



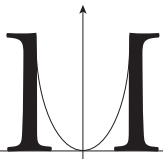
STINSON BEACH FIRE PROTECTION DISTRICT

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FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2015 & 2016

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Stinson Beach Fire Protection District

We have audited the accompanying financial statements of the Stinson Beach Fire Protection District (District) as of and for the years ended June 30, 2015 and 2016, which collectively comprise the District'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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.



## STINSON BEACH FIRE PROTECTION DISTRICT

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2015 and 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

*Maher Accountancy*

February 6, 2017

**STINSON BEACH FIRE PROTECTION DISTRICT  
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**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, 2015 and 2016. Please read it along with the District's financial statements, which begin on page 6.

**FINANCIAL HIGHLIGHTS**

At the end of fiscal year 2015-2016, the District's net position was \$2,289,000, an increase of \$128,000 from 2015. Total revenues were \$725,000 and total expenses were \$597,000 in 2016.

Included in the required supplemental information section are budgetary comparison schedules. Variance details are listed on the schedules on pages 23 and 24.

**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 position 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

The change in *net position* (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>2014</u>	<u>2015</u>	<u>2016</u>
Current assets	\$ 1,152,433	\$ 1,402,337	\$ 1,592,598
Noncurrent assets	884,917	779,480	710,603
Total assets	<u>2,037,350</u>	<u>2,181,817</u>	<u>2,303,201</u>
Current liabilities	2,338	20,507	14,036
Invested in capital assets	883,484	777,019	708,520
Unrestricted net position	<u>1,151,528</u>	<u>1,384,291</u>	<u>1,580,645</u>
Total net position	<u><u>\$ 2,035,012</u></u>	<u><u>\$ 2,161,310</u></u>	<u><u>\$ 2,289,165</u></u>

Current assets increased primarily as a result of normal changes in working capital resulting from operating at a surplus. Noncurrent assets decreased due to annual depreciation of capital assets.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
General revenues:			
Property taxes	\$ 654,061	\$ 679,231	\$ 714,546
Investment earnings	558	423	579
Miscellaneous	7,096	10,104	6,559
Total general revenues	<u>661,715</u>	<u>689,758</u>	<u>721,684</u>
Program revenues:			
Intergovernmental	11,267	11,229	3,663
Total revenues	<u><u>\$ 672,982</u></u>	<u><u>\$ 700,987</u></u>	<u><u>\$ 725,347</u></u>

Property tax revenues increased approximately 4% in 2015 and approximately 5% in 2016, which corresponds to similar increases in assessed property values within the District.

## STINSON BEACH FIRE PROTECTION DISTRICT

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses:			
Salaries & benefits	\$ 246,112	\$ 256,089	\$ 262,126
Services & supplies	160,059	202,224	223,657
Depreciation	<u>135,795</u>	<u>116,376</u>	<u>111,709</u>
Total expenses	541,966	574,689	597,492
Revenues	<u>672,982</u>	<u>700,987</u>	<u>725,347</u>
Change in net position	<u><u>\$ 131,016</u></u>	<u><u>\$ 126,298</u></u>	<u><u>\$ 127,855</u></u>

Expenses have been stable over the years. In 2016, expenses increased over 2015 primarily due to the purchase of water rescue supplies.

### 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

The most significant capital asset addition during 2015 and 2016 was a new truck (\$42,000) to be used by the Fire Chief.

# STINSON BEACH FIRE PROTECTION DISTRICT

## 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,

*Kenny Stevens*

Kenny Stevens, Fire Chief



**STINSON BEACH FIRE PROTECTION DISTRICT**

**STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015 AND 2016**

**ASSETS**

	<b>2015</b>	<b>2016</b>
Current assets:		
Cash in bank	\$ 1,285,623	\$ 1,335,078
Cash in County treasury	87,320	237,561
Receivables:		
Property taxes receivable	12,500	12,500
Other receivables	2,993	2,251
West Marin Emergency Fund receivable	7,490	-
Prepaid insurance	6,411	5,208
Total current assets	<u>1,402,337</u>	<u>1,592,598</u>
Noncurrent assets:		
Depreciable capital assets, net	777,019	708,520
Deposits	2,461	2,083
Total noncurrent assets	<u>779,480</u>	<u>710,603</u>
Total assets	<u>\$ 2,181,817</u>	<u>\$ 2,303,201</u>

**LIABILITIES**

Current liabilities:		
Accounts payable	\$ 13,507	\$ 2,988
Accrued compensation	7,000	8,000
Unearned revenue	-	3,048
Total current liabilities	<u>20,507</u>	<u>14,036</u>

**NET POSITION**

Invested in capital assets, net of related debt	777,019	708,520
Unrestricted	<u>1,384,291</u>	<u>1,580,645</u>
Total net position	<u>\$ 2,161,310</u>	<u>\$ 2,289,165</u>

