

**ROSS VALLEY FIRE DEPARTMENT  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**ROSS VALLEY FIRE DEPARTMENT  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ross Valley Fire Department  
San Anselmo, California

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Ross Valley Fire Department (Department), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Department as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplement Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Maze & Associates*

Pleasant Hill, California  
December 11, 2020

**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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This discussion and analysis of the Ross Valley Fire Department (the "Department") fiscal performance provides an overview of the Department's financial activities for the fiscal year ended June 30, 2020. Please review it in conjunction with the basic financial statements, which begins on page 13.

**FINANCIAL HIGHLIGHTS**

**From the Statement of Net Position and Statement of Activities – see pages 13-14**

- At the end of fiscal year ending June 30, 2020, the Department's total net position is (\$12,148,877), a decrease of \$265,417 from last year (\$11,883,460). The decrease is due mainly to deferred inflows of OPEB and pension liabilities.
- The statement of net position, appearing as the first statement of the basic financial statements and summarized in Management's Discussion and Analysis, reports the Department's total assets to be \$5,681,541, deferred outflows of resources at \$4,810,113, total liabilities of \$20,241,991, deferred inflows of resources at \$2,398,540, and net position of (\$12,148,877).
- The Department's total program revenue was \$11,379,200 and total program expenditures were \$11,755,130, resulting in a decrease of \$375,930 to the net position.
- The Department's capital assets, totaled \$5,613,950 including \$ 2,491,186 in accumulated depreciation, resulting in net capital assets of \$3,122,764, an increase of \$1,928,030 from fiscal year 2019 due to the acquisition of three Fire Engines.
- The Department's long-term liabilities totaled \$19,822,733 as of June 30, 2020, a decrease of \$927,879 compared to the prior fiscal year. The decrease is primarily due to the reduction of Net OPEB liability.

**From the Governmental Fund Financial Statements – see pages 17-20**

- Total revenue increased from \$11,141,701 in fiscal year 2019 to \$11,489,713 in fiscal year 2020 and expenditures increased from \$10,368,512 to \$12,766,602. The increase in revenue is the result of increase of members contribution towards operating and prior authority's retirement benefits contribution.
- The General Fund balance decreased by \$1,276,889 from the prior fiscal year, which is a result of purchasing of 3 Fire Engines during the fiscal year.

**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**OVERVIEW OF FINANCIAL STATEMENTS**

The Department's basic financial statements are comprised of three components: government-wide financial statements, governmental funds financial statements, and notes to the financial statements. Supplementary information in addition to the basic financial statements is also presented.

**Government-wide financial statements found on pages 13-14**

The Government-wide financial statements are designed to provide readers with a broad overview of the Department's finances in a manner similar to a private-sector business. There are two government-wide financial statements – The Statement of Net Position and the Statement of Activities and Changes in Net Position (“Statement of Activities”).

The Statement of Net Position presents information on all of the Department's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The Statement of Activities presents information showing how the Department's net assets changed during the fiscal year. Accruals of revenue and expenses are taken into account regardless of when cash is received or paid.

Like in a private-sector business capital asset is depreciated, the principal portion of the debt service is net an expenditure, and compensated absences are expensed in the period earned.

**Governmental fund financial statements found on pages 17-20**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The major differences between fund financial statements and government-wide financial statements are in the way debt proceeds, capital outlay, and compensated absences are recorded. Reconciliations between the two types of financial statements are found on pages 18 and 20.

**Notes to the financial statements on pages 21-42**

The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

**Required Supplementary information on pages 45-52**

In addition to basic financial statements and accompanying notes, this report also presents budgetary comparison schedules.



**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Analysis of Net Position

Net position for the Department is summarized below and an analysis follows:

	Governmental Activities		Total Percent Change
	2020	2019	
Cash and investments	\$ 2,250,061	\$ 2,305,426	-2%
Capital assets, net	3,122,764	1,194,734	161%
Other assets	308,716	1,508,957	-80%
<b>Total assets</b>	<b>5,681,541</b>	<b>5,009,117</b>	13%
OPEB related	1,174,597	1,293,767	
Pension related	3,635,516	3,660,816	-1%
<b>Total deferred outflows of resources</b>	<b>4,810,113</b>	<b>4,954,583</b>	-3%
Long-term debt, net	19,822,733	20,750,612	-4%
Other liabilities	419,258	392,591	7%
<b>Total liabilities</b>	<b>20,241,991</b>	<b>21,143,203</b>	-4%
OPEB related	1,437,667	14,909	
Pension related	960,873	689,048	39%
<b>Total deferred inflows of resources</b>	<b>2,398,540</b>	<b>703,957</b>	241%
Net investment in capital assets	2,547,685	1,194,734	113%
Unrestricted	(14,696,562)	(13,078,194)	12%
<b>Net position</b>	<b>\$ (12,148,877)</b>	<b>\$ (11,883,460)</b>	2%

The Department's net position indicates that liabilities exceed assets by \$12,148,877 as of June 30, 2020. This is due largely to the application of GASB 68 and GASB 75 which requires that net pension and OPEB liabilities be included in the government wide statements.

