

TOWN OF ROSS

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

TOWN OF ROSS
TABLE OF CONTENTS
JUNE 30, 2015

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	15
Notes to the Financial Statements	16
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	44
Drainage Fund	45
Roadway Fund	46
Schedule of Funding Progress for Other Post Employment Benefits	47
Schedule of Proportionate Share of The Net Pension Liability	48
Schedule of Pension Contributions	49
Supplementary Information	
Non-Major Governmental Funds	
Combining Balance Sheet	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	51



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Ross, California (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016, on our consideration of the Town of Ross, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Ross, California's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
March 2, 2016

TOWN OF ROSS

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

INTRODUCTION

The following provides a narrative overview and analysis of the fiscal operations during the fiscal year ended June 30, 2015, for the Town of Ross. The Management Discussion and Analysis is to be read in conjunction with the Town's financial statements.

FISCAL YEAR 2014-2015 FINANCIAL HIGHLIGHTS

The Fund Financial Statements show total Town revenues of \$9.0M and total expenditures of \$8.1M. The fund balance is \$1.7M higher than it was at the beginning of the year. This positive change was primarily the result of increased revenues from property taxes and building related activities and the contribution of net assets from Ross Recreation.

The Government-Wide Statement of Net Position, the first statement of the Basic Financial Statements, shows Town assets of \$18.2M, deferred outflows of resources of \$281K, liabilities of \$5.8M, deferred inflows of resources of \$1.2M, and a net position of \$11.5M. Net position was \$1M less than the prior year. Net position is less due to the implementation of GASB68 which changed how pension expense is reported which resulted in the reporting for the first time a net pension liability of \$3.4M.

The Town Council passed resolutions making Ross Recreation a department of the Town in June 2014. The new department began operations July 1, 2014 with a contribution of net assets of \$844K along with a capital lease with Ross School of \$397K and related liability of \$190K.

In November 2012 the residents of Ross approved Measure D, a special tax for maintaining public safety services for a period of four years at a maximum rate of \$950 per parcel. In fiscal year end June 30, 2015, the parcel tax was set at \$950 which was offset by monies refunded back from the Legal Defense Fund for a net charge to residents of \$850 per parcel resulting in \$709K in revenue. This revenue was transferred into the General Fund to partially offset the cost of providing public safety services.

Several public works projects were completed: Sir Francis Drake and Lagunitas intersection, Sir Francis Drake Median Island landscaping, various road reconstructions, Town Hall window replacements, and Town Hall sewer/water lateral replacements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are presented in four parts:

1. Management's Discussion and Analysis
2. The Basic Financial Statements, which include the government-wide and fund financial statements, along with the notes to the financial statements
3. Required supplementary information
4. Other supplemental information

TOWN OF ROSS

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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

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

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

All of the Town's activities are required to be grouped into governmental activities and business-type activities. In the case of the Town of Ross, there are no business-type activities as of June 30, 2015.

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

Fund Financial Statements measure only current revenue and expenditures on the modified accrual basis, which means they measure only current financial resources and uses. The balance sheets exclude capital assets, long-term debt, and other long-term amounts. Major funds account for the major financial activities of the Town and are presented individually, while activities of non-major funds are presented in summary, with supplementary schedules presenting the detail for each of these funds. Major funds are explained in footnote 2.

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

Required Supplementary Information follows the basic financial statements and includes a budgetary comparison schedule and a schedule of funding progress for retiree health benefits.

Supplementary information follows the required supplementary information. Combining and individual fund statements and schedules provide information on non-major governmental funds.

TOWN OF ROSS

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Government-Wide Financial Analysis

The Town has presented its financial statement in accordance with GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Comparative financial information is provided in Tables 1 and 2.

Statement of Net Position

Table 1

	June 30, 2015	June 30, 2014	Net change	% Change
ASSETS				
Cash and investments	\$ 11,123,512	\$ 9,118,816	\$ 2,004,696	21.98%
Receivables	235,427	155,899	79,528	51.01%
Deposits and prepaid expenses	4,812	-	4,812	100.00%
Capital assets, net of accumulated depreciation	6,872,415	5,475,750	1,396,665	25.51%
Total Assets	<u>18,236,166</u>	<u>14,750,465</u>	<u>3,485,701</u>	23.63%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	<u>280,989</u>	<u>-</u>	<u>280,989</u>	100.00%
LIABILITIES				
Accounts payable	241,480	179,163	62,317	34.78%
Accrued and other liabilities	88,187	79,275	8,912	11.24%
Interest payable	13,243	20,338	(7,095)	-34.89%
Permit deposits payable	888,578	906,196	(17,618)	-1.94%
Accrued compensated absences	211,669	254,959	(43,290)	-16.98%
Unearned revenue	280,666	-	280,666	100.00%
Long-term debt:				
Due within one year	31,379	30,216	1,163	3.85%
Due in more than one year	372,969	588,348	(215,379)	-36.61%
Other Post Employment Benefits	15,867	217,908	(202,041)	-92.72%
Capital lease:				
Due within one year	535	-	535	100.00%
Due in more than one year	188,758	-	188,758	100.00%
Net pension liability	<u>3,465,264</u>	<u>-</u>	<u>3,465,264</u>	100.00%
Total Liabilities	<u>5,798,595</u>	<u>2,276,403</u>	<u>(132,365)</u>	-5.81%
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	<u>1,228,096</u>	<u>-</u>	<u>1,228,096</u>	100.00%
NET POSITION				
Net investment in capital assets	6,629,550	5,447,681	1,181,869	21.69%
Restricted	1,938,274	2,103,381	(165,107)	-7.85%
Unrestricted	2,922,640	4,923,000	(2,000,360)	-40.63%
Total Net Position	<u>\$ 11,490,464</u>	<u>\$ 12,474,062</u>	<u>\$ (983,598)</u>	-7.89%

TOWN OF ROSS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Government-Wide Financial Analysis (continued)

Statement of Activities and Change in Net Position

Table 2

Fiscal Year Ended

	2015	2014	Net change	% Change
REVENUES				
Program Revenues:				
Charge for services	\$ 2,586,077	\$ 1,426,768	\$ 1,159,309	81.25%
Operating and capital contributions and grants	1,477,921	1,331,866	146,055	10.97%
General revenues:				
Property taxes	3,617,069	3,489,694	127,375	3.65%
Public safety tax	708,928	710,622	(1,694)	-0.24%
Other taxes ¹	323,976	278,250	45,726	16.43%
Investment earnings	27,588	18,385	9,203	50.06%
Contribution from Ross Recreation (including net capital lease of \$206,978)	1,050,837	-	1,050,837	100.00%
Other ²	289,530	265,592	23,938	9.01%
Total Revenues	<u>10,081,926</u>	<u>7,521,177</u>	<u>2,560,749</u>	34.05%
EXPENSES				
General Government	1,032,524	965,196	67,328	6.98%
Public Safety	3,229,239	3,166,565	62,674	1.98%
Public Works	1,150,330	1,011,329	139,001	13.74%
Recreation	1,237,083	-	1,237,083	100.00%
Interest on long-term debt	18,240	18,347	(107)	-0.58%
Total Expenses	<u>6,667,416</u>	<u>5,161,437</u>	<u>1,505,979</u>	29.18%
Increase (Decrease) in net position	3,414,510	2,359,740	1,054,770	44.70%
Net position beginning of year	12,474,062	10,114,322	2,359,740	23.33%
Prior period adjustment	(4,398,108)	-	(4,398,108)	100.00%
Net position beginning of year, as restated	<u>8,075,954</u>	<u>10,114,322</u>	<u>(2,038,368)</u>	-20.15%
Net position end of year	<u>\$ 11,490,464</u>	<u>\$ 12,474,062</u>	<u>\$ (983,598)</u>	-7.89%