**STINSON BEACH FIRE PROTECTION DISTRICT**

**STATEMENT OF ACTIVITIES  
YEARS ENDED JUNE 30, 2015 AND 2016**

	<b>2015</b>	<b>2016</b>
<b>EXPENSES</b>		
Public safety - fire protection:		
Salaries & benefits	\$ 256,089	\$ 262,126
Services & supplies	202,224	223,657
Depreciation	116,376	111,709
Total expenses	<u>574,689</u>	<u>597,492</u>
 <b>PROGRAM REVENUE</b>		
Intergovernmental	<u>11,229</u>	<u>3,663</u>
Net program expense	563,460	593,829
 <b>GENERAL REVENUES</b>		
Property taxes	679,231	714,546
Investment earnings	423	579
Miscellaneous	10,104	6,559
Total general revenues	<u>689,758</u>	<u>721,684</u>
Increase in net position	126,298	127,855
 <b>NET POSITION-BEGINNING OF THE YEAR</b>	<u>2,035,012</u>	<u>2,161,310</u>
 <b>NET POSITION-END OF THE YEAR</b>	<u><u>\$ 2,161,310</u></u>	<u><u>\$ 2,289,165</u></u>

**STINSON BEACH FIRE PROTECTION DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUND  
AS OF JUNE 30, 2015 AND 2016**

**ASSETS**

	<b>2015</b>	<b>2016</b>
Cash in bank	\$ 1,285,623	\$ 1,335,078
Cash in County treasury	87,320	237,561
Receivables:		
Property taxes receivable	12,500	12,500
Other receivables	2,993	2,251
West Marin Emergency Fund receivable	7,490	-
Prepaid items	6,411	5,208
Deposits	2,461	2,083
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 1,404,798</u>	<u>\$ 1,594,681</u>

**LIABILITIES**

Accounts payable	\$ 13,507	\$ 2,988
Accrued compensation	7,000	8,000
	<u>                    </u>	<u>                    </u>
Total liabilities	20,507	10,988

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes and unearned revenue	<u>12,502</u>	<u>15,550</u>
----------------------------------------------	---------------	---------------

**FUND BALANCE**

Nonspendable	8,872	7,291
Assigned	165,749	165,404
Unassigned	1,197,168	1,395,448
	<u>                    </u>	<u>                    </u>
Total fund balance	<u>1,371,789</u>	<u>1,568,143</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,404,798</u>	<u>\$ 1,594,681</u>

**STINSON BEACH FIRE PROTECTION DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUND  
AS OF JUNE 30, 2015 AND 2016  
(continued)**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

	<b>2015</b>	<b>2016</b>
Total governmental fund balance	\$ 1,371,789	\$ 1,568,143
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the balance sheet	777,019	708,520
Property tax accounts receivable that are not available to pay for current-period expenditures and therefore are deferred in the balance sheet	<u>12,502</u>	<u>12,502</u>
Net position	<u><u>\$ 2,161,310</u></u>	<u><u>\$ 2,289,165</u></u>

**STINSON BEACH FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GENERAL FUND**  
**YEARS ENDED JUNE 30, 2015 AND 2016**

	<b>2015</b>	<b>2016</b>
<b>REVENUES</b>		
Property taxes	\$ 679,231	\$ 714,546
Intergovernmental	11,229	3,663
Investment earnings	423	579
Miscellaneous	<u>10,104</u>	<u>6,559</u>
Total revenues	700,987	725,347
<b>EXPENDITURES</b>		
Current:		
Salaries and benefits	256,089	262,126
Services and supplies	202,224	223,657
Capital outlay	<u>9,913</u>	<u>43,210</u>
Total expenditures	<u>468,226</u>	<u>528,993</u>
Excess (deficiency) of revenues over expenditures	232,761	196,354
Fund balance at beginning of year	<u>1,139,028</u>	<u>1,371,789</u>
Fund balance at end of year	<u><u>\$ 1,371,789</u></u>	<u><u>\$ 1,568,143</u></u>

**STINSON BEACH FIRE PROTECTION DISTRICT**

**STATEMENT OF REVENUES AND EXPENDITURES  
AND CHANGES IN FUND BALANCE - GENERAL FUND  
YEARS ENDED JUNE 30, 2015 AND 2016  
(continued)**

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

	<b>2015</b>	<b>2016</b>
Net change in fund balance	\$ 232,761	\$ 196,354
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	9,913	43,210
Depreciation expense	<u>(116,376)</u>	<u>(111,709)</u>
Change in Net Position of Governmental Activities	<u>\$ 126,298</u>	<u>\$ 127,855</u>

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**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.).

