

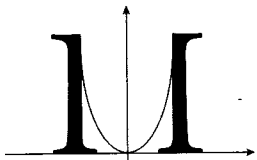


STINSON BEACH FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2011 & 2012

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet - Governmental Fund	8
Statement of Revenues and Expenditures and Changes in Fund Balance - General Fund	10
Notes to the Basic Financial Statements	12
Required Supplemental Information:	
Budgetary Comparison Schedule - General Fund (June 30, 2011)	22
Budgetary Comparison Schedule - General Fund (June 30, 2012)	23
Notes to the Required Supplemental Information	24



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stinson Beach Fire Protection District

We have audited the accompanying basic financial statements of the Stinson Beach Fire Protection District (the District) as of and for the years ended June 30, 2011 and 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the California State Controller's *Minimum Audit Requirements for California Special Districts*. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stinson Beach Fire Protection District as of June 30, 2011 and 2012, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The management's discussion and analysis on pages 2 through 5 and required supplemental information on pages 22 through 24 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Maher Accountancy

April 10, 2014



**STINSON BEACH FIRE PROTECTION DISTRICT
POST OFFICE BOX 127
STINSON BEACH, CALIFORNIA 94970
415-868-0622
415-868-9256 FAX**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2011 and 2012. Please read it along with the District's financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

At the end of fiscal year 2011-2012, the District's net assets were \$1,850,000, an increase of \$64,000 from 2011. Total revenues were \$582,000 and total expenses were \$518,000 in 2012.

Included in the required supplemental information section are budgetary comparison schedules. Variance details are listed on the schedules on pages 22 and 23.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information about the District's general fund. The statement of net assets and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. The fund financial statements present a short-term view of the District's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

THE DISTRICT AS A WHOLE

One important question asked about the District's finances is, "Is the District better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include *all* assets and liabilities using the *accrual basis* of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

STINSON BEACH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The change in *net assets* (the difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the District's health, such as changes in the economy, changes in the District's tax base, and changes in the District's boundaries, etc. to assess the *overall* health of the District.

Below is a comparison of current and prior year balances:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Current assets	\$ 473,574	\$ 638,941	\$ 701,907
Noncurrent assets	<u>1,259,970</u>	<u>1,156,764</u>	<u>1,153,249</u>
Total assets	1,733,544	1,795,705	1,855,156
Current liabilities	5,387	9,642	5,182
Invested in capital assets	1,257,362	1,154,156	1,150,641
Unrestricted net assets	<u>470,795</u>	<u>631,907</u>	<u>699,333</u>
Total net assets	<u><u>\$ 1,728,157</u></u>	<u><u>\$ 1,786,063</u></u>	<u><u>\$ 1,849,974</u></u>

Current assets increased primarily as a result of normal changes in working capital. Noncurrent assets decreased due to annual depreciation of capital assets. The 2012 decrease was partially offset by the acquisition of a compressor.

Below is a comparison of sources of revenue for the current and two prior years:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
General revenues:			
Property taxes	\$ 555,726	\$ 552,660	\$ 561,234
Investment earnings	2,979	922	685
Miscellaneous	<u>7,630</u>	<u>6,801</u>	<u>3,630</u>
Total general revenues	566,335	560,383	565,549
Program revenues:			
Ambulance fees	1,203	697	5,240
Intergovernmental	<u>11,023</u>	<u>11,058</u>	<u>11,096</u>
Total revenues	<u><u>\$ 578,561</u></u>	<u><u>\$ 572,138</u></u>	<u><u>\$ 581,885</u></u>

STINSON BEACH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Below is a comparison of selected current and prior year expenses:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:			
Salaries & benefits	\$ 208,514	\$ 208,728	\$ 221,027
Services & supplies	160,291	171,431	163,146
Depreciation	127,143	134,073	133,801
Debt service interest	12,146	-	-
Total expenses	<u>508,094</u>	<u>514,232</u>	<u>517,974</u>
Revenues	<u>578,561</u>	<u>572,138</u>	<u>581,885</u>
Change in net assets	<u>\$ 70,467</u>	<u>\$ 57,906</u>	<u>\$ 63,911</u>

Expenses have been stable over the years. The final payment for a fire truck was paid off in 2009-10, which is the reason there was no debt service interest expense in 2011 and 2012.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's individual funds. Presently, the District only has one fund (general).