¹ Other Taxes are sales, franchise, and property transfer tax

² Other revenue is rental income, reimbursements of Town costs, and miscellaneous

Net position decreased by \$0.98M. Revenues increased \$2.6M over the prior year due to increases in property taxes, building and planning related income, an initial contribution by the former Ross Recreation, and current year recreation department revenues. Expenses increased \$1.5 over the prior year primarily due to the addition of recreation department expense.

TOWN OF ROSS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

FUND FINANCIAL STATEMENT ANALYSIS – MAJOR FUNDS HIGHLIGHTS

General Fund revenues for the year ended June 30, 2015 increased by \$1.4M over the prior year which includes \$1.2M in first time recreation fees. Taxes were up \$235K and building/public works revenue was down \$170K over prior year. In addition \$1,381K was transferred into the General Fund (\$709K from the Public Safety Tax Fund, \$227K from Building Permit Excess Reserve Fund, and \$445K from Equipment Replacement Fund.)

General Fund expenditures for the year ended June 30, 2015 increased \$1.6M from the prior year.

General Government increased \$128K or 14% over the prior fiscal year due to increase in retiree health care, attorney, and planning services.

Public Safety increased \$180K or 6% over the prior fiscal year primarily due to increase in retiree health care costs and a 3% increase in fire service payments to Ross Valley Fire Department,

Public Works increased \$145K or 18% over the prior fiscal year due to increase in retiree health care costs and outside services related to processing a higher level of building activity.

Recreation expenditures are included in the financial statements for the first time for a total of \$1.2M.

Capital Expenditures increased \$72K over the prior fiscal year.

Debt service decreased \$161K because in the prior fiscal year an accelerated payment was made to pay down County of Marin tax anticipation revenue notes.

Drainage Fund Highlights

Drainage fund revenues increased \$88K or 22% over the prior fiscal year. Drainage impact fees decreased \$51K while grants increased \$139K. Expenditures decreased by \$74K or 33% from the prior fiscal year. Expenditures were related to Highway Bridge Program projects.

Roadway Fund Highlights

Roadway fund revenues increased \$38K or 6% over the prior fiscal year. Road impact fees decreased \$45K and grants increased \$83K. Expenditures increased \$615K or 156% from the prior fiscal year. The Sir Francis Drake and Lagunitas intersection and the Sir Francis Drake and Bolinas median landscaping projects were completed along with various road reconstructions.

TOWN OF ROSS

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

General Fund Budgetary Highlights

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

Actual revenues were \$6,931,316 which was \$866,886 over budget. The variance was primarily the result of positive variances for property taxes, building/public works permits, and charges for services.

Actual expenditures were \$6,791,274 which was \$223,121 under budget. General government expenditures were over budget by \$10K. Public Safety was under budget \$25K due to various positive variances in personnel costs. Public Works was under budget \$73K due to savings in personnel and maintenance costs. Recreation was over budget \$29K due to various department activities. Capital expenditures were under budget by \$158K due to deferral of planned projects.

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$6,872,415. This figure does not include Town infrastructure such as roads and bridges constructed prior to June 30, 2005 as allowed under current governmental accounting standards. The cumulative historical cost figures before June 30, 2005 may be added in the future at management's discretion. All additional infrastructures from June 30, 2005 forward is recorded and accounted for. Additional detail on capital assets can be found in Note 5 to these financial statements.

Long-Term Obligations

The Town's long-term obligations consist of notes payable to the County of Marin in the amount of \$350,777, vehicle leases and notes of \$53,571, accrued compensated absences in the amount of \$211,669, other post employment benefits (OPEB) of \$15,867, and net pension liability of \$3,465,264. Additional information on long-term debt, compensated absences, OPEB, and pension can be found in Notes 2, 6, 7, 11, and 13 to these financial statements, respectively.

Economic Outlook and Next Year's Budget

General Fund tax revenues for fiscal year ending June 30, 2016 are anticipated to be 5% higher than the prior year. Total General Fund revenues are estimated to be 3% higher than the prior year. General fund expenditures are estimated to be 3% higher than the prior year expenses excluding one-time payments to CalPERS to pay down an unfunded pension liability.

The police MOU approved in November 2015 is effective for July 1, 2015 through June 30, 2019. The MOU calls for annual raises of 3.5% which are partially offset by additional employee contributions for pension benefits (the employees' share increases by 1.5% per year) and health benefits.

TOWN OF ROSS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

REQUEST FOR FINANCIAL INFORMATION

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

FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ROSS

STATEMENT OF NET POSITION JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 10,234,934
Restricted assets - cash and investments	888,578
Accounts receivables	230,496
Interest receivables	4,931
Prepaid expenses	4,812
Capital assets, net of accumulated depreciation	<u>6,872,415</u>
Total Assets	<u>18,236,166</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>280,989</u>
LIABILITIES	
Accounts payable	241,480
Accrued and other liabilities	74,886
Interest payable	13,243
Prepaid fees	13,301
Accrued compensated absences (current portion)	13,340
Accrued compensated absences (long-term)	198,329
Accrued Other Post Employment Benefits, payable (long-term)	15,867
Deposits payable from restricted assets	888,578
Unearned revenue	280,666
Capital lease payable to Ross School (long-term)	535
Capital lease payable to Ross School (short-term)	188,758
Net pension liability	3,465,264
Long term debt:	
Due within one fiscal year	31,379
Due in more than one fiscal year	<u>372,969</u>
Total Liabilities	<u>5,798,595</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>1,228,096</u>
NET POSITION	
Net investment in capital assets	6,629,550
Restricted for:	
Drainage projects	821,594
Highways and streets (roadway & gas tax)	965,428
Public safety (COPS)	28,470
General plan	122,782
Unrestricted	<u>2,922,640</u>
Total Net Position	<u>\$ 11,490,464</u>

See accompanying Notes to the Financial Statements.

