

RICHARDSON BAY REGIONAL AGENCY
SAN RAFAEL, CALIFORNIA

ANNUAL FINANCIAL REPORTS
YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Richardson Bay Regional Agency
San Rafael, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Richardson Bay Regional Agency as of and for the years ended June 30, 2025 and June 30, 2024, and the related notes to the financial statements, which collectively comprise Richardson Bay Regional Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Richardson Bay Regional Agency, as of June 30, 2025 and June 30, 2024 and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Richardson Bay Regional Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Richardson Bay Regional Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

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

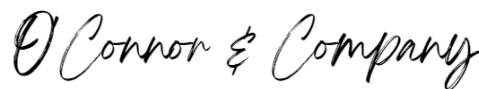
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.



O'Connor & Company

Novato, California
February 18, 2026

Richardson Bay Regional Agency
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

The Management's Discussion and Analysis provides an overview of Richardson Bay Regional Agency's (RBRA or the Agency's) financial activities for the fiscal years ended June 30, 2025, and 2024. Please read it along with the Agency's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

The Agency's net position decreased by \$909,734 from 2024 to 2025. Total operating revenues decreased \$(84,497) and total operating expenses increased by \$1,055,745 in 2025 as compared to 2024.

As the report notes, RBRA's total net position increased by \$129,250 in FY 2024. RBRA's total net position at the end of fiscal year 2023 was \$3,156,119 and \$3,285,369 at the end of fiscal year 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise two components: (1) governmentwide financial statements and (2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, like a private-sector business.

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

The Statement of Revenues and Expenses present information showing how the Agency's net income or loss changed during the fiscal year. All changes in net position are recognized at the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents information about the Agency's cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities. This statement shows the source and uses of cash, as well as the change in the cash balances during the fiscal year.

The Agency is a single-purpose entity that has elected to account for its activity as an enterprise fund type under governmental accounting standards. Accordingly, the Agency presents only government-wide financial statements.

Changes in the Agency's net position were as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	Increase (decrease) 2025-2024
Current and other assets	\$ 2,859,343	\$ 3,436,854	\$ 3,293,680	\$ (577,511)
Total assets	<u>2,859,343</u>	<u>3,436,854</u>	<u>3,293,680</u>	<u>(577,511)</u>
Current and other liabilities	<u>483,708</u>	<u>151,485</u>	<u>137,560</u>	<u>322,223</u>
Total liabilities	<u>483,708</u>	<u>151,485</u>	<u>137,560</u>	<u>322,223</u>
Net position:				
Unrestricted	<u>2,375,635</u>	<u>3,285,369</u>	<u>3,156,120</u>	<u>(909,734)</u>
Total net position	<u>\$ 2,375,635</u>	<u>\$ 3,285,369</u>	<u>\$ 3,156,120</u>	<u>\$ (909,734)</u>

Richardson Bay Regional Agency
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2025

The Agency experienced fluctuations in its cash balance year over year largely because of the timing difference between incurring reimbursable type expenses and receiving funds from the associate Department of Boating and Waterways (DBW) grant.

Changes in the Agency's revenues were as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	Increase (decrease) <u>2025-2024</u>
Operating revenues	\$ 1,130,251	\$ 1,214,748	\$ 402,067	\$ (84,497)
Operating expenses	<u>3,065,748</u>	<u>2,010,003</u>	<u>1,256,002</u>	<u>1,055,745</u>
Net operating income (loss)	<u>\$ (1,935,497)</u>	<u>\$ (795,255)</u>	<u>\$ (853,935)</u>	<u>\$ (1,140,242)</u>
Investment and other income	\$ 1,025,763	\$ 924,505	\$ 637,119	\$ 101,258
Interest and other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-operating net income	<u>\$ 1,025,763</u>	<u>\$ 924,505</u>	<u>\$ 637,119</u>	<u>\$ 101,258</u>

The Agency receives revenue from the California Department of Boating and Waterways (DBW) to fund the disposition of derelict vessels in the Bay. This revenue is a reimbursable grant, and funding is dependent on the timing the Agency performs certain tasks, such as disposing of derelict vessels.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to Richardson Bay Regional Agency, 3501 Civic Center Drive, Room 308, San Rafael, CA 94903.