**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Total assets are \$672,424 more than last year, which is mainly due to the purchase of three fire engines.

Long term debt increased by \$927,879. Long-term debt includes compensated absences, note payable, and accrued pension and OPEB obligations.

Net investment in capital assets increased by \$1,352,951.

Analysis of Changes in Net Position

Changes in net position for the Department are summarized below and an analysis follows:

	<u>Activities</u>		<u>Percent Change</u>
	<u>2020</u>	<u>2019</u>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 11,379,200	\$ 11,061,454	3%
General revenues:			
Investment earnings	12,826	17,554	-27%
Miscellaneous	97,687	62,693	56%
<b>Total revenues</b>	<b><u>11,489,713</u></b>	<b><u>11,141,701</u></b>	3%
<b>Expenses:</b>			
Fire services	11,755,130	10,994,083	7%
<b>Total expenses</b>	<b><u>11,755,130</u></b>	<b><u>10,994,083</u></b>	7%
<b>Change</b>	<b><u>\$ (265,417)</u></b>	<b><u>\$ 147,618</u></b>	-280%

Revenues increased by \$348,012 and expenses increased by \$761,047 from fiscal year 2019. The total change in net position as of June 30, 2020 was (\$265,417).

**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**GOVERNMENTAL FUNDS ANALYSIS**

The following schedule presents a summary of general fund revenues and expenditures for the fiscal years ended June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Intergovernmental:		
Town of San Anselmo (Contract)	\$ 3,559,251	\$ 3,376,047
Town of Fairfax (Contract)	2,046,152	1,940,832
Sleepy Hollow (Contract)	1,124,067	1,066,208
County of Marin (Contract)	213,414	201,094
Town of Ross (Contract)	2,052,299	1,949,787
Ross Apprentice Program		
Prior Authority		
Retiree health	176,994	394,757
MERA Bond	38,198	38,288
Retirement Contribution	812,129	646,332
Other sources	1,048,012	1,108,158
Fire Prevention Fees	308,684	339,951
Investment earnings	12,826	17,554
Miscellaneous	97,687	62,693
Total revenue	<u>11,489,713</u>	<u>11,141,701</u>
<b>Expenditures:</b>		
Salaries and benefits	9,049,296	8,952,122
Services and supplies	1,492,379	1,327,589
Debt service:		
Principal	133,456	-
Interest	21,256	-
Capital outlay	2,070,215	88,801
Total expenditures	<u>12,766,602</u>	<u>10,368,512</u>
<b>Excess of expenditures over revenues</b>	<u>(1,276,889)</u>	<u>773,189</u>
<b>Other Financing Sources (Uses)</b>		
Proceeds from sale of capital assets	-	57,103
Proceeds from note payable	-	708,535
Total Other Financing Sources (Uses)	<u>-</u>	<u>765,638</u>
Fund balances, beginning of year	3,618,483	2,079,656
Fund balances, end of year	<u>\$ 2,341,594</u>	<u>\$ 3,618,483</u>

**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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COMMENTS ON BUDGET COMPARISONS – see Required Supplementary information page 52

Revenue: Total revenue was higher than the budgeted amount by \$57,527, or 1%. Reimbursements from Office of Emergency Services and for worker's compensation payments exceeded adjusted budget by \$26,301. Total revenue increased by \$348,012 when compared with prior year revenue. This is largely contributed to increase of member contribution due to cost of living adjustments and increase retirement benefits cost.

Expenditures: Total expenditures were \$571,804 less than the final budget, or 4%. Salaries and Benefits were lower than budget by \$490,172. This was primarily due to salary savings from vacant Fire Inspector and Firefighter positions. Services and Supplies and Capital Outlay line items had a total savings of \$81,632.

**HISTORY AND ECONOMIC FACTORS**

Ross Valley Fire Service was formed in 1982 by merging the Fire Departments of the Towns of Fairfax and San Anselmo through a Joint Powers Agreement. In addition to these two entities, the Sleepy Hollow Fire Protection District contracted with the Town of San Anselmo to provide fire protection services, through June 2010.

An Amended and Restated Joint Powers Agreement (JPA) was entered into, effective July 1, 2010, between the Town of Fairfax, Town of San Anselmo, and Sleepy Hollow Fire Protection District to provide fire protection, emergency medical and related services within their respective jurisdictions. As part of the Amended and Restated JPA, the name of the Department was changed from Ross Valley Fire Service to Ross Valley Fire Department. The Board of Directors was expanded to six members, two voting members appointed by and serving at the pleasure of each of the member agencies

The First Amendment to the Amended and Restated Joint Powers Agreement, effective July 1, 2012, expanded the JPA to include the Town of Ross as a member. The Board of Directors was expanded to eight members, two voting members appointed by and serving at the pleasure of each of the member agencies. Personnel from the Town of Ross Fire Department as of June 30, 2012, with the exception of the Fire Chief, became Department employees as of July 1, 2012. Effective July 1, 2012, the cost sharing percentages were set as follows: Town of San Anselmo 40.53% Town of Fairfax 23.30%, Town of Ross 23.37%, and Sleepy Hollow Fire Protection District 12.80%.