The fund financial statements provide a short-term view of the District's operations. They are reported using an accounting basis called *modified accrual* which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

CAPITAL ASSET AND DEBT ADMINISTRATION

During 2012, we purchased a compressor for \$97,000 and replaced the station bay doors for approximately \$27,000. Our major capital asset addition in 2011 was a siren that cost approximately \$18,000.

STINSON BEACH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE FUTURE OF THE DISTRICT

The Finances of the Stinson Beach Fire Protection District are at a level that allows the District to serve the town, its residents and the surrounding areas in a competent and professional manner. The District is also able to accommodate and serve the general public that frequent this area throughout the year.

Home sales in this area have steadily increased and with that our budget is expected to increase as well. The training and certification costs for our volunteer firefighters and emergency personnel continue to rise. The District foresees a future when it may become necessary to hire additional firefighters and emergency personnel all the while maintaining our volunteer services and the associated costs. The District continues to reserve funds for large equipment and infrastructure improvements thereby eliminating the need to seek outside financing as well as reserve for the potential increase in personnel costs.

The Board of Directors continues to manage our funds wisely so as not to jeopardize the current level of service or become a burden to the taxpayers.

REQUESTS FOR INFORMATION

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

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectfully submitted,

Ken Stevens

Ken Stevens, Fire Chief

STINSON BEACH FIRE PROTECTION DISTRICT

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011 AND 2012**

ASSETS

	2011	2012
Current assets:		
Cash in bank	\$ 458,404	\$ 596,174
Cash in County treasury	161,654	86,951
Receivables:		
Property taxes receivable	10,400	10,900
National Park Service	993	392
West Marin Emergency Fund receivable	<u>7,490</u>	<u>7,490</u>
Total current assets	638,941	701,907
Noncurrent assets:		
Fixed assets	2,177,310	2,304,315
Less accumulated depreciation	<u>(1,023,154)</u>	<u>(1,153,674)</u>
	1,154,156	1,150,641
Deposits	<u>2,608</u>	<u>2,608</u>
Total assets	<u>\$ 1,795,705</u>	<u>\$ 1,855,156</u>

LIABILITIES

Current liabilities:		
Accounts payable	\$ 7,135	\$ 5,182
Deferred revenue	<u>2,507</u>	<u>-</u>
Total current liabilities	9,642	5,182

NET ASSETS

Invested in capital assets, net of related debt	1,154,156	1,150,641
Unrestricted	<u>631,907</u>	<u>699,333</u>
Total net assets	<u>\$ 1,786,063</u>	<u>\$ 1,849,974</u>

STINSON BEACH FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2012**

	2011	2012
EXPENSES		
Public safety - fire protection:		
Salaries & benefits	\$ 208,728	\$ 221,027
Services & supplies	171,431	163,146
Depreciation	<u>134,073</u>	<u>133,801</u>
Total expenses	514,232	517,974
 PROGRAM REVENUE		
Ambulance fees	697	5,240
Intergovernmental	<u>11,058</u>	<u>11,096</u>
Net program expense	502,477	501,638
 GENERAL REVENUES		
Property taxes	552,660	561,234
Investment earnings	922	685
Miscellaneous	<u>6,801</u>	<u>3,630</u>
Total general revenues	<u>560,383</u>	<u>565,549</u>
Increase in net assets	57,906	63,911
 NET ASSETS-BEGINNING OF THE YEAR	<u>1,728,157</u>	<u>1,786,063</u>
 NET ASSETS-END OF THE YEAR	<u><u>\$ 1,786,063</u></u>	<u><u>\$ 1,849,974</u></u>

STINSON BEACH FIRE PROTECTION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2011 AND 2012**

ASSETS

	2011	2012
Cash in bank	\$ 458,404	\$ 596,174
Cash in County treasury	161,654	86,951
Receivables:		
Property taxes receivable	10,400	10,900
National Park Service	993	392
West Marin Emergency Fund receivable	7,490	7,490
Deposits	<u>2,608</u>	<u>2,608</u>
Total assets	<u>\$ 641,549</u>	<u>704,515</u>

LIABILITIES

Accounts payable	\$ 7,135	5,182
Deferred revenue	<u>12,907</u>	<u>10,900</u>
Total liabilities	20,042	16,082