TOWN OF ROSS

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Total Governmental Activities
Governmental Activities:					
General government	\$ 1,023,684	\$ 235,548	\$ 29,439	\$ 35,771	\$ (722,926)
Public safety	3,245,248	30,787	145,217	-	(3,069,244)
Public works	1,145,658	1,001,454	18,004	1,249,490	1,123,290
Recreation	1,234,586	1,318,288	-	-	83,702
Interest on long-term debt	18,240	-	-	-	(18,240)
Total Governmental Activities	<u>\$ 6,667,416</u>	<u>\$ 2,586,077</u>	<u>\$ 192,660</u>	<u>\$ 1,285,261</u>	<u>(2,603,418)</u>

General Revenues:

Taxes:

Property tax	3,617,069
Public safety tax	708,928
Sales tax	40,515
Franchise tax	180,005
Real property transfer tax	103,456
Investment earnings	27,588
Other revenue	1,340,367
Total General Revenues	<u>6,017,928</u>

Change in Net Position 3,414,510

Net position - beginning of year	12,474,062
Prior period adjustment (see note 15)	(4,398,108)
Net position - beginning of year, as restated	<u>8,075,954</u>
Net position - end of year	<u>\$ 11,490,464</u>

See accompanying Notes to the Financial Statements.

FUND FINANCIAL STATEMENTS

TOWN OF ROSS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	General	Drainage	Roadway	Non-Major Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 8,353,574	\$792,706	\$ 677,980	\$ 410,674	\$ 10,234,934
Restricted assets - cash	888,578	-	-	-	888,578
Accounts receivables	116,046	74,600	31,345	8,505	230,496
Interest receivables	3,652	539	464	276	4,931
Prepaid expense	4,812	-	-	-	4,812
Total Assets	\$ 9,366,662	\$ 867,845	\$ 709,789	\$ 419,455	\$ 11,363,751
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 182,665	\$ 46,251	\$ 12,564	\$ -	\$ 241,480
Accrued and other liabilities	74,886	-	-	-	74,886
Prepaid fees	13,301	-	-	-	13,301
Deposits payable from restricted assets	888,578	-	-	-	888,578
Unearned revenue	280,666	-	-	-	280,666
Total Liabilities	1,440,096	46,251	12,564	-	1,498,911
FUND BALANCES					
Restricted	-	821,594	697,225	419,455	1,938,274
Committed	18,606	-	-	-	18,606
Assigned	820,949	-	-	-	820,949
Unassigned	7,087,011	-	-	-	7,087,011
Total Fund Balances	7,926,566	821,594	697,225	419,455	9,864,840
Total Liabilities and Fund Balances	\$ 9,366,662	\$ 867,845	\$ 709,789	\$ 419,455	\$ 11,363,751

See accompanying Notes to the Financial Statements.

TOWN OF ROSS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2015

Fund Balances - Total Governmental Funds	\$ 9,864,840
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets of governmental activities are not financial resources and therefore are not reported in the governmental funds	6,872,415
Interest Payable due to long-term debt therefore not reported in the governmental funds	(13,243)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds	(211,669)
Net other postemployment employment benefits obligations are not due payable in the current period and therefore are not reported in the governmental funds	(15,867)
Certain liabilities are not due and payable in the current period and therefore are not reported in the Governmental Fund Financial Statements:	
County of Marin note payable	(350,777)
City of San Rafael note payable	(21,876)
Vehicle leases payable	(31,695)
Capital lease	(189,293)
Net pension liability	(3,465,264)
Deferred outflows due to pension liabilities	280,989
Deferred inflows due to pension liabilities	(1,228,096)
Net Position of Governmental Activities	<u>\$ 11,490,464</u>

See accompanying Notes to the Financial Statements.

TOWN OF ROSS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	General	Drainage	Roadway	Non-Major Governmental Funds	Total
REVENUES					
Taxes	\$ 3,984,670	\$ -	\$ -	\$ 708,928	\$ 4,693,598
Intergovernmental	100,350	138,975	372,711	182,334	794,370
Licenses and permits	804,193	349,380	306,774	35,771	1,496,118
Revenue from use of money and property	240,055	1,693	1,885	906	244,539
Charges for services	1,733,547	-	-	-	1,733,547
Fines and forfeitures	26,073	-	-	-	26,073
Miscellaneous	42,428	-	-	417	42,845
Total Revenues	<u>6,931,316</u>	<u>490,048</u>	<u>681,370</u>	<u>928,356</u>	<u>9,031,090</u>
EXPENDITURES					
Current:					
General government	1,035,719	-	-	-	1,035,719
Public safety	3,179,491	-	-	100,000	3,279,491
Public works	944,967	-	2,810	1,445	949,222
Recreation	1,217,011	-	-	-	1,217,011
Capital outlay	174,025	154,297	1,006,733	63,630	1,398,685
Debt service:					
Principal	214,726	-	-	-	214,726
Interest and fees	25,335	-	-	-	25,335
Total Expenditures	<u>6,791,274</u>	<u>154,297</u>	<u>1,009,543</u>	<u>165,075</u>	<u>8,120,189</u>
Revenues Over (Under) Expenditures	<u>140,042</u>	<u>335,750</u>	<u>(328,173)</u>	<u>763,281</u>	<u>910,901</u>
OTHER FINANCING SOURCES (USES)					
Contribution from Ross Recreation	843,859	-	-	-	843,859
Transfers in	1,381,054	-	-	-	1,381,054
Transfers out	-	-	-	(1,381,054)	(1,381,054)
Total Other Financing Sources (Uses)	<u>2,224,913</u>	<u>-</u>	<u>-</u>	<u>(1,381,054)</u>	<u>843,859</u>
Net Change in Fund Balances	<u>2,364,955</u>	<u>335,750</u>	<u>(328,173)</u>	<u>(617,774)</u>	<u>1,754,760</u>
Fund Balances, Beginning of Year	<u>5,561,611</u>	<u>485,844</u>	<u>1,025,398</u>	<u>1,037,228</u>	<u>8,110,081</u>
Fund Balances, End of Year	<u>\$ 7,926,566</u>	<u>\$ 821,594</u>	<u>\$ 697,225</u>	<u>\$ 419,455</u>	<u>\$ 9,864,840</u>

See accompanying Notes to the Financial Statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENT
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,754,760
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:	
Governmental funds report capital outlays as expenditures, but in the Statement of Activities the cost of such assets is allocated over their estimated useful lives as depreciation expense or is allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	1,398,685
Depreciation expense	(398,802)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	214,726
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	7,095
Compensated absences expenses incurred and reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Amounts paid for previously accrued compensated absences are recorded as expenditures in the governmental funds, but reduce the accrual on the Statement of Net Position and are not included as an expense in the Statement of Activities.	43,290
Other post employment benefits expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	202,041
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Pension expense	(14,263)
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Position.	206,978
Change in Net Position of Governmental Activities	<u>\$ 3,414,510</u>

See accompanying Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 – GENERAL

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Town consists of all funds, departments, boards, and agencies that are not legally separate from the Town.

B. Basis of Accounting and Measurement Focus

Fund Financial Statements

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

Government-Wide Financial Statements

The Town's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities for the Town. The Town does not currently have any fiduciary or business-type activities.

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

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 with regard to interfund activities, payables, and receivables. Internal balances in the Government-Wide Financial Statements have been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to net position presented in the government-wide financial statements. The Town has presented all major funds that meet the qualifications of GASB Statement No. 34.