In September 2017, Ross Valley Fire Department began exploring options to fill the vacant Fire Chief position. The options included conducting a traditional Fire Chief recruitment or entering into an agreement with another fire agency to provide a Fire Chief and administrative services. After numbers of public meetings, the Board unanimously voted to develop an agreement with Marin County Fire Department to provide Fire Chief and administrative services. At its July 11, 2018 meeting, the agreement was approved for the period of August 1, 2018 through June 30, 2023.

**ROSS VALLEY FIRE DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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The Department is mainly funded directly by each of the member agencies, so it must compete with Police, Public Works, etc. for General Fund dollars. The Department also provides contract services to the County of Marin, for initial response to the unincorporated areas which border the jurisdiction and the Ross Valley Paramedic Authority, to provide engine company paramedics. The Department also collects fees for service related to fire inspection services.

Staff prepares the draft budget in concert with the Executive Officer. The draft budget normally goes to the Fire Board for discussion in May and then adoption in June. This time frame ensures that the adopted budget can be then folded into the budget of member agencies.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in its 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.

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**ROSS VALLEY FIRE DEPARTMENT**

**STATEMENT OF NET POSITION  
AND STATEMENT OF ACTIVITIES**

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ROSS VALLEY FIRE DEPARTMENT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Current Assets:	
Cash and investments (Note 2)	\$2,250,061
Accounts receivable	267,702
Interest receivable	2,295
Disability advance payments	11,653
Prepays	27,066
Capital assets, net of accumulated depreciation (Note 3)	3,122,764
<b>Total Assets</b>	5,681,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
OPEB related (Note 9)	1,174,597
Pension related (Note 8)	3,635,516
<b>Total Deferred Outflows of Resources</b>	4,810,113
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	163,294
Accrued liabilities	53,889
Compensated absences (Note 5)	58,145
Interest payable	6,470
Note payable (Note 6)	137,460
<b>Total Current Liabilities</b>	419,258
Non-Current Liabilities:	
Compensated absences (Note 5)	846,238
Note Payable (Note 6)	437,619
Net OPEB liability (Note 9)	4,829,861
Net pension liability (Note 8)	13,709,015
<b>Total Non-Current Liabilities</b>	19,822,733
<b>Total Liabilities</b>	20,241,991
<b>DEFERRED INFLOWS OF RESOURCES</b>	
OPEB related (Note 9)	1,437,667
Pension related (Note 8)	960,873
<b>Total Deferred Inflows</b>	2,398,540
<b>NET POSITION (Note 7)</b>	
Net investment in capital assets	2,547,685
Unrestricted	(14,696,562)
<b>Total Net Position</b>	(\$12,148,877)

See accompanying notes to basic financial statements

ROSS VALLEY FIRE DEPARTMENT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

**Expenses:**

Public safety - fire protection:	
Personnel services	\$10,100,811
Services and supplies	1,414,970
Interest on long-term debt	19,755
Depreciation	219,594
	11,755,130
<b>Total Program Expenses</b>	<b>11,755,130</b>

**Program revenues:**

Charges for services	11,379,200
	11,379,200
<b>Total Program Revenues</b>	<b>11,379,200</b>

Net program revenue under expenses	(375,930)
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**General revenues:**

Investment earnings	12,826
Miscellaneous	97,687
	110,513
<b>Total General Revenues</b>	<b>110,513</b>

<b>Change in Net Position</b>	<b>(265,417)</b>
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Net Position - beginning of year	(11,883,460)
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Net Position - end of year	(\$12,148,877)
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See accompanying notes to basic financial statements

**ROSS VALLEY FIRE DEPARTMENT**

**FUND FINANCIAL STATEMENTS**

**MAJOR GOVERNMENTAL FUND**

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ROSS VALLEY FIRE DEPARTMENT  
GOVERNMENTAL FUND  
BALANCE SHEET  
JUNE 30, 2020

	General
<b>ASSETS</b>	
Cash and investments (Note 2)	\$2,250,061
Accounts receivable	267,702
Interest receivable	2,295
Disability advance payments	11,653
Prepays	27,066
<b>Total Assets</b>	<b>\$2,558,777</b>
 <b>LIABILITIES</b>	
Accounts payable	\$163,294
Accrued liabilities	53,889
<b>Total Liabilities</b>	<b>217,183</b>
 <b>FUND BALANCES (Note 7)</b>	
Nonspendable	27,066
Assigned:	
Compensated absences	180,877
Technologies	64,745
Equipment	384,570
Unassigned	1,684,336
<b>Total Fund Balances</b>	<b>2,341,594</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,558,777</b>