FUND BALANCE

Assigned	334,915	434,915
Unassigned	<u>286,592</u>	<u>253,518</u>
Total fund balance	<u>621,507</u>	<u>688,433</u>
Total liabilities and fund balance	<u>\$ 641,549</u>	<u>\$ 704,515</u>

STINSON BEACH FIRE PROTECTION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2011 AND 2012
(continued)**

RECONCILIATION TO THE STATEMENT OF NET ASSETS

	2011	2012
Fund balance reported above	\$ 621,507	\$ 688,433
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the balance sheet	1,154,156	1,150,641
Property tax accounts receivable that are not available to pay for current-period expenditures and therefore are deferred in the balance sheet	<u>10,400</u>	<u>10,900</u>
Net assets	<u><u>\$ 1,786,063</u></u>	<u><u>\$ 1,849,974</u></u>

STINSON BEACH FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEARS ENDED JUNE 30, 2011 AND 2012

	2011	2012
REVENUES		
Property taxes	\$ 553,860	\$ 560,732
Intergovernmental	11,058	11,096
Ambulance fees	697	5,240
Investment earnings	922	685
Miscellaneous	<u>6,801</u>	<u>5,550</u>
Total revenues	573,338	583,303
EXPENDITURES		
Current:		
Salaries and benefits	208,728	221,027
Services and supplies	171,431	163,146
Capital outlay	<u>30,867</u>	<u>132,204</u>
Total expenditures	<u>411,026</u>	<u>516,377</u>
Excess (deficiency) of revenues over expenditures	162,312	66,926
Fund balance at beginning of year	<u>459,195</u>	<u>621,507</u>
Fund balance at end of year	<u><u>\$ 621,507</u></u>	<u><u>\$ 688,433</u></u>

STINSON BEACH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEARS ENDED JUNE 30, 2011 AND 2012
(continued)

**Reconciliation of the change in fund balance-total governmental funds
to the change in net assets of governmental activities:**

	2011	2012
Net change in fund balance	\$ 162,312	\$ 66,926
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases capitalized	30,867	132,206
Depreciation expense	(134,073)	(133,801)
Loss on capital asset disposition		(1,920)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Net increase (decrease) in property taxes receivable	(1,200)	500
Change in Net Assets of Governmental Activities	\$ 57,906	\$ 63,911

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Stinson Beach Fire Protection District (District) is a separate governmental unit established March 7, 1958, as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services within the Stinson Beach area. The District's primary funding is provided by property taxes and it is governed by a five-person Board of Directors.

INTRODUCTION

The District's financial statements are prepared in accordance with generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District is discussed below.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

In the government-wide Statement of Net Assets, the District's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in two parts: (1) invested in capital assets, net of related debt, and (2) unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of the District's function. The function is supported by general government revenues (property

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

taxes and intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues.

The net costs (by function) are normally covered by general revenue (property taxes and intergovernmental revenues).

The government-wide statements focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in one individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

The District uses the following fund type:

Governmental fund:

The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

General fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and are reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrual:

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual:

The government funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents:

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with fiscal agent (County of Marin).

Capital assets:

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- Buildings 30 years
- Fire apparatus 15 years
- Ambulances 10 years
- Other vehicles 5 years
- Furniture, fixtures and equipment 3-10 years

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY TAXES

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

The District has entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. The Teeter Plan calls for the County to advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

Special fire and paramedic tax charges are assessed by the District. These special tax charges are incorporated on property tax bills, and therefore are attached as an enforceable lien on real property located within the District.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. The District's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

Nonspendable – This component includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District does not have a nonspendable fund balance.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance (continued)

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislations. The District does not have a restricted fund balance.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority which includes ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts. The District does not have any reserves that meet this component of fund balance.

Assigned – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Fire Chief or their designee as established in the District's fund balance policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

BUDGET

The budget included in these financial statements represents the original budget and amendments, if any, approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting. Various reclassifications have been made to the actual amounts to conform to classifications included in the budget.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

2. CASH

The District maintains cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. Interest earned on 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 Cash Equivalents."

The County Pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. 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.

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, 2012, the County's investment pool had a weighted average maturity of 243 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

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."

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

2. CASH (continued)

CONCENTRATION OF CREDIT RISK

The following is a summary of the concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2012.