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

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

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

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Town except those required to be accounted for in another fund.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Drainage Fund accounts for expenditures and related financial resources collected through drainage impact fees and other restricted funds collected specifically for drainage maintenance, repair and modification.

B. Basis of Accounting and Measurement Focus (Continued)

The Roadway Fund accounts for expenditures and related financial resources collected through road impact fees and other restricted funds collected specifically for roadway improvements, repair and modification.

C. Budgetary Accounting

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

D. Capital Assets

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

Buildings and Building Improvements	\$	25,000
Electronic equipment		1,000
Infrastructure		50,000
Land and land improvements		25,000
Machinery, equipments and vehicles		5,000 *
Computer Software		5,000

* Other than the electronic equipment

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

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

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

Buildings and building improvements	5-25 Years
Electronic equipment	3-5 Years
Infrastructure	10-50 Years
Land improvements	5-50 Years
Machinery, equipments and vehicles	3-10 Years

In accordance with GASB Statement No. 34, the Town has reported all capital assets including infrastructure on a prospective basis in the Government-wide Statement of Net Position. The Town elected to use the basic approach as defined by GASB Statement No. 34, whereby depreciation expense and accumulated depreciation has been recorded.

E. Interfund Transactions

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

F. Property Taxes

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

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

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes (Continued)

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

G. Pensions

- For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Ross’s California Public Employees Retirement System (CalPERS) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website.

H. Compensated Absences

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

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

Miscellaneous Employees: Upon retirement, in good standing: 50% of accumulated unused sick leave, not to exceed 90 days.

Police Employees: Upon retirement, in good standing: 50% of unused sick leave, up to a maximum of 660 hours total for FY 2014-15.

I. Estimates

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

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

J. Cash and Cash Equivalents

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

I. Cash and Cash Equivalents (Continued)

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

Authorized Investment Type	Maximum Remaining Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	N/A	None	None
Registered State Bonds, Notes, Warrants	5 years	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
Federal Agency Securities	5 years	N/A	None	None
Banker's Acceptance	180 days	N/A	40%	30%
Commercial Paper	270 days	A1, P1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	None
Repurchase Agreements	1 year	N/A	None	None
Reverse Repurchase Agreements	92 days	N/A	20% of base	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	None
Passbook Savings Account Demand Deposits	N/A	N/A	None	None
Medium Term Corporate Notes	5 years	A	30%	N/A
Mortgage Pass-Through Securities	5 years	AA	20%	N/A
Joint Powers Authority Pools	5 years	AA	10%	N/A
Mutual Funds	N/A	Top Ranking of 2 NRSRO (a)	20%	10%
Money Market Mutual Funds	N/A	Top Ranking of 2 NRSRO (a)	None	N/A

(a) Nationally Recognized Statistical Rating Organization

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of Restricted Resources

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

K. Fund Balances

The Town of Ross complies with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in the fiscal year 2015. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

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

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

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balances (Continued)

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

Please refer to Note 9 for more information.

NOTE 3 – CASH AND INVESTMENTS

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

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

Summary of Deposits and Investments

Cash and cash equivalents as of June 30, 2015, consist of the following:

Cash	\$ 1,239,118
Investments	9,884,394
Total cash and cash equivalents	<u>\$ 11,123,512</u>

Cash and Investments

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Cash and investments	\$ 10,234,934
Restricted cash and investments	888,578
	<u>\$ 11,123,512</u>

Restricted cash and investments are restricted for payment of permits deposits payable.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 3 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk

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

As of June 30, 2015, the Town had the following investments:

	Fair Value	Investment Maturities (In Years)			
		≤ 1 year	≤ 2 years	≤ 3 years	≤ 4 years
Government Mortgage Backed Securities	\$ 29,282	\$ 385	\$ 11,877	\$ 17,020	\$ -
Money Market Fund	512,736	512,736	n/a	n/a	n/a
Local Agency Investment Fund (LAIF)	3,014,664	3,014,664	n/a	n/a	n/a
Short Term Fund	5,825,464	5,825,464	n/a	n/a	n/a
Medium Term Fund	502,248	502,248	n/a	n/a	n/a
Total Investments	<u>\$ 9,884,394</u>	<u>\$ 9,855,497</u>	<u>\$ 11,877</u>	<u>\$ 17,020</u>	<u>\$ -</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The certificates of deposits are with various financial institutions and are fully insured by the Federal Deposit Insurance Corporation. The LAIF investment is not rated. Mortgage backed securities are government sponsored; therefore they are rated at or above AA. Money Market Funds have an S&P rating of AAAM. Short term fund has a S&P rating of AAf.

Concentration of Credit Risk

The Town's investment policy contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the Town's deposits may not be returned. The Town's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2015, the Town's bank balance of \$1,198,787 with a reported balance of \$1,239,118, is either insured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments

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

Investment in the State Investment Pool

The Town is a voluntary participant in the LAIF that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in the pool is reported in the accompanying financial statement at amounts based upon the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, and is recorded on the amortized cost basis.

NOTE 4 – INTERFUND TRANSFERS

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

	Transfer In	Transfer Out
General Fund	\$ 1,381,054	\$ -
Non-Major Funds:		
Public Safety Tax Fund	-	708,928
Equipment Replacement Fund	-	445,089
Building Permit Excess Reserve Fund	-	227,037
Total	<u>\$ 1,381,054</u>	<u>\$ 1,381,054</u>

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 5 – CAPITAL ASSETS

	Beginning Balance	Additions & Adjustments	Retirements & Adjustments	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 2	\$ -	\$ -	\$ 2
Construction in progress	446,428	154,501	(287,698)	313,231
Total Capital Assets Not Being Depreciated	446,430	154,501	(287,698)	313,233
Capital Assets, Being Depreciated:				
Land improvements	5,179,621	1,370,026	-	6,549,647
Buildings	1,434,618	62,257	(104,224)	1,392,651
Furniture and fixtures	31,157	-	-	31,157
Office equipment	169,558	1,333	-	170,891
Safety equipment	45,112	9,070	-	54,182
Street and park equipment	65,769	57,918	(3,464)	120,223
Vehicles	351,120	31,279	-	382,399
Leased building under capital lease - Ross Rec	-	396,781	-	396,781
Total Capital Assets Being Depreciated	7,276,955	1,928,664	(107,688)	9,097,931
Less Accumulated Depreciation For:				
Land improvements	790,830	230,139	-	1,020,970
Buildings	1,024,538	81,085	(104,224)	1,001,399
Furniture and fixtures	22,636	2,340	-	24,976
Office equipment	111,903	14,357	-	126,260
Safety equipment	38,987	3,418	-	42,405
Street and park equipment	64,829	4,125	(3,464)	65,490
Vehicles	193,913	48,077	-	241,990
Capital Lease - Ross Rec	-	15,261	-	15,261
Total Accumulated Depreciation	2,247,636	398,802	(107,688)	2,538,750
Total Capital Assets, Being Depreciated, Net	5,029,319	1,529,862	-	6,559,181
Governmental Activities Capital Assets, Net	\$ 5,475,749	\$ 1,684,363	\$ (287,698)	\$ 6,872,415