See accompanying notes to basic financial statements

ROSS VALLEY FIRE DEPARTMENT  
 Reconciliation of the  
 GOVERNMENTAL FUND - BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020

**Total Fund Balances - Total Government Funds** \$2,341,594

Amounts reported for governmental activities in the Statement of Net Position is different because:

**CAPITAL ASSETS**

Capital assets used in governmental activities are not financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet

Capital assets	5,613,950
Less: Accumulated depreciation	(2,491,186)

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Deferred outflows below are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds

Deferred outflows	4,810,113
Deferred inflows	(2,398,540)

**LONG-TERM ASSETS AND LIABILITIES**

Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental funds Balance Sheet. The long-term liabilities were adjusted as follows:

Interest payable	(6,470)
Note payable	(575,079)
Compensated absences	(904,383)
Net OPEB liability	(4,829,861)
Net pension liability	(13,709,015)

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>(\$12,148,877)</u></u></b>
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See accompanying notes to basic financial statements

ROSS VALLEY FIRE DEPARTMENT  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020

	General
<b>REVENUES:</b>	
Intergovernmental:	
Town of San Anselmo (Contract)	\$3,559,251
Town of Fairfax (Contract)	2,046,152
Sleepy Hollow (Contract)	1,124,067
County of Marin (Contract)	213,414
Town of Ross (Contract)	2,052,299
Prior Authority:	
Retiree health	176,994
MERA Bond	38,198
Retirement Contributions	812,129
Other sources	1,048,012
Fire prevention fees	308,684
Investment earnings	12,826
Miscellaneous	97,687
<b>Total Revenues</b>	<b>11,489,713</b>
<b>EXPENDITURES:</b>	
Current:	
Salaries and benefits	9,049,296
Services and supplies	1,492,379
Capital Outlay	2,070,215
Debt service	
Principal retirement	133,456
Interest	21,256
<b>Total Expenditures</b>	<b>12,766,602</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,276,889)</b>
Net change in fund balance	(1,276,889)
Fund balances - beginning of year	3,618,483
Fund balances - end of year	<b>\$2,341,594</b>

See accompanying notes to basic financial statements

ROSS VALLEY FIRE DEPARTMENT  
Reconciliation of the  
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUND  
with the  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

**Net Change in Fund Balances - Total Governmental Funds** (\$1,276,889)

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

Governmental funds report capital outlays as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation expense

Capitalized expenditures	2,148,871
Depreciation expense	(219,594)
Gain on disposal	(1,247)

Some expenses reported in the Statement of Activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds

Change in compensated absences	4,258
Change in Net OPEB Liability and related deferred inflow and outflow of resources	429,451
Change in Net Pension Liability and related deferred inflow and outflow of resources	(1,485,224)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position

Repayment of debt principal and change in interest payable.	134,957
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**Change in Net Position of Governmental Activities** (\$265,417)

See accompanying notes to basic financial statements



**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 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 2020, 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 accompanied by a total column. 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, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2020, 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, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

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, 2020.

***Governmental Fund Financial Statements***

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenses 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, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Department's General Fund was the only major fund in the fiscal year ended June 30, 2020. 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, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**NOTE 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 Conservancy’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 Conservancy’s name and places the Conservancy ahead of general creditors of the institution.

Investments are stated at cost, which approximates fair value at June 30, 2020.

**B. *Classification***

The Department’s cash and investments consist of the following at June 30, 2020:

Local Agency Investment Fund (LAIF)	\$628,857
Cash in checking accounts	1,621,204
<b>Total cash and investments</b>	<b><u><u>\$2,250,061</u></u></b>

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**C. 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, 2020, the Department held \$628,857 in Local Agency Investment Fund (LAIF), which is exempt from categorization.

**D. 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, 2020, these investments matured in an average of 191 days.

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

**E. 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.

**F. 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 District 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, 2020**

**NOTE 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 estimated fair market 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, 2020 is as follows:

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>
Capital assets being depreciated:				
Vehicles	\$1,784,616	\$1,988,331		\$3,772,947
Machinery and equipment	1,479,176	129,110	(\$3,772)	1,604,514
Furniture and fixtures	51,842	31,430	(9,557)	73,715
Building Improvements	<u>162,774</u>			<u>162,774</u>
Total capital assets being depreciated	<u>3,478,408</u>	<u>2,148,871</u>	<u>(13,329)</u>	<u>5,613,950</u>
Less accumulated depreciation for:				
Vehicles	1,270,000	111,769		1,381,769
Machinery and equipment	903,338	97,055	(3,136)	997,257
Furniture and fixtures	36,151	5,332	(8,946)	32,537
Building Improvements	<u>74,185</u>	<u>5,438</u>		<u>79,623</u>
Total accumulated depreciation	<u>2,283,674</u>	<u>219,594</u>	<u>(12,082)</u>	<u>2,491,186</u>
Net capital assets being depreciated	<u><u>\$1,194,734</u></u>	<u><u>\$1,929,277</u></u>	<u><u>(\$1,247)</u></u>	<u><u>\$3,122,764</u></u>