Richardson Bay Regional Agency
STATEMENTS OF NET POSITION
 June 30, 2025 and June 30, 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and pooled investments	\$ 2,559,153	\$ 2,795,027
Receivables:		
State of California	<u>300,190</u>	<u>641,827</u>
Total current assets	<u>2,859,343</u>	<u>3,436,854</u>
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	<u>483,708</u>	<u>151,485</u>
Total current liabilities	<u>483,708</u>	<u>151,485</u>
Net position:		
Unrestricted (Deficit)	<u>2,375,635</u>	<u>3,285,369</u>
Total net position	<u>\$ 2,375,635</u>	<u>\$ 3,285,369</u>

The accompanying notes are an integral part of these financial statements.

Richardson Bay Regional Agency
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the years ended June 30, 2025 and June 30, 2024

	2025	2024
Operating revenues:		
Charges for services	\$ 1,130,251	\$ 1,214,748
Total operating revenues	1,130,251	1,214,748
Operating expenses:		
Operating and security	2,734,055	1,840,017
Administration and general	331,693	169,986
Total operating expenses	3,065,748	2,010,003
Operating income (loss)	(1,935,497)	(795,255)
Non-operating revenues (expenses):		
Intergovernmental revenues	813,920	792,660
Other revenues	50,525	
Investment income	161,318	131,845
Total non-operating revenues (expenses)	1,025,763	924,505
Changes in net position	(909,734)	129,250
Net position, beginning of period	3,285,369	3,156,119
Net position, end of period	\$ 2,375,635	\$ 3,285,369

The accompanying notes are an integral part of these financial statements.

Richardson Bay Regional Agency
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2025 and June 30, 2024

	2025	2024
Cash flows from operating activities:		
Receipts from customers	\$ 1,471,888	\$ 986,276
Payments to suppliers	<u>(2,733,525)</u>	<u>(1,995,586)</u>
Net cash provided (used) by operating activities	<u>(1,261,637)</u>	<u>(1,009,310)</u>
Cash flows from non-capital financing activities:		
Cash received from intergovernmental and other revenues	<u>864,445</u>	<u>792,660</u>
Net cash provided (used) by non-capital financing activities	<u>864,445</u>	<u>792,660</u>
Cash flows from investing activities:		
Interest earned	<u>161,318</u>	<u>131,845</u>
Net cash provided by investing activities	<u>161,318</u>	<u>131,845</u>
Net increase (decrease) in cash and cash equivalents	(235,874)	(84,805)
Cash and cash equivalents - beginning of period	<u>2,795,027</u>	<u>2,879,832</u>
Cash and cash equivalents - end of period	<u>\$ 2,559,153</u>	<u>\$ 2,795,027</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:		
Operating income (loss)	\$ (1,935,497)	\$ (795,255)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in certain assets and liabilities:		
Accounts receivable	341,637	(228,472)
Accounts payable	332,223	13,925
Prepaid insurance	<u>-</u>	<u>492</u>
Net cash provided (used) by operating activities	<u>\$ (1,261,637)</u>	<u>\$ (1,009,310)</u>

The accompanying notes are an integral part of these financial statements.

Richardson Bay Regional Agency
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Richardson Bay Regional Agency (the Agency) is a separate governmental unit organized on July 16, 1985, by a joint powers agreement and later revised, in fiscal years 2000, 2001, 2018 and again in 2022. The Agency's purpose is to maintain and implement those provisions of the Richardson's Bay Special Area Plan relative to mooring, dredging and navigational channel implementation, including but not limited to, the establishment and enforcement of permitted anchorage zones. Agency members include the County of Marin, Tiburon, Belvedere, and Mill Valley.

The Agency is governed by a four-person board. The Board is comprised of a County Supervisor and three City Council members. The Board elects from its members a Chairman and Vice Chairman, who serve two-year terms.