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

General government	\$ 64,411
Public safety	66,310
Public works	252,598
Recreation	15,483
Total Depreciation Expense - Governmental Activities	\$ 398,802

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 - LONG-TERM DEBT

Following is a summary of the changes in long term obligations for the year:

Description	Balance 6/30/2014	Additions	Retirements	Balance 6/30/2015	Current Portion	Long-term Portion
County of Marin Tax and Revenue Anticipation Notes	\$ 534,777	\$ -	\$ (184,000)	\$ 350,777	\$ -	\$ 350,777
Ford Credit Municipal Finance Program Lease	19,218	-	(9,347)	9,871	9,870	
City Of San Rafael - Promissory Note - Ford Unit 623	32,814		(10,938)	21,876	10,938	10,938
Ford Credit Municipal Finance Program Lease	31,755		(9,930)	21,825	10,571	11,254
Total	\$ 618,564	\$ -	\$ (214,215)	\$ 404,349	\$ 31,379	\$ 372,969

A. Long-Term Notes

In December 2012, the Town Council approved the payoff of the CalPERS Miscellaneous and Public Safety Side Fund debt in total amount of \$1,496,777. The Side Fund payoff was partially financed by issuing Tax and Revenue Anticipation Notes to Marin County for a total amount of \$920,777. The Town issued five separate promissory notes to Marin County with an individual value ranging from \$172,777 to \$197,000 at an interest rate to be 3.50% for the first three years, 3.75% in year four and 4.00% in year five.

Repayment Schedule

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ -	\$ -
2017	178,000	25,365	203,365
2018	172,777	31,532	204,309
Total	\$ 350,777	\$ 56,897	\$ 407,674

In October 2013, the Town issued a promissory note to City of San Rafael valued at \$39,614 with no interest to be paid back in four installments.

Repayment Schedule

June 30,	Principal	Interest	Total
2016	\$ 10,938	\$ -	\$ 10,938
2017	10,938	-	10,938
Total	\$ 21,876	\$ -	\$ 21,876

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 6 - LONG-TERM DEBT (Continued)

B. Capital Leases

On September 17, 2012, the Town entered into a lease/purchase agreement with Ford MotoCredit Company in the amount of \$38,492 at a fixed interest rate of 5.60 percent annually. The agreement matures on September 17, 2015. The agreement was to finance the acquisition of a vehicle for the Town's police department.

Repayment Schedule

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 9,871	\$ 553	\$ 10,424

On February 13, 2014, the Town entered into a lease/purchase agreement with Ford Motor Credit Company in the amount of \$43,734 at a fixed interest rate of 6.45 percent annually. The agreement matures on February 13, 2017. The agreement was to finance the acquisition of a vehicle for the Town's police department.

Repayment Schedule

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 10,572	\$ 1,407	\$ 11,979
2017	11,253	726	11,979
Total	<u>\$ 21,825</u>	<u>\$ 2,133</u>	<u>\$ 23,958</u>

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

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 - LONG-TERM DEBT (Continued)

B. Capital Leases(Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u>Year ending June 30</u>	<u>Lease Payments</u>
2016	\$ -
2017	10,000
2018	10,000
2019	10,000
2020	10,000
2021-2025	50,000
2026-2030	50,000
Thereafter to 2076	460,000
Total Minimum lease payments	<u>600,000</u>
Less: amount representing interest	(410,707)
Present value of minimum lease payments	<u><u>\$ 189,293</u></u>

NOTE 7 – PENSION PLAN

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

General Information about the Pension Plans

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

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

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – PENSION PLAN (Continued)

The plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Hire Date			
Type of hire		Classic	PEPRA
Formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.000%	6.250%
Required employer contribution rates	11.032%	8.005%	6.250%

	Safety		
	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Hire Date			
Type of hire		Classic	PEPRA
Formula	3% @ 55	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of annual salary	2.4% to 3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	22.250%	22.250%	11.500%

Contributions – Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 68,225	\$ 149,341

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – PENSION PLAN (Continued)

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

As of June 30, 2015, the Town’s reported net pension liabilities for its proportionate shares of the pension liability of each Plan are as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 595,760
Safety	2,869,504
Total Net Pension Liability	<u>\$ 3,465,264</u>

The Town’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014 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, 2013 rolled forward to June 30, 2014 using standard update procedures. The Town’s proportion of the net pension liability was based on a project of the Town’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town’s proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 is as follows:

	Miscellaneous	Safety
Proportion - June 30, 2013	0.0101%	0.0471%
Proportion - June 30, 2014	0.0096%	0.0461%
Change - Increase (Decrease)	(0.0005%)	(0.0010%)

At the year ended June 30, 2015, the Town recognized pension expense of \$231,829. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 68,225	\$ -	\$ 149,341	\$ -	\$ 217,566	\$ -
Adjustments due to differences in proportions relating to CalPERS allocation methodologies					-	-
Changes in assumptions					-	-
Net differences between projected and actual earnings on plan investments		(200,203)		(866,398)	-	(1,066,601)
Adjustment due to Differences in Proportions	2,066	(16,084)	61,357	(145,411)	63,423	(161,495)
Total	<u>\$ 70,291</u>	<u>\$ (216,287)</u>	<u>\$ 210,698</u>	<u>\$ (1,011,809)</u>	<u>\$ 280,989</u>	<u>\$ (1,228,096)</u>

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – PENSION PLAN (Continued)

The amount of \$217,566 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, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	<u>Miscellaneous Plan</u>	<u>Safety Police Plan</u>	<u>Total</u>
	Deferred	Deferred	Deferred
	Outflows/(Inflows)	Outflows/(Inflows)	Outflows/(Inflows)
	of Resources	of Resources	of Resources
<u>Year ended June 30</u>			
2016	\$ (53,316)	\$ (229,852)	\$ (283,168)
2017	(53,316)	(229,852)	(283,168)
2018	(53,476)	(235,026)	(288,502)
2019	(54,113)	(255,721)	(309,834)
	<u>\$ (214,221)</u>	<u>\$ (950,452)</u>	<u>\$ (1,164,673)</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions.

	<u>All Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.5% ⁽²⁾
Mortality	⁽³⁾

(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 date. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – PENSION PLAN (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website at:

<http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml>

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Town’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.50% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using simulated rates of return, together with the CalPERS asset allocation mix, the medium net return over the 19 years was calculated. The final geometric rate of return was set after removing 15 basis points for expected administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for each Plan and are summarized in the following table:

For Miscellaneous and Safety Plans				
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Years 0-10	Long-Term Expected Real Rate of Return Years 11+	
Global Equity	47%	5.25%	5.71%	
Global Fixed Income	19%	0.99%	2.43%	
Inflation Sensitive	6%	0.45%	3.36%	
Private Equity	12%	6.83%	6.95%	
Real Estate	11%	4.50%	5.13%	
Infrastructure and Forestland	3%	4.50%	5.09%	
Liquidity	2%	-0.55%	-1.05%	
Total	<u>100%</u>			

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 7 – PENSION PLAN (Continued)

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 1,061,459	\$ 4,938,046
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 595,760	\$ 2,869,504
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 209,273	\$ 1,165,116

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

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

NOTE 9 – FUND BALANCES

As described in Note 2, the Town complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2014. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 – FUND BALANCES (Continued)

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Town Council, highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by Town Council.