	Percent of Portfolio
Investments in Investment Pool	
Federal agency - discount	73%
Federal agency - coupon	25%
Money market funds	2%
	100%

CUSTODIAL CREDIT RISK

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

LOCAL AGENCY INVESTMENT FUND

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

2. CASH (continued)

Cash held with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts. From December 31, 2010 through December 31, 2012, at all FDIC institutions, deposits held in noninterest-bearing accounts are fully insured regardless of the amount in the account. The District did not have any uninsured bank accounts.

3. FIXED ASSETS

Capital asset activity for the years ended June 30, 2011 and 2012 was as follows:

	<u>Buildings & Improvements</u>	<u>Vehicles and equipment</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Balances as of June 30, 2010	\$ 611,289	\$ 1,542,324	\$ 896,251	\$ 1,257,362
Additions		23,698	126,903	(103,205)
Dispositions	-	-	-	-
Balances as of June 30, 2011	611,289	1,566,022	1,023,154	1,154,157
Additions	26,761	105,043	133,400	(1,596)
Dispositions	(1,920)	-	-	(1,920)
Balances as of June 30, 2012	<u>\$ 636,130</u>	<u>\$ 1,671,065</u>	<u>\$ 1,156,554</u>	<u>\$ 1,150,641</u>

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

4. FUND BALANCE

The District fund balance is reported in classifications as described in Note 1.

The following are assigned fund balances as of the balance sheet dates:

	<u>2011</u>	<u>2012</u>
New fire engine	\$ 170,000	\$ 270,000
Vehicle replacement	<u>164,915</u>	<u>164,915</u>
	<u>\$ 334,915</u>	<u>\$ 434,915</u>

5. OPERATING LEASE

The District is obligated under an operating lease for one of its fire stations. The lease requires monthly rental payments of \$1,000 and provides for adjustments for inflation every five years through December 31, 2030. Total rent expense under this lease was \$12,000 in 2011 and 2012.

Minimum future obligations under this operating lease are as follows:

Year ended June 30	
2013	12,000
2014	12,000
2015	12,000
2016	12,000
2017	12,000
2018-2022	60,000
2023-2027	60,000
2028-2031	<u>30,000</u>
Total	<u>\$ 210,000</u>

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2012**

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, the District purchased commercial general liability with a \$3,000,000 aggregate limit.

7. JOINT VENTURE

The District entered into a joint powers agreement, establishing the Marin Emergency Radio Authority (the Authority). The Authority is responsible to acquire, construct, and improve a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. Of the \$27 million in Revenue Bonds issued, the District is responsible for .615%, or approximately \$166,000. Beginning in August 2002, the first of twenty annual payments of \$13,000 was due. Including interest and principal, it is anticipated the District's total obligation over 20 years will be \$256,000. As of June 30, 2012, the remaining obligation was approximately \$118,000. Additionally, the District pays the Authority annual assessments for its operating costs.

The financial statements of the Authority are available at the County of Marin office. Condensed financial information for the Authority is presented below for the year ended June 30, 2012:

Total assets	\$ 24,364,708
Total liabilities	<u>19,966,993</u>
Net assets	<u>\$ 4,397,715</u>
Total revenues	\$ 3,878,767
Total expenses	<u>4,103,003</u>
Net income (loss)	<u>\$ (224,236)</u>