**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 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.

**NOTE 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, 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, 2020:

Beginning Balance	\$908,641
Additions	218,873
Payments	<u>(223,131)</u>
Ending Balance	<u>\$904,383</u>
Current Portion	<u><u>\$58,145</u></u>

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 6 – LONG-TERM DEBT**

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Retirements	Balance June 30, 2020	Current Portion
Direct Borrowing:				
Note Payable	\$708,535	\$133,456	\$575,079	\$137,460
<b>Total</b>	<b>\$708,535</b>	<b>\$133,456</b>	<b>\$575,079</b>	<b>\$137,460</b>

**Note Payable:** On February 22, 2019, the Department entered into a loan agreement with Sleepy Hollow Fire Protection District (Lender) in the amount of \$708,535, bearing an interest rate of 3.00%. The funds will be used to finance a portion of the purchase of two fire engines which are also the collateral of this Note. Principal and interest payments are due annually, commencing February 2020, maturing on February 2024.

The outstanding note contains a provision that in an event of default, the Lender may declare the entire unpaid principal balance of this Note, together with all accrued interest thereon, immediately due and payable, or (b) exercise any and all rights and remedies available to it under applicable law, including the right to collect from the District all sums due under this Note. The District will pay all costs and expenses incurred by or on behalf of the Lender in connection with the Lender's exercise of any or all of its rights and remedies under this Note, including attorney's fees.

As of June 30, 2020, the outstanding balance of the loan, including interest, was \$618,847.

The annual debt service requirements to mature the loan outstanding at June 30, 2020 were as follows:

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$137,460	\$17,252	\$154,712
2022	141,583	13,129	154,712
2023	145,831	8,881	154,712
2024	150,205	4,506	154,711
<b>Total</b>	<b>\$575,079</b>	<b>\$43,768</b>	<b>\$618,847</b>



**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 – NET POSITION AND FUND BALANCES**

Net Position is on the full accrual basis while Fund Balances are measured on the modified accrual basis

**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.

*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. These principally include debt service and acquisition and construction of facilities and equipment.

*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:

*Nonspendable*: 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, 2020, the Department has nonspendable fund balances totaling \$27,066.

*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, 2020, 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, 2020**

**NOTE 7 – NET POSITION AND 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. As of June 30, 2020, the Department has assigned fund balances totaling \$630,192.

*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, 2020, the Department has unassigned fund balance totaling \$1,684,336.

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

**NOTE 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.

**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 8 – PENSION PLAN (Continued)**

*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.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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	9.000%	12.750%
Required employer contribution rates	21.748%	13.786%
	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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	8.000%	6.750%
Required employer contribution rates	13.182%	6.985%

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 8 – PENSION PLAN (Continued)**

**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, 2020, the contributions to the Plan were as follows:

	Safety	Miscellaneous	Total
Contributions - employer	\$1,531,354	\$38,265	\$1,569,619

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

As of June 30, 2020, 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
Safety	\$13,617,840
Miscellaneous	91,175
Total Net Pension Liability	\$13,709,015

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, 2020 is measured as of June 30, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	Safety	Miscellaneous
Proportion - June 30, 2018	0.2123%	0.0018%
Proportion - June 30, 2019	0.2181%	0.0023%
Change - Increase (Decrease)	0.006%	0.0005%

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 8 – PENSION PLAN (Continued)**

For the year ended June 30, 2020, the Department recognized pension expense of \$1,485,224. At June 30, 2020, 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	\$1,569,619	
Differences between actual and expected experience	895,454	(\$491)
Changes in assumptions	562,520	(110,468)
Differences in actual contributions and proportionate share of contributions		(639,219)
Change in proportion	607,923	(21,764)
Net differences between projected and actual earnings on plan investments		(188,931)
Total	<u>\$3,635,516</u>	<u>(\$960,873)</u>

\$1,569,619 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, 2021. 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
2021	\$970,631
2022	(22,825)
2023	120,446
2024	36,772
Total	<u>\$1,105,024</u>

**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 8 – PENSION PLAN (Continued)**

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Safety & Miscellaneous Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CALPERS' Specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CALPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability for each Plan was 7.15%. 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.

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 8 – PENSION PLAN (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equal rate calculated above adjusted to account for assumed administrative expenses.

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

Asset Class (A)	New Strategic Allocation	Real Return Years 1 - 10(B)	Real Return Years 11+(C)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

- A.) In the CalPERS PARF, Fixed Income is included in Global Debt Securities;  
Liquidity is included in Short-term Investments; Inflation Assets are included  
in both Global Equity Securities and Global Debt Securities.
- B.) An expected inflation of 2.00% used for this period.
- C.) An expected inflation of 2.92% used for this period.