Assigned – includes amounts that the Town of Ross intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Only the Town Council can assign fund balance.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Fund balances are composed of the following elements:

	MAJOR			NON- MAJOR			TOTAL	Total
	General Fund	Drainage Fund	Roadway Fund	Gas Tax Fund	General Plan Update Fund	COPS Fund	Non-Major Governmental Funds	
Restricted:								
Grants for Safety Streets and Roadway Projects and Related	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,470	\$ 28,470	\$ 28,470
Drainage Projects and Related	-	821,594	697,225	268,203	-	-	268,203	965,428
General Plan Compliance Costs	-	-	-	-	122,782	-	122,782	122,782
Total Restricted	-	821,594	697,225	268,203	122,782	28,470	419,455	1,938,274
Committed:								
Legal Defense	18,606	-	-	-	-	-	-	18,606
Assigned:								
Recreation	820,949	-	-	-	-	-	-	820,949
Unassigned:								
For economic uncertainties	1,500,000	-	-	-	-	-	-	1,500,000
For Facilities & equipment	1,806,269	-	-	-	-	-	-	1,806,269
Remaining unassigned	3,780,742	-	-	-	-	-	-	3,780,742
Total Unassigned	7,087,011	-	-	-	-	-	-	7,087,011
Total	\$ 7,926,566	\$ 821,594	\$ 697,225	\$ 268,203	\$ 122,782	\$ 28,470	\$ 419,455	\$ 9,864,840

Spending Order Policy

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

Minimum Fund Balance Policy

The town establishes an emergency reserve in the General Fund for economic uncertainties in order to protect the town against revenue shortfalls or unpredicted one-time expenditures. The reserve consists of unassigned amounts in the General Fund to cover at least three months of operational expenditures.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 10 – RISK MANAGEMENT

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

Audited and condensed financial information for ABAG is presented below for the year ended June 30, 2014, most recent statement available:

Total assets	\$ 45,459,948
Total liabilities	30,820,922
Net position	<u>\$ 14,639,026</u>
Total revenues	\$ 12,038,989
Total expenses	5,489,823
Change in net position	<u>\$ 6,549,166</u>

Audited financial information for each risk pool may be obtained from ABAG at P.O. Box 2089, Oakland, California 94604-2089

The Town maintains General and Auto Liability coverage through ABAG up to a limit of \$5 million, except for Employee Benefit Plan Administrative Liability which has a limit of \$250,000. Excess liability insurance is provided through ABAG for an additional \$10 million, which is provided by Insurance Company of the State of Pennsylvania and additional \$10 million provided by Lexington Insurance Company, for a total coverage of \$20 million. The Town's deductible for this coverage is \$25,000.

The Town maintains Property Insurance coverage through ABAG to cover losses above \$100,000. The Town has a deductible of \$5,000 for property and \$5,000 for vehicles.

Within the past three years, settled claims have not exceeded the maximum coverage.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 11 – ACCRUED COMPENSATED ABSENCES

Compensated absences include vacation, compensatory, and sick time. Accrued and unpaid compensated absences are recorded as a liability on the Statement of Net Position and on the Governmental Funds Statement are expensed when paid. The liability at June 30, 2015 was \$211,669 which reflects a net decrease of \$43,290 below the prior year.

NOTE 12 – PARTICIPATION IN JOINT POWERS AGREEMENTS

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

Marin Emergency Radio Authority (MERA) - a public agency consisting of Marin County, all cities and towns within Marin County, as well as fire districts and other special districts. MERA was founded in February 1997 to develop a proposal for a county-wide regional communications system to replace the existing inoperable and obsolete system with a state-of-the-art digital emergency communications system. As a participant in this JPA and a user of the new system, Town of Ross makes an annual contribution to MERA to help fund the cost of this county-wide system. The contribution for the current year was \$9,724 for operating expenses and \$19,380 for bond and note payments.

Ross Valley Paramedic Authority – The Ross Valley Paramedic Authority (“RVPA”) was created in December 1982 by the Towns of Corte Madera, Fairfax, Ross, and San Anselmo, Kentfield Fire Protection District, City of Larkspur, County of Marin, and Sleepy Hollow Fire Protection District to provide paramedic services to these eight public agencies. The RVPA is controlled by an eight member board consisting of one member from each of the participating entities. The Executive Director is Larkspur Fire Chief Robert Sinnott, who volunteers his time to serve as the administrator on behalf of the City of Larkspur. The RVPA contracts with the County of Marin for paramedic service, including management. In addition, several member fire departments now staff a paramedic on some fire engines to increase service levels, working with the ambulance staff.

RVPA’s operations are financed by its members, through a tax on each residential unit and an equivalent tax for commercial property. During fiscal year ended June 30, 2015, the tax was \$48.50 (including a \$.50 administrative fee) per living unit and per 1,500 square feet of structure on parcels in non-residential use. The City of Larkspur maintains the books and records of the RVPA. Audited financial statements may be obtained by mailing a request to Robert Sinnott at City of Larkspur, 400 Magnolia Avenue, Larkspur, CA 94939.

Marin Telecommunications Agency – The Marin Telecommunications Agency is a joint powers authority administering the Comcast cable franchise agreement and developing policy related to telecommunications services in Marin County, including cable, broadband, and related services. It was formed in 1998 to negotiate and administer cable television for its member agencies. It is governed by an eleven member Board of Directors composed of representatives from the County of Marin and the cities/towns of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Ross, San Anselmo, San Rafael, Sausalito, and Tiburon.

The financial responsibility of each member is based on a relative population and assessed value formula. Audited financial statements may be obtained by mailing a request to Marin Telecommunications Agency at 555 Northgate Drive, Suite 230, San Rafael, CA 94903.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 12 – PARTICIPATION IN JOINT POWERS AGREEMENTS (Continued)

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

The financial responsibility of each member is based on a relative population and assessed value formula. Audited financial statements may be obtained by mailing a request to Marin General Services Authority at 555 Northgate Drive, Suite 230, San Rafael, CA 94903. The Town’s member contributions for the current fiscal year were \$2,971.

Marin Major Crimes Task Force - The Marin Major Crimes Task Force (MCTF) was formed in 1977 at the recommendation of the Marin County Police Chiefs Association. It is a cooperative effort linking ten out of eleven of Marin's cities and the county to provide a central investigative unit capable of crossing jurisdictional boundaries for the stated purposes of assisting each other in the detection, apprehension and prosecution of highly mobile criminal activity and combating its influence throughout Marin. The unit is intended to supplement and augment the efforts of the existing local law enforcement agencies to better deal with major criminal activity that no single jurisdiction can effectively deal with alone. The Town’s member contribution for the current fiscal year was \$3,992 based on population and assessed value. The Town took action to withdraw from the MCTF for fiscal year ended June 20, 2015 in April 2014.