The District presents its financial statements using the reporting model for special purpose governments engaged in a single government program. This model allows the government-wide and fund financial statements to be combined using a columnar format that displays reconciling items on the face of the financial statements rather than in separate schedules.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements include all of the activities of the District. The District has no component units (other governments under the District's oversight or control). The statement of net position and the statement of activities display information about the reporting government as a whole. They display the District's activities on a full accrual accounting basis and economic resource measurement focus.

The statement of net position includes long-term assets as well as long-term debt and other obligations. The District's net position is reported in two parts: (1) net investment in capital assets and (2) unrestricted net position.

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The activities of the District are supported primarily by general government revenues (property taxes and intergovernmental revenues). The statement of activities presents gross expenses (including depreciation) and deducts related program revenues to indicate the net cost of operations. Program revenues include (a) fees and charges paid by recipients for services such as ambulance fees (b) miscellaneous income.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position 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, assigned or unassigned resources, fund balance, 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, 2015 AND 2016**

**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.

Property taxes and interest associated with the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirement, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue type (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

**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).

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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

**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.

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 Fire Chief is authorized as the designee to assign amounts to a specific purpose. 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.

**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.

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred outflows of resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows and inflow of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

**Use of estimates**

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

**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.

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**2. CASH (continued)**

**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, 2016, the County's investment pool had a weighted average maturity of 204 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."

**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, 2016.

<b>Investments in Investment Pool</b>	<b>Percent of Portfolio</b>
Federal agency - discount	78%
Federal agency - coupon	20%
Money market funds	2%
	<hr/> 100%

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**2. CASH (continued)**

**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.

Cash held with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. As of June 30, 2016 the District's uninsured amounts totaled approximately \$68,000.

**3. CAPITAL ASSETS**

Capital asset activity for the years ended June 30, 2015 and 2016 was as follows:

	<u>Buildings &amp; Improvements</u>	<u>Vehicles and equipment</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Balances as of June 30, 2014	\$ 636,130	\$ 1,679,051	\$ (1,431,697)	\$ 883,484
Additions	2,213	3,284	(111,962)	(106,465)
Dispositions	-	(3,755)	3,755	-
Balances as of June 30, 2015	638,343	1,678,580	(1,539,904)	777,019
Additions	-	41,982	(110,481)	(68,499)
Dispositions	-	-	-	-
Balances as of June 30, 2016	<u>\$ 638,343</u>	<u>\$ 1,720,562</u>	<u>\$ (1,650,385)</u>	<u>\$ 708,520</u>

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**4. FUND BALANCE**

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

The following amounts are classified as nonspendable:

	<b>2015</b>	<b>2016</b>
Prepaid items	\$ 6,411	\$ 5,208
Deposits	2,461	2,083
	<u>\$ 8,872</u>	<u>\$ 7,291</u>

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

	<b>2015</b>	<b>2016</b>
Contingency reserve	<u>\$ 165,749</u>	<u>\$ 165,404</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 2015 and 2016.

Minimum future obligations under this operating lease are as follows:

Year ended June 30	
2017	\$ 12,000
2018	12,000
2019	12,000
2020	12,000
2021	12,000
2022-2026	60,000
2027-2031	<u>54,000</u>
Total	<u>\$ 174,000</u>

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2015 AND 2016**

**6. DEFINED CONTRIBUTION RETIREMENT PLAN**

The District has established a defined contribution retirement plan to provide benefits at retirement to certain employees. The plan is administered by the International City Management Association Retirement Corporation (ICMA-RC). As of June 30, 2016, there was 1 plan member. During the years ended June 30, 2015 and 2016, the District contributed 10% of annual covered payroll, which equaled approximately \$7,000 each year. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

**7. 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.

**8. 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, 2016, the remaining obligation was approximately \$65,000. 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, 2016:

Total assets and deferred outflows of resources	\$ 47,569,006
Total liabilities	<u>46,253,487</u>
Net position	<u>\$ 1,315,519</u>
Total revenues	\$ 7,804,083
Total expenses	<u>5,609,742</u>
Decrease in net position	<u>\$ 2,194,341</u>