**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 8 – PENSION PLAN (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:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$21,159,757	\$256,871	\$21,416,628
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$13,617,840	\$91,175	\$13,709,015
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability (Asset)	\$7,434,649	(\$45,596)	\$7,389,053

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

***Subsequent Event – CalPERS Pension Contribution Rates*** – The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the District's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.



**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 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 Department’s OPEB plan. 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. 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.

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)<sup>1</sup>. The MEC is \$136 per month in 2019 and increases to \$139 per month in 2020.
- 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.

**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

For the year ended June 30, 2020, the Department’s contributions to the Plan were \$901,184.

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	30
Inactive employees or beneficiaries currently receiving benefit payments	35
Inactive employees entitled to but not yet receiving benefit payments	5
Total	70

**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 using standard update procedures to determine the total OPEB liability as of June 30, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions		
Valuation Date		June 30, 2019	
Measurement Date		June 30, 2019	
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay		
Actuarial Assumptions:			
Discount Rate		6.80%	
Inflation		2.50%	
Payroll Growth		3.00%	
Investment Rate of Return		6.80%	
Mortality Rate	Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015, then projected.		
Mortality Improvement	MacLeod Watts Scale 2018 applied generationally		
Healthcare Trend Rate	5.4% and grade down to 4% for years 2076 and thereafter		

Changes of assumptions were as follows:

**Trust rate of return and discount rate** – Decreased from 7.25% on 7/1/2017 and 6.95% on 6/30/2018 to 6.8%, reflecting updated projects of long term trust returns.

**Demographic Assumptions** – Assumed mortality, termination, and retirement rates were updated from those provided in the 2014 experience study report to those provided in the 2017 experience study report of CalPERS. In our opinion, the Department’s plan population would not produce credible rates based only solely on its experience. We believe rates from the CalPERS experience study provide a reasonable estimate of the Department’s future demographic experience.

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

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	59.0%	5.98%
Fixed Income	25.0%	2.62%
Treasury Inflation Protection Securities	5.0%	1.46%
Global Real Estate Investment Trusts (REITs)	8.0%	5.00%
Commodities	3.0%	2.87%
Total	100.0%	

**Discount Rate** – The discount rate used for accounting purposes for the fiscal year end 2020 is 6.8%. Healthcare Cost Trend Rate was assumed to start at 5.4% (increase effective January 1, 2021) and grade down to 4% for years 2076 and later.

**C. Changes in Net OPEB Liability**

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at Measurement Date 6/30/2018	\$9,814,464	\$3,013,224	\$6,801,240
Changes Recognized for the Measurement Period:			
Service Cost	215,840		215,840
Interest on the total OPEB liability	680,634		680,634
Expected investment income		227,770	(227,770)
Contributions from the employer		1,002,745	(1,002,745)
Changes in benefit terms			
Administrative expenses		(642)	642
Other Expenses			
Benefit payments	(474,032)	(474,032)	
Changes of assumptions	6,241		6,241
Plan experience	(1,694,852)		(1,694,852)
Investment experience		(50,631)	50,631
Net changes	(1,266,169)	705,210	(1,971,379)
Balance at Measurement Date 6/30/2019	\$8,548,295	\$3,718,434	\$4,829,861

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

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 \$151,069.

**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% (5.80%)	Current Discount Rate (6.80%)	Discount Rate +1% (7.80%)
\$5,943,412	\$4,829,861	\$3,911,024

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)		
1% Decrease (4.4% grade down to 3% )	Current Healthcare Cost Trend Rates (5.4% grade down to 4% )	1% Increase (6.4% grade down to 5% )
\$3,950,387	\$4,829,861	\$5,787,585

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

For the year ended June 30, 2020, the Department recognized OPEB negative expense of \$429,451. At June 30, 2020, 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	\$901,184	
Differences between actual and expected experience		(\$1,437,667)
Changes of assumptions	242,223	
Net differences between projected and actual earnings on plan investments	31,190	
Total	\$1,174,597	(\$1,437,667)

**ROSS VALLEY FIRE DEPARTMENT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

\$901,184 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, 2021. 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
2021	(\$197,613)
2022	(197,612)
2023	(190,147)
2024	(192,018)
2025	(235,681)
Thereafter	(151,183)
Total	(\$1,164,254)

**NOTE 10 – PUBLIC ENTITY RISK POOLS**

Fire Agencies Self Insurance System

Effective September 1993, the Department was self-insured for workers' compensation coverage as a member of the Fire Agencies Self-Insurance System (the "System"). The System is a public Authority risk pool created pursuant to a joint powers agreement between the approximately 200 member fire agencies. The System manages one pool for all member agencies. Each member pays an annual premium to the System 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. The System reinsures through a commercial carrier for claims in excess of \$500,000 for each insured event. The System is not a component entity of the Authority for purposes of Government 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 Self Insurance System  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833  
[www.fasis.brstest.com](http://www.fasis.brstest.com)

