

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the Meeting of November 12, 2025

To: Board of Directors

From: Dan Mahoney, Fire Chief
Jeff Zuba, Finance Director

Subject: Annual Independent Audit Report for Fiscal Year 2024-25 ending June 30, 2025

RECOMMENDATION:

Staff recommends the Board accept the Annual Financial Report for the fiscal year 2024-25 ending June 30, 2025, prepared by Badawi & Associates.

BACKGROUND:

Badawi & Associates has completed the annual independent audit of the Ross Valley Fire Department for the Fiscal Year 2024-25 ending June 30, 2025. Following their review of the Department's financial records, internal controls, and accounting procedures, the auditors issued an unmodified ("clean") opinion, which is the highest level of assurance an auditor can provide. The audited financial statements and auditor's report (Attachment 1) are included in the Board packet and posted on the Department's website. Upon Board acceptance, hard copies will also be available in the Department lobby for 30 days.

A copy of the auditor's required SAS 114 communication to those charged with governance is also included in the agenda packet for the Board's review (Attachment 2).

BASIC FINANCIAL STATEMENTS

The annual financial statements include the governmental fund statements, government-wide statements required under Governmental Accounting Standards Board (GASB) Statement No. 34, and the accompanying notes to the financial statements. Together, these documents present the Department's financial position, including information on fixed assets, capital and depreciation schedules, long-term debt obligations, debt service requirements, and employee benefit accruals.

Governmental fund statements use modified-accrual accounting, which focuses on short-term financial resources, while the government-wide statements use full-accrual accounting, which incorporates long-term assets and liabilities. This difference is a key reason why fund balance and government-wide net position may not align.

PENSION & OPEB REPORTING (GASB 68 & 75)

Fiscal year 2024-25 represents the eleventh year of reporting under GASB 68 for pension liabilities and the eighth year of reporting under GASB 75 for Other Postemployment Benefits (OPEB). These standards require public agencies with defined benefit plans to measure and report pension and OPEB liabilities at fair value using standardized actuarial methods.

For FY 2024-25, GASB 68 reporting reduced the Department's net position by \$13,753,944, reflecting a net pension liability of \$19,138,293. GASB 75 reporting reduced net position by an additional \$3,412,965, based on a net OPEB liability of \$4,840,353. As a result, the Department's government-wide net position as of June 30, 2025, is (\$10,823,337), a decrease of (\$779,565) from the prior year. This change is primarily due to actuarial adjustments to long-term retirement obligations.

It is important to note that pension and OPEB liabilities appear only in the government-wide financial statements, not in the fund-level statements. Because the government-wide statements incorporate long-term obligations under full-accrual accounting, they will differ significantly from the General Fund balance, which reflects current, short-term resources.

FUND-LEVEL FINANCIAL POSITION

At the fund level, the Department ended the fiscal year with a General Fund balance of \$4,073,401, representing a decrease of \$410,507 from the prior fiscal year. This result is consistent with budget expectations and reflects several planned expenditures, including a one-time contribution of \$481,594 to Marin County Fire for dispatch services start-up costs and the acquisition of two command vehicles totaling \$223,044. These impacts were partially offset by higher-than-anticipated Workers' Compensation reimbursement revenue, resulting from a greater number of personnel claims than projected at mid-year.

RESERVE POLICY

The Fire Board adopted a 10% minimum reserve policy through Resolution 23-10 on June 14, 2023. As of June 30, 2025, the Department's unassigned reserves total \$2,994,802. With FY 2025-26 General Fund expenditures budgeted at \$15,412,254, the Department's reserve level is 19.4%, well above the established minimum.

AUDITOR'S CONCLUSION

Badawi & Associates concludes that the Department's financial statements present fairly, in all material respects, the financial position of the Ross Valley Fire Department as of June 30, 2025. This unmodified opinion reflects the Department's continued commitment to strong fiscal management and compliance with applicable accounting and reporting standards.

CONCLUSION:

The Annual Financial Report provides the Fire Board with a comprehensive overview of the Department's financial condition and long-term obligations. Staff recommends that the Board accept the auditor's report as presented.

ATTACHMENTS:

Attachment #1 - RVFD Basic Financial Statements FY 2024-2025

Attachment #2 - RVFD Financial SAS 114 FY 2024-2025