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are capital asset depreciation and useful life, pension plan and other post-employment benefits (OPEB) plan assumptions, and investment valuations.

Management’s estimate of capital assets depreciation and useful life, pension and OPEB plan assumptions, and investment valuations are based on historical useful lives of such assets, actuarial assumptions, actuarial studies, historical experience of the estimated cost and inflation, custodian bank statements respectively. We evaluated the key factors and assumptions used to develop the estimate of capital assets depreciation and useful life, pension and OPEB plan assumptions, and investment valuations and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Department's financial statements relate to:

- Summary of Significant Accounting Policies
- Cash and Investments
- Long-term Debt
- Capital Assets
- Employee Retirement Plans
- Other Post-Employment Benefits
- Commitments and Contingencies
- Prior Year Adjustments

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 31, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department's auditors.

Required Supplementary Information

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information

We were engaged to report on the combining and individual fund statements and budgetary comparison schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Information Included in the Annual Reports

Pursuant to professional standards, our responsibility as auditors for introductory section, statistical section, and component unit financial statements section, whether financial or nonfinancial, included in the

To the Board of Directors and Management
of the Ross Valley Fire Department
San Anselmo, California
Page 5

Department's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Department Boards, and management of the Department and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Emeryville, California
October 31, 2025



Ross Valley Fire Department

777 San Anselmo Avenue, San Anselmo, CA 94960

October 31, 2025

Badawi and Associates, CPAs
5901 Christie Avenue, Suite 307
Emeryville, CA 94608

This representation letter is provided in connection with your audit of the financial statements of the Ross Valley Fire Department, California (Department) as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Department in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 31, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 21, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.

Committed to the protection of life, property, and environment.

SAN ANSELMO • FAIRFAX • ROSS • SLEEPY HOLLOW

7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
9. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. Special items and extraordinary items have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.

23. With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
24. With respect to providing assistance in preparation of the financial statements and related notes of the Department, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

25. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
26. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
29. We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
30. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;

- b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
31. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
 32. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
 33. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
 34. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
 35. The Department has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
 36. We have disclosed to you all guarantees, whether written or oral, under which the Department is contingently liable.
 37. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
 38. For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
 39. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
 40. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
 41. There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
42. The Department has satisfactory title to all owned assets, (not right to use assets that are leased), and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
 43. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 44. The Department has satisfactory title to all owned assets (not right to use assets that are leased), and there are no liens or encumbrances on such capital assets; nor has the Department pledged any capital assets as collateral.
 45. We have provided you with lists of all identified collaborative arrangement agreements in which we participate.
 46. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for a loss contingency, or otherwise considered when preparing the financial statements.
 47. The significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
 48. We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
 49. The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the District, when relevant to the accounting estimates and disclosures.
 50. The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
 51. We have obtained and applied appropriate specialized skills and expertise in making accounting estimates.
 52. We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.
 53. We agree with the findings of specialists in evaluating the amounts related to the Department's pension and OPEB plans, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

54. The methods and significant inputs and assumptions used to determine fair values of financial instruments are determined by the Department's investment custodians.
55. We believe that the actuarial assumptions and methods used to measure the pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
56. With respect to the management's discussion and analysis and required pension and other post-employment benefit schedules (RSI) accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the RSI in accordance with U.S. GAAP.
 - b. We believe the RSI, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There were no significant assumptions or interpretations underlying the measurement or presentation of the RSI.
57. With respect to the schedules of budget to actual Comparison of General Fund (Supplementary Information) on which an in-relation opinion is issued accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the Supplementary Information in accordance with U.S. GAAP.
 - b. We believe the Supplementary Information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There were no significant assumptions or interpretations underlying the measurement of the Supplementary Information.
 - e. When the Supplementary Information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the Supplementary Information no later than the date of issuance by the entity of the Supplementary Information and the auditor's report thereon.
 - f. We acknowledge our responsibility to include the auditor's report on the Supplementary Information in any document containing the Supplementary Information and that indicates the auditor reported on such Supplementary Information.
 - g. We acknowledge our responsibility to present the Supplementary Information with the audited financial statements or, if the Supplementary Information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the Supplementary Information no later than the date of issuance by the entity of the Supplementary Information and the auditor's report thereon.

Signed by:

Dan Mahoney
2590809B089D433...

Dan Mahoney
Fire Chief

Signed by:

Jeff Zuba
DA8D9C1EBFA473...

Jeff Zuba
Finance