**STINSON BEACH FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Property taxes-secured	\$ 608,745	\$ 601,938	\$ (6,807)
Property taxes-unsecured	13,053	14,088	1,035
ERAF-redistributed	-	42,411	42,411
West Marin Emergency Fund	-	7,490	7,490
HOPTR subvention	3,751	3,739	(12)
Assessments and other taxes	-	20,794	20,794
Investment earnings	-	423	423
Miscellaneous	-	10,104	10,104
Total revenues	<u>625,549</u>	<u>700,987</u>	<u>75,438</u>
<b>EXPENDITURES</b>			
Capital			
Fire and rescue equipment		8,380	(8,380)
Maintenance			
Audit (bi-annual)	13,000	750	12,250
Rescue equipment	2,000	1,533	467
Communications R&M	3,000	11,084	(8,084)
Bookkeeping	12,000	10,252	1,748
Insurance	20,000	21,996	(1,996)
Utilities	700	419	281
Telephone	9,000	6,817	2,183
Vehicle maintenance	12,000	4,057	7,943
Fuel	12,000	11,711	289
Rent	12,000	12,000	-
Building maintenance	6,000	17,534	(11,534)
1st aid ambulance	15,000	12,784	2,216
Education/Training	10,000	6,311	3,689
Elections/Legal	2,000	2,647	(647)
Office supplies	6,000	6,969	(969)
Magazine/memberships	700	1,815	(1,115)
Disaster preparedness	4,400	5,689	(1,289)
Drill fees	9,000	10,515	(1,515)
County collection fee	12,000	9,575	2,425
Ambulance staff	5,000	4,750	250
MERA system	23,001	23,302	(301)
Clothing	5,000	13,436	(8,436)
New fire equipment/supplies	15,000	8,327	6,673
West Marin Emergency Fund	-	9,736	(9,736)
Total maintenance	<u>208,801</u>	<u>214,009</u>	<u>(5,208)</u>
Salaries			
Duty officers	75,000	69,757	5,243
Fire Chief	82,862	84,103	(1,241)
Bank/payroll processing	2,500	2,360	140
Medical director	24,720	25,326	(606)
Office manager	19,088	17,266	1,822
Maintenance hourly	6,200	5,202	998
Worker's compensation insurance	22,000	24,596	(2,596)
Payroll taxes	18,329	17,227	1,102
Mandated health care	300	-	300
Total salaries	<u>250,999</u>	<u>245,837</u>	<u>5,162</u>
Total expenditures	<u>459,800</u>	<u>468,226</u>	<u>(8,426)</u>
Excess of revenues over (under) expenditures	<u>\$ 165,749</u>	<u>\$ 232,761</u>	<u>\$ 67,012</u>

**STINSON BEACH FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2016**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over Over (Under)</b>
<b>REVENUES</b>			
Property taxes-secured	\$ 643,366	\$ 638,038	\$ (5,328)
Property taxes-unsecured	13,564	13,395	(169)
ERAF-redistributed	-	40,919	40,919
West Marin Emergency Fund	-	-	0
HOPTR subvention	3,699	3,663	(36)
Assessments and other taxes	-	22,194	22,194
Investment earnings	-	579	579
Miscellaneous	-	6,559	6,559
	<u>660,629</u>	<u>725,347</u>	<u>64,718</u>
<b>EXPENDITURES</b>			
Capital			
New truck (Fire Chief)	-	41,982	(41,982)
Maintenance			
Audit (bi-annual)	13,000	13,650	(650)
Rescue equipment	2,000	1,228	772
Communications R&M	5,000	1,082	3,918
West Marin Emergency Fund	-	7,490	(7,490)
Bookkeeping	12,000	10,099	1,901
Insurance	25,000	21,819	3,181
Utilities	700	596	104
Telephone	9,000	7,593	1,407
Vehicle maintenance	12,000	12,623	(623)
Fuel	12,000	7,613	4,387
Rent	12,000	12,000	-
Building maintenance	10,000	13,902	(3,902)
Medical	15,000	13,798	1,202
Water rescue	-	17,253	(17,253)
Education/Training	10,000	6,026	3,974
Elections/Legal	2,000	5,712	(3,712)
Office supplies	6,000	7,303	(1,303)
Magazine/memberships	1,000	165	835
Disaster preparedness	5,000	6,475	(1,475)
Drill fees	10,000	10,060	(60)
County collection fee	12,867	9,103	3,764
Ambulance staff	6,000	4,250	1,750
MERA system	25,000	23,853	1,147
Clothing	15,000	13,613	1,387
New fire equipment/supplies	15,000	7,678	7,322
	<u>235,567</u>	<u>234,984</u>	<u>583</u>
Salaries			
Duty officers	80,000	75,657	4,343
Fire Chief	85,035	85,438	(403)
Bank/payroll processing	2,500	2,401	99
Medical director	25,462	26,493	(1,031)
Office manager	19,661	17,543	2,118
Maintenance hourly	5,500	3,120	2,380
Worker's compensation insurance	25,000	23,975	1,025
Payroll taxes	16,500	17,400	(900)
Mandated health care	-	-	-
	<u>259,658</u>	<u>252,027</u>	<u>7,631</u>
Total expenditures	<u>495,225</u>	<u>528,993</u>	<u>(33,768)</u>
Excess of revenues over (under) expenditures	<u>\$ 165,404</u>	<u>\$ 196,354</u>	<u>\$ 30,950</u>

See notes to the required supplemental information.

**STINSON BEACH FIRE PROTECTION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
YEARS ENDED JUNE 30, 2015 AND, 2016**

**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.