Marin Hazardous & Solid Waste Management Authority - The Marin Hazardous & Solid Waste Management Authority was formed in 1996 under a joint powers agreement between the County of Marin and eleven cities and towns within Marin. The purpose of the Authority is to administer and enforce hazardous waste and solid waste management plans, as mandated by law.

The governing board of the Authority consists of one appointed official from each of the member agencies. The Authority has contracted with Marin County Department of Public Works for administrative services and the City of San Rafael for hazardous waste management services.

Revenue for the Authority mostly comes from solid waste management fees and grants. There were no member contributions in the current fiscal year. Financial statements may be obtained by mailing a request to the Hazardous Materials Response Team, c/o San Rafael Fire Department, 1039 C Street. San Rafael, CA 94901

Marin County Stormwater Pollution Prevention Program (MCSTOPPP) – MCSTOPPP was formed in 1993 between the County of Marin and eleven cities and towns within Marin. The Town of Ross became a member in 2005. The goal of MCSTOPPP is to prevent storm water pollution, protect and enhance water quality in creeks and wetlands, preserve beneficial uses of local waterways, and comply with State and Federal regulations. MCSTOPPP is administered by the Marin County Flood Control and Water Conservation District with staffing provided by the Marin County Department of Public Works. The Marin General Services Authority provides budgetary and programmatic oversight. Member contributions are calculated using square miles and population factors. The Town’s contribution for the current fiscal year was \$6,782.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 12 – PARTICIPATION IN JOINT POWERS AGREEMENTS (Continued)

Ross Valley Fire Department – On July 1, 2012, the Town entered into a Joint Powers Agreement with Town of Fairfax, Town of San Anselmo, and the Sleepy Hollow Fire Protection District to merge the Ross Fire Department with the Ross Valley Fire Department to provide fire services to the Town. All costs are fairly and equitably allocated among all members of the JPA, of which, the Town’s percentage share is 23.37%. During fiscal year 2014-15, the Town made \$1,639,490 payments towards service provided by the Ross Valley Fire Department. The Town also made a payment of \$31,279 for apparatus replacement.

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

NOTE 13 – POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: The Town’s single employer defined benefit postemployment healthcare plan provides health care benefits to eligible retirees in accordance with a Board resolution. Eligible employees retiring at or after age 50 with a minimum of 5 years of CalPERS service or disability may opt to continue health care coverage, with a portion of the monthly premium paid for by the Town which is currently the Public Employees Medical and Health Care Act (PEMHCA) minimum amount. Coverage discontinues either at the request of the retiree or by defaulting on the employee portion of the premium.

The Town contracts with CalPERS to administer its retiree health benefit plan. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. The Town chooses among the menu of benefit provisions and adopts certain benefit provisions by Board resolution.

Funding Policy: The Town’s annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (UAAL) (or funding excess) over a period not to exceed 25 years on a closed basis. The current ARC is \$39,000. The plan members receiving benefits currently don’t make any contributions.

Annual OPEB Cost and Net OPEB Asset/Obligation: The Town’s annual OPEB cost (expense) is calculated based on the ARC. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB asset/obligation to the Plan:

Net OPEB obligation, beginning of year	\$ 217,908
Interest	15,755
Obligation including interest	<u>233,663</u>
Adjustment to NOO	(14,172)
Annual require contribution	35,000
Contributions made	(13,624)
CERBT Payment	<u>(225,000)</u>
Net OPEB obligation, end of year	<u>\$ 15,867</u>

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The annual OPEB costs, employer contributions, percentage contributed and net OPEB obligation (asset) as of June 30, 2015 and the two preceding years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2013	\$ 54,964	\$ 13,284	24%	\$ 215,768
6/30/2014	40,891	38,751	95%	217,908
6/30/2015	36,583	238,624	652%	15,867

Funded Status and Funding Progress: The June 30, 2013 actuarial valuation study (most recent study available) was used to develop the June 30, 2015 annual required contribution. The funded status of the plan as of June 30, 2015 is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
June 30, 2013	28,000	339,000	311,000	8%	1,615,000	19.26%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment. Annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to the point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2013
Actuarial cost method	Entry age, Normal Cost
Amortization method	Level percentage of payroll
Amortization period	25 years
Investment rate of return	7.25%
Salary Increase	3.25%
Inflation	3.00%
PERS Minimum Employer Contribution	4.50%

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS

In FY 2014/15, the Town adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement was implemented by the Town as of July 1, 2014.
- GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this statement is to improve accounting and financial reporting by State and local governments for government combinations and disposals of government operations. The statement provides authoritative guidance on a variety of government combinations including mergers, acquisitions, and transfers of operations. This statement was effective July 1, 2014. The Town has determined that this statement is not applicable.
- GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that statement by employers and nonemployer contributing entities. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68. This statement was implemented by the Town as of July 1, 2014.

The Town is currently evaluating the potential impact on its financial statements of the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. These disclosures should be organized by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The Town has not yet determined its effect on the financial statements.

TOWN OF ROSS

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 14 – NEW ACCOUNTING PRONOUNCEMENTS (Continued)

- GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The Town has not yet determined its effect on the financial statements.
- GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, statement 43, and statement No. 50, *Pension Disclosures*. The provisions in statement 74 are effective for fiscal years beginning after June 15, 2016. The Town has not yet determined its effect on the financial statements.
- GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in statement 75 are effective for fiscal years beginning after June 15, 2017. The Town has not yet determined its effect on the financial statements.
- GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for reporting periods beginning after June 15, 2015. The Town has not yet determined its effect on the financial statements.
- GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. This statement is effective for reporting periods beginning after December 15, 2015. The Town has not yet determined its effect on the financial statements.

TOWN OF ROSS

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE #15 - RESTATEMENT

Prior period adjustments were made to decrease the governmental activities' beginning net position. These adjustments were made to record beginning net pension liability and deferred outflows of resources as a result of implementing GASB 68 and 71. (See note 7)

The restatements of beginning net positions are summarized as follows:

	<u>Governmental Activities</u>
Beginning net position	\$ 12,474,062
Beginning net pension liability	(4,613,721)
Beginning deferred outflow of resources related to pensions	<u>215,613</u>
Beginning net position as restated	<u><u>\$ 8,075,954</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ROSS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET (UNAUDITED) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,777,885	\$ 3,777,885	\$ 3,984,670	\$ 206,785
Intergovernmental	56,303	56,303	100,350	44,047
Building/Public Works Permits	516,150	516,150	804,193	288,043
Revenue from use of money and property	228,192	228,192	240,055	11,863
Charges for services	1,437,700	1,437,700	1,733,547	295,847
Fines and forfeitures	12,000	12,000	26,073	14,073
Miscellaneous	36,200	36,200	42,428	6,228
Total Revenues	6,064,430	6,064,430	6,931,316	866,886
EXPENDITURES				
Current:				
General government	1,026,045	1,026,045	1,035,719	(9,674)
Public safety	3,204,741	3,204,741	3,179,491	25,250
Public works	1,018,129	1,018,129	944,967	73,162
Recreation	1,187,438	1,187,438	1,217,011	(29,573)
Capital outlay	331,868	331,868	174,025	157,843
Debt service:				
Principal	214,216	214,216	214,726	(510)
Interest	31,958	31,958	25,335	6,623
Total Expenditures	7,014,395	7,014,395	6,791,274	223,121
Excess (Deficiency) of Revenues Over Expenditures	(949,965)	(949,965)	140,042	1,090,007
OTHER FINANCING SOURCES (USES)				
Contribution from Ross Recreation	900,000	900,000	843,859	(56,141)
Transfers in	1,154,301	1,154,301	1,381,054	226,753
Total Other Financing Sources (Uses)	2,054,301	2,054,301	2,224,913	170,612
Net Change in Fund Balance	1,104,336	1,104,336	2,364,955	1,260,619
Fund Balance, Beginning of Year	5,561,611	5,561,611	5,561,611	-
Fund Balance, End of Year	\$ 6,665,947	\$ 6,665,947	\$ 7,926,566	\$ 1,260,619