**ROSS VALLEY FIRE DEPARTMENT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 10 – PUBLIC ENTITY RISK POOLS (Continued)**

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, 2021. 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 St, Suite 450  
San Francisco, CA  
[www.faira.org](http://www.faira.org)

**NOTE 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, 2020, the balance owed was \$808,634 which includes interest of \$268,599 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**ROSS VALLEY FIRE DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

**COST-SHARING EMPLOYER DEFINED PENSION PLAN:**

**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 employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

**SCHEDULE OF 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 employee payroll.

**MULTIPLE EMPLOYER OTHER POSTEMPLOYMENT BENEFIT PLAN:**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

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

**SCHEDULE OF 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, 2020**

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND RELATED RATIO AS OF  
THE MEASUREMENT DATE  
Last 10 Years\***

	Safety		
	6/30/2014	6/30/2015	6/30/2016
Plan's proportion of the Net Pension Liability (Asset)	0.12390%	0.18934%	0.20383%
Plan's proportion share of the Net Pension Liability (Asset)	\$7,709,944	\$7,801,662	\$10,556,766
Plan's Covered Payroll	\$2,949,928	\$3,499,269	\$3,285,846
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	261.36%	222.95%	321.28%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	74.06%
Plan's Proportionate Share of Aggregate Employer Contributions	\$1,291,372	\$1,193,128	\$1,174,809
	Miscellaneous		
	6/30/2014	6/30/2015	6/30/2016
Plan's proportion of the Net Pension Liability (Asset)	(0.00048%)	(0.00003%)	0.00135%
Plan's proportion share of the Net Pension Liability (Asset)	(\$30,150)	(\$730)	\$47,028
Plan's Covered Payroll	\$148,812	\$162,494	\$176,620
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	(18.55%)	(0.45%)	26.63%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%
Plan's Proportionate Share of Aggregate Employer Contributions	\$35,800	\$23,266	\$26,075

Change in assumption - For the measurement date of June 30, 2017, the accounting discount rate was decreased from 7.65% to 7.15%.

\* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

**ROSS VALLEY FIRE DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND RELATED RATIO AS OF  
THE MEASUREMENT DATE  
Last 10 Years\* (Continued)**

Safety		
6/30/2017	6/30/2018	6/30/2019
0.20538%	0.21226%	0.21815%
\$12,271,962	\$12,454,442	\$13,617,840
\$3,677,391	\$3,565,056	\$3,889,989
333.71%	349.35%	350.07%
73.31%	75.71%	75.26%
\$1,257,254	\$1,637,514	\$1,645,469
Miscellaneous		
6/30/2017	6/30/2018	6/30/2019
0.00191%	0.00176%	0.00228%
\$75,268	\$66,474	\$91,175
\$286,545	\$216,257	\$209,196
26.27%	30.74%	43.58%
73.31%	93.81%	92.60%
\$32,482	\$38,388	\$13,190

**ROSS VALLEY FIRE DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

Cost-Sharing Multiple-Employer Defined Pension Plan  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS**

	Safety		
	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
Actuarially determined contribution	\$1,291,372	\$1,192,485	\$1,083,105
Contributions in relation to the actuarially determined contributions	<u>(1,291,372)</u>	<u>(1,192,485)</u>	<u>(1,083,105)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$3,499,269	\$3,285,846	\$3,677,391
Contributions as a percentage of covered-employee payroll	36.90%	36.29%	29.45%

	Miscellaneous		
	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
Actuarially determined contribution	\$35,800	\$23,266	\$28,516
Contributions in relation to the actuarially determined contributions	<u>(35,800)</u>	<u>(23,266)</u>	<u>(28,516)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$162,494	\$176,620	\$286,545
Contributions as a percentage of covered-employee payroll	10.84%	13.17%	9.95%

\*Fiscal year 2015 was the 1st year of implementation. Therefore, only five years are shown.

**ROSS VALLEY FIRE DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

Cost-Sharing Multiple-Employer Defined Pension Plan  
Last 10 Years\*

**SCHEDULE OF CONTRIBUTIONS (Continued)**

Safety		
Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
\$1,159,683	\$1,338,894	\$1,531,354
(1,159,683)	(1,338,894)	(1,531,354)
\$0	\$0	\$0
\$3,565,056	\$3,889,989	\$3,358,275
32.53%	34.42%	45.60%
Miscellaneous		
Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
\$25,799	\$28,436	\$38,265
(25,799)	(28,436)	(38,265)
\$0	\$0	\$0
\$216,257	\$209,196	\$291,952
11.93%	13.59%	13.11%

**ROSS VALLEY FIRE DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
OPEB Plan - Agent Multiple Employer  
Last 10 fiscal years\*