**STINSON BEACH FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2011**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property taxes-secured	\$ 495,243	\$ 493,473	\$ (1,770)
Property taxes-unsecured	11,976	11,841	(135)
ERAF-redistributed	43,186	39,815	(3,371)
West Marin Emergency Fund	7,500	7,490	(10)
HOPTR, assessments and other taxes		12,299	12,299
Ambulance fees		697	697
Investment earnings		922	922
Miscellaneous		6,801	6,801
Total revenues	<u>557,905</u>	<u>573,338</u>	<u>15,433</u>
EXPENDITURES			
Capital			
New engine	60,000	-	60,000
Vehicle replacement	91,905	-	91,905
Siren, shed and miscellaneous		<u>28,609</u>	<u>(28,609)</u>
Total capital	151,905	28,609	123,296
Maintenance			
Audit	14,000	12,500	1,500
Rescue equipment	2,000	2,258	(258)
Bookkeeping	11,000	9,640	1,360
Insurance	15,000	13,551	1,449
Utilities	1,500	408	1,092
Telephone	5,000	6,300	(1,300)
Vehicle maintenance	12,000	4,608	7,392
Fuel	8,000	11,378	(3,378)
Rent	12,000	12,000	-
Building maintenance	10,000	11,310	(1,310)
First aid ambulance supplies	7,000	9,816	(2,816)
Education/Training	7,000	7,154	(154)
Elections/Legal	2,000	688	1,312
Office supplies	5,000	5,682	(682)
Magazine/membership	1,000	1,822	(822)
Disaster preparedness	5,000	4,511	489
Drill fees	9,000	8,850	150
County collection fee	10,000	9,542	458
Ambulance staff	5,500	4,200	1,300
MERA system	20,500	20,501	(1)
Clothing	8,000	10,173	(2,173)
New fire equipment/supplies	30,000	13,527	16,473
West Marin Emergency Fund	-	2,910	(2,910)
Total maintenance	<u>200,500</u>	<u>183,329</u>	<u>17,171</u>
Salaries			
Duty officers	40,000	40,696	(696)
Fire Chief	75,000	75,131	(131)
Bank/payroll processing	3,000	2,698	302
Medical director	19,000	18,972	28
Office manager	13,000	15,936	(2,936)
Maintenance hourly	13,000	10,632	2,368
Worker's comp insurance	24,000	19,906	4,094
Payroll taxes	17,000	14,852	2,148
Mandated health care	1,500	265	1,235
Total salaries	<u>205,500</u>	<u>199,088</u>	<u>6,412</u>
Total expenditures	<u>557,905</u>	<u>411,026</u>	<u>146,879</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 162,312</u>	<u>\$ 162,312</u>

See notes to the required supplemental information.

**STINSON BEACH FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2012**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property taxes-secured	\$ 503,365	\$ 502,242	\$ (1,123)
Property taxes-unsecured	11,976	11,040	(936)
ERAF-redistributed	43,186	38,316	(4,870)
West Marin Emergency Fund	7,500	7,490	(10)
HOPTR, assessments and other taxes		12,740	12,740
Ambulance fees		5,240	5,240
Investment earnings		685	685
Miscellaneous		5,550	5,550
Total revenues	<u>566,027</u>	<u>583,303</u>	<u>17,276</u>
EXPENDITURES			
Capital			
New engine	100,000	-	100,000
Compressor, garage door, miscellaneous		123,811	(123,811)
Total capital	<u>100,000</u>	<u>123,811</u>	<u>(23,811)</u>
Maintenance			
Rescue equipment	3,000	8,393	(5,393)
Bookkeeping	11,000	9,807	1,193
Insurance	15,000	11,180	3,820
Utilities	1,000	382	618
Telephone	7,000	6,697	303
Vehicle maintenance	15,000	9,389	5,611
Fuel	12,000	15,709	(3,709)
Rent	12,000	12,226	(226)
Building maintenance	10,000	13,748	(3,748)
First aid ambulance supplies	12,000	11,644	356
Education/Training	10,000	7,394	2,606
Elections/Legal	2,000	655	1,345
Office supplies	6,000	5,599	401
Magazine/membership	2,000	726	1,274
Disaster preparedness	5,000	5,128	(128)
Drill fees	12,000	7,980	4,020
County collection fee	10,000	7,616	2,384
Ambulance staff	5,500	6,650	(1,150)
MERA system	22,500	22,186	314
Clothing	10,000	1,842	8,158
New fire equipment/supplies	40,000	16,395	23,605
Total maintenance	<u>223,000</u>	<u>181,346</u>	<u>41,654</u>
Salaries			
Duty officers	40,000	46,248	(6,248)
Fire Chief	71,448	72,337	(889)
Bank/payroll processing	3,000	2,634	366
Medical director	19,760	19,760	-
Office manager	13,520	16,546	(3,026)
Maintenance hourly	13,000	13,193	(193)
Worker's comp insurance	24,000	23,800	200
Payroll taxes	17,000	16,387	613
Mandated health care	1,500	315	1,185
Total salaries	<u>203,228</u>	<u>211,220</u>	<u>(7,992)</u>
Total expenditures	<u>526,228</u>	<u>516,377</u>	<u>9,851</u>
Excess of revenues over (under) expenditures	<u>\$ 39,799</u>	<u>\$ 66,926</u>	<u>\$ 27,127</u>

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED JUNE 30, 2011 AND, 2012**

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.