B. Introduction

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

C. Basis of Accounting

The Agency's operations are accounted for as a governmental enterprise fund. Generally accepted accounting principles require that enterprise funds use the accrual basis of accounting - like business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an entity's principal ongoing operation. The principal operating revenues of the Agency relate to mooring, dredging and navigational channel implementation activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Any revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Financial Statement Amounts

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency has defined cash and cash equivalents to include cash on hand and demand deposits, if any, and short-term investments with fiscal agent (County of Marin).

Capital Assets

Capital assets owned by the Agency are recorded at cost, or if received in-kind, at estimated fair market value on the date received. The cost of normal repairs and maintenance are recorded as expenses. Improvements that add to the value or extend the life of assets are capitalized. Assets capitalized have an original cost of \$2,500 or more, and over one year of estimated useful life. Depreciation expense is calculated using the straight-line method over estimated useful lives of ten years for boats and related equipment. Depreciation expense for the year ended June 30, 2024 and 2025, was \$0, respectively.

Richardson Bay Regional Agency
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

D. Financial Statement Amounts (concluded)

Revenues

Grants received for operating purposes, or which may be utilized for either operations or capital expenditure at the discretion of the recipient, are recognized as operating revenues. Resources restricted for the acquisition or construction of capital assets are recorded as non-operating revenue.

Salaries and Benefits

The Agency's Harbor Administrator is an employee of the County of Marin and participates in the Marin County Employees' Retirement Association (MCERA). Pension information for this employee is included in the County's financial statements. The Agency reimburses the County for the salary and benefits paid by the Administrator.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Management estimates that the salary and related benefits of the Harbor Administrator are allocable in the following manner: 50% to operating and security, 2% to maintenance, and 48% to administration and general.

NOTE 2 - CASH

Cash and investments at June 30, 2025 and June 30, 2024, consisted of the following:

	2025	2024
Pooled cash at the County of Marin	\$ 2,559,153	\$ 2,795,027

The Agency maintains all its cash in the County of Marin pooled investment fund to increase interest earnings through pooled investment activities. Interest earned in the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as "Cash and pooled investments."

The County Pool includes both voluntary and involuntary participation from external entities. The Agency is a voluntary participant. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The Agency has approved by resolution, the investment policy of the County of Marin which complies with the California Government Code.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. The pool has a credit rating of "AAA/V1." Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs, and fair value.

Richardson Bay Regional Agency
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 - CASH (concluded)

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The Agency did not have any investments subject to the recurring fair value measurements as of June 30, 2025 and 2024.

Interest Rate Risk

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2025, the County's investment pool had a weighted average maturity of 218 days. For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.

Credit Risk-Investments

State law and the County's Investment Policy limits investments in commercial paper, corporate bonds, and medium-term notes to the rating of "A" or higher as provided by Moody's Investors Service or Standard & Poor's Corporation. The County's Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Agency obligations with a credit quality rating of "AAA."

Custodial Credit Risk

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

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by California agents of depository are held for, and in the name of, the local government.

Richardson Bay Regional Agency
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

	June 30, 2023	Additions	Deletions	June 30, 2025
Patrol boats and trailers	\$ 105,472	\$ -	\$ -	\$ 105,472
Total	105,472	\$ -	\$ -	105,472
Accumulated depreciation	(105,472)			(105,472)
Capital assets - net	\$ -			\$ -

NOTE 4 - RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, bodily and personal injury, property damage, errors and omissions, and non-owned auto coverage for which the Agency carries commercial insurance. The Agency also maintains watercraft insurance, and related protection and indemnity insurance. Additional coverage is provided by the County for injuries to employees.

Each Agency member is responsible for its pro-rata share of any court-imposed liability, using the joint powers' agreement cost-sharing formula.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Agency's staff are employees of the County of Marin (a member of the Agency). The costs incurred by the Agency to the County were approximately \$217,498 and \$190,080 for 2023-24 and 2024-25, respectively.

NOTE 6 - CONTINGENCIES

Litigation

The Agency is involved in litigation incurred in the normal course of conducting Agency business. Legal counsel is currently not able to provide an estimate of potential loss in the event of an unfavorable outcome for these cases. Agency management believes, based upon consultation with its counsel, that these cases, in aggregate, are not expected to result in a material adverse financial impact on the Agency.

NOTE 7- SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.