TOWN OF ROSS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET (UNAUDITED) AND ACTUAL
DRAINAGE FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 494,045	\$ 494,045	\$ 138,975	\$ (355,070)
Licenses and permits	250,000	250,000	349,380	99,380
Revenue from use of money and property	750	750	1,694	944
Total Revenues	<u>744,795</u>	<u>744,795</u>	<u>490,049</u>	<u>(254,746)</u>
EXPENDITURES				
Current:				
Public works	40,000	40,000	-	40,000
Capital outlay	531,045	531,045	154,297	376,748
Total Expenditures	<u>571,045</u>	<u>571,045</u>	<u>154,297</u>	<u>416,748</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>173,750</u>	<u>173,750</u>	<u>335,752</u>	<u>162,002</u>
Net Change in Fund Balance	173,750	173,750	335,752	162,002
Fund Balance, Beginning of Year	485,842	485,842	485,842	-
Fund Balance, End of Year	<u>\$ 659,592</u>	<u>\$ 659,592</u>	<u>\$ 821,594</u>	<u>\$ 162,002</u>

TOWN OF ROSS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET (UNAUDITED) AND ACTUAL
ROADWAY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 576,967	\$ 576,967	\$ 372,711	\$ (204,256)
Licenses and permits	230,000	230,000	306,772	76,772
Revenue from use of money and property	1,500	1,500	1,887	387
Total Revenues	<u>808,467</u>	<u>808,467</u>	<u>681,370</u>	<u>(127,097)</u>
EXPENDITURES				
Current:				
Public works	30,000	30,000	2,810	27,190
Capital outlay	1,187,566	1,187,566	1,006,733	180,833
Total Expenditures	<u>1,217,566</u>	<u>1,217,566</u>	<u>1,009,543</u>	<u>208,023</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(409,099)</u>	<u>(409,099)</u>	<u>(328,173)</u>	<u>80,926</u>
OTHER FINANCING SOURCES (USES)				
Net Change in Fund Balance	(409,099)	(409,099)	(328,173)	80,926
Fund Balance, Beginning of Year	<u>1,025,398</u>	<u>1,025,398</u>	<u>1,025,398</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 616,299</u>	<u>\$ 616,299</u>	<u>\$ 697,225</u>	<u>\$ 80,926</u>

TOWN OF ROSS

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST
EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
June 30, 2012	\$ -	\$ 506,000	\$ 506,000	0%	\$ 1,564,000	32.35%
June 30, 2013	28,000	339,000	311,000	8%	1,615,000	19.26%

TOWN OF ROSS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion of the net pension liability	0.00957%	0.04612%	0.05569%
Proportionate share of the net pension liability	\$ 595,760	\$ 2,869,504	\$ 3,465,264
Covered - employee payroll	\$ 587,276	\$ 766,634	\$ 1,353,910
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	101.44%	374.30%	255.94%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	81.42%	81.72%

Notes to Schedule:

Benefit changes. In 2015 there were no changes.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**TOWN OF ROSS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Actuarially determined contributions	\$ 68,225	\$ 149,341	\$ 217,566
Contributions in relation to the actuarially determined contribution	<u>(68,225)</u>	<u>(149,341)</u>	<u>(217,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 734,555	\$ 817,494	\$ 1,552,049
Contributions as a percentage of covered-employee payroll	9.29%	18.27%	14.02%

Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.5% net of pension plan investment and administrative expenses, including inflation
Mortality table rate	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies. 2.75% thereafter.

SUPPLEMENTARY INFORMATION

TOWN OF ROSS

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	Special Revenue				Total Non-major Governmental Funds
	Gas Tax	General Plan Update Fund	Building Permit Excess Reserve Fund	Citizens Option for Public Safety	
ASSETS					
Cash and investments	\$ 268,022	\$ 122,699	\$ -	\$ 19,953	\$ 410,674
Accounts receivables	-	-	-	8,505	8,505
Interest receivables	181	83	-	12	276
Total Assets	<u>\$ 268,203</u>	<u>\$ 122,782</u>	<u>\$ -</u>	<u>\$ 28,470</u>	<u>\$ 419,455</u>
FUND BALANCES					
Restricted	<u>268,203</u>	<u>122,782</u>	<u>-</u>	<u>28,470</u>	<u>419,455</u>
Total Liabilities and Fund Balances	<u>\$ 268,203</u>	<u>\$ 122,782</u>	<u>\$ -</u>	<u>\$ 28,470</u>	<u>\$ 419,455</u>

**TOWN OF ROSS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue					Public Safety Tax Fund	Total Non-major Governmental Funds
	Gas Tax Fund	General Plan Update Fund	Building Permit Excess Reserve Fund	Equipment Replacement Fund	Citizens Option for Public Safety		
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 708,928	\$ 708,928
Intergovernmental	68,153	-	-	-	114,181	-	182,334
Licenses and permits	-	35,771	-	-	-	-	35,771
Revenue from use of money and property	637	269	-	-	-	-	906
Miscellaneous	-	-	391	-	26	-	417
Total Revenues	68,790	36,040	391	-	114,207	708,928	928,356
EXPENDITURES							
Current:							
Public safety	-	-	-	-	100,000	-	100,000
Public works	1,445	-	-	-	-	-	1,445
Capital outlay	63,630	-	-	-	-	-	63,630
Total Expenditures	65,075	-	-	-	100,000	-	165,075
Excess (Deficiency) of Revenues Over Expenditures	3,715	36,040	391	-	14,207	708,928	763,281
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	(227,037)	(445,089)	-	(708,928)	(1,381,054)
Total Other Financing Sources (Uses)	-	-	(227,037)	(445,089)	-	(708,928)	(1,381,054)
Net Change in Fund Balances	3,715	36,040	(226,646)	(445,089)	14,207	-	(617,774)
Fund Balances, Beginning of Year	264,488	86,742	226,646	445,089	14,264	-	1,037,229
Fund Balances, End of Year	\$ 268,203	\$ 122,782	\$ -	\$ -	\$ 28,470	\$ -	\$ 419,455