<b>Measurement Date</b>	<b><u>6/30/17</u></b>	<b><u>6/30/18</u></b>	<b><u>6/30/19</u></b>
<b>Total OPEB Liability</b>			
Service Cost	\$188,230	\$194,348	\$215,840
Interest	624,233	654,393	680,634
Changes in benefit terms			
Differences between expected and actual experience			(1,694,852)
Changes of assumptions		345,115	6,241
Benefit payments	<u>(382,896)</u>	<u>(422,295)</u>	<u>(474,032)</u>
<b>Net change in total OPEB liability</b>	429,567	771,561	(1,266,169)
<b>Total OPEB liability - beginning</b>	<u>8,613,336</u>	<u>9,042,903</u>	<u>9,814,464</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$9,042,903</u></u>	<u><u>\$9,814,464</u></u>	<u><u>\$8,548,295</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$785,990	\$1,108,061	\$1,002,745
Contributions - employee			
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)	
<b>Net change in plan fiduciary net position</b>	569,438	853,674	705,210
<b>Plan fiduciary net position - beginning</b>	<u>1,590,112</u>	<u>2,159,550</u>	<u>3,013,224</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$2,159,550</u></u>	<u><u>\$3,013,224</u></u>	<u><u>\$3,718,434</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$6,883,353</u></u>	<u><u>\$6,801,240</u></u>	<u><u>\$4,829,861</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>23.88%</u></u>	<u><u>30.70%</u></u>	<u><u>43.50%</u></u>
Covered-employee payroll	<u><u>\$3,963,937</u></u>	<u><u>\$3,781,313</u></u>	<u><u>\$4,099,185</u></u>
Net OPEB liability as a percentage of covered-employee payroll	<u><u>173.65%</u></u>	<u><u>179.86%</u></u>	<u><u>117.82%</u></u>

\* Fiscal year 2018 was the first year of implementation.

**ROSS VALLEY FIRE DEPARTMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

**SCHEDULE OF CONTRIBUTIONS**

OPEB Plan - Agent Multiple Employer

Last 10 fiscal years\*

Fiscal Year Ended June 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$696,858	\$727,745	\$750,115
Contributions in relation to the actuarially determined contribution	<u>1,108,061</u>	<u>1,002,745</u>	<u>901,184</u>
Contribution deficiency (excess)	<u>(\$411,203)</u>	<u>(\$275,000)</u>	<u>(\$151,069)</u>
Covered-employee payroll	<u>\$3,781,313</u>	<u>\$4,099,185</u>	<u>\$4,055,818</u>
Contributions as a percentage of covered-employee payroll	29.30%	24.46%	22.22%
Notes to Schedule			
Valuation date:	June 30, 2017	June 30, 2018	June 30, 2019
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of 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	21 years closed	22 years closed	21 years closed
Healthcare cost trend rates	7.5% in 2017 to 5%	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 2017 generationally	MW Scale 2014 generationally	MW Scale 2017 generationally

\* Fiscal year 2018 was the first year of implementation.

ROSS VALLEY FIRE DEPARTMENT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental :				
Town of San Anselmo (Contract)	\$3,559,251	\$3,559,251	\$3,559,251	
Town of Fairfax (Contract)	2,046,152	2,046,152	2,046,152	
Sleepy Hollow (Contract)	1,124,067	1,124,067	1,124,067	
County of Marin (Contract)	211,685	211,685	213,414	\$1,729
Town of Ross (Contract)	2,052,299	2,052,299	2,052,299	
Prior Authority:				
Retiree health	176,994	176,994	176,994	
MERA Bond	38,198	38,198	38,198	
Retirement contributions	812,129	812,129	812,129	
Other sources	444,479	709,711	736,012	26,301
Apparatus replacement	312,000	312,000	312,000	
Fire prevention fees	310,700	310,700	308,684	(2,016)
Investment earnings	7,000	12,000	12,826	826
Miscellaneous	62,500	67,000	97,687	30,687
<b>Total Revenues</b>	<u>11,157,454</u>	<u>11,432,186</u>	<u>11,489,713</u>	<u>57,527</u>
<b>EXPENDITURES:</b>				
Current:				
Salaries and benefits	9,348,296	9,539,468	9,049,296	490,172
Services and supplies	1,421,158	1,421,158	1,492,379	(71,221)
Capital Outlay	806,000	2,223,068	2,070,215	152,853
Debt service				
Principal retirement	133,456	133,456	133,456	
Interest	21,256	21,256	21,256	
<b>Total Expenditures</b>	<u>11,730,166</u>	<u>13,338,406</u>	<u>12,766,602</u>	<u>571,804</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(572,712)</u>	<u>(1,906,220)</u>	<u>(1,276,889)</u>	<u>514,277</u>
Net Change in Fund Balance	<u><u>(\$572,712)</u></u>	<u><u>(\$1,906,220)</u></u>	<u>(1,276,889)</u>	<u><u>\$514,277</u></u>
Fund balance - beginning of year			<u>3,618,483</u>	
Fund balances - end of year			<u><u>\$2,341,594</u></u>	