



**TIBURON FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS**

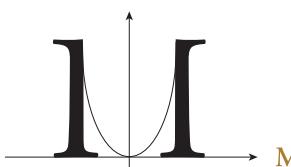
**AND**

**REPORT OF INDEPENDENT AUDITORS**

**YEAR ENDED JUNE 30, 2015**

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Financial Plumbline

MAHER ACCOUNTANCY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Tiburon Fire Protection District

We have audited the accompanying financial statements of the Tiburon Fire Protection District (District) as of and for the year ended June 30, 2015, 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.

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

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## **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 the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Implementation of GASB Statement No. 68**

As described in Note 14, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension* in the current year. Accordingly, beginning net position was restated. Our opinion is not modified with respect to this matter.

## **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*

November 30, 2015

# **TIBURON FIRE PROTECTION DISTRICT**

**1679 Tiburon Boulevard, Tiburon, CA 94920**

## **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. Please read it along with the District's financial statements, which begin on page 7.

### **FINANCIAL HIGHLIGHTS**

The District's net position increased by \$2,593,000 during 2015, excluding the restatement as described in Note 14 to the financial statement. Total revenues increased by \$634,000.

Included in the required supplemental information section is a budgetary comparison schedule. That schedule indicates that our revenues were \$149,000 more than expected and expenditures were \$675,000 less than what was expected. Variance details are listed on the schedule on pages 40 and 41.

### **USING THIS ANNUAL REPORT**

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 (they include capital assets and long-term liabilities). 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.

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 assessed valuations to assess the overall health of the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in the District's net position (in thousands) were as follows:

	<b>2015</b>	<b>2014</b>	<b>Increase (decrease)</b>
Current assets	\$ 6,109	\$ 6,592	\$ (483)
Noncurrent assets	5,229	5,118	111
Total assets	<u>11,338</u>	<u>11,710</u>	<u>(372)</u>
Deferred outflows of resources	2,166	0	2,166
Current liabilities	571	682	(111)
Noncurrent liabilities	6,600	369	6,231
Total liabilities	<u>7,171</u>	<u>1,051</u>	<u>6,120</u>
Deferred inflows of resources	1,458	0	1,458
Net position:			
Net investment in capital assets	3,554	3,508	46
Unrestricted	1,320	7,151	(5,831)
Change due to the implementation of GASB 68	(8,377)	8,377	
Total net position	<u>\$ 4,874</u>	<u>\$ 2,282</u>	<u>\$ 2,592</u>

The decrease in current assets is primarily a result of normal changes in working capital in conjunction with a \$1,250,000 payment to CalPERS to pay down our unfunded pension liability. The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for pensions*, in the current year. As a result, the unrestricted net position for 2014 has been restated by \$8,377,354. The adoption is also the main reason for the increase in deferred outflows or resources, noncurrent liabilities and deferred inflows of resources.

Changes in the District's revenues (in thousands) were as follows:

	<b>2015</b>	<b>2014</b>	<b>Increase (decrease)</b>
General revenues:			
Property taxes	\$ 4,914	\$ 4,660	\$ 254
Operating grants and contributions	27	27	0
Use of money and property	37	51	(14)
Total general revenues	<u>4,978</u>	<u>4,738</u>	<u>240</u>
Program revenues:			
Charges for services	1,785	1,286	499
Southern Marin Emergency			
Medical Paramedic System	174	186	(12)
Miscellaneous	35	128	(93)
Total program revenues	<u>1,994</u>	<u>1,600</u>	<u>394</u>
Total revenue	<u>\$ 6,972</u>	<u>\$ 6,338</u>	<u>\$ 634</u>

Property tax revenue increased approximately 5.5%, corresponding to a similar increase in assessed property values within the District. Charges for services increased due to increased assistance with out-of-district fires and fees from the City of Belvedere increase in response to increases in our costs to provide those services.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in the District's expenses and net position (in thousands) were as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase (decrease)</u>
Public safety-fire protection:			
Personnel	\$ 3,531	\$ 4,969	\$ (1,438)
Material and services	530	509	21
Depreciation	297	295	2
Loss on disposition of assets	17	15	2
Interest	4	5	(1)
Total expenses	<u>4,379</u>	<u>5,793</u>	<u>(1,414)</u>
Less program revenues	1,994	1,600	394
Net expenses	2,385	4,193	(1,808)
General revenues	<u>4,978</u>	<u>4,738</u>	<u>240</u>
Change in net position	2,593	545	2,048
Beginning net position	2,282	10,114	(7,832)
Change due to the implementation of GASB 68		(8,377)	8,377
Ending net position	<u>\$ 4,875</u>	<u>\$ 2,282</u>	<u>\$ 2,593</u>

There are many different types of expenses that comprise the personnel category, such as base salaries, overtime, and benefits. A decrease in net pension liability, as measured by the newly implemented GASB Statement No. 68, was the largest contributing factor toward the decrease in the cost of personnel.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's general fund.

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 reports 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.

As shown on page 11, the fund balance of the general fund decreased by \$327,000. Page 12 presents reconciliation between the fund balance increase and the change in net position. Fund balance decreased during the year due to various changes in revenues and expenditures. The largest change was in increase in pension plan benefit expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation is a systematic approach to allocate the cost of capital assets over their estimated useful lives. The District's policies regarding depreciation are disclosed in Note 1 and a summary of changes in capital assets is reported in Note 3.

In fiscal year 2011-12, we acquired a new Pierce rescue vehicle. The vehicle cost \$315,000, and we made a down payment of \$64,000 with the balance financed with a lease. Our principal payment during the year was \$49,000. Additional detail about our debt is shown in Note 4 in the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC OUTLOOK**

Property tax revenue remains the District's most stable revenue source. The assessed value of property within the District regained pre-recession levels in 2013 and increased 5% in 2015. Modest increases are anticipated over the next several years as the economy continues to recover.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, 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,

*Richard Pearce*

Richard Pearce, Fire Chief

## **Basic Financial Statements**

**TIBURON FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 5,938,906
Receivables:	
Accounts receivable	44,246
Interest	4,377
Property taxes	112,100
Prepaid expenses	<u>9,859</u>
Total current assets	6,109,488
Noncurrent assets:	
Over-funded OPEB obligation	937,748
Equity interest in Southern Marin Emergency Medical Paramedic System	634,187
Land and construction-in-progress	359,255
Depreciable capital assets, net	<u>3,297,775</u>
Total noncurrent assets	<u>5,228,965</u>
Total assets	<u>11,338,453</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	<u>2,165,500</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	129,356
Unearned revenue	129,653
Capital lease obligation	50,542
Accrued sick leave	98,826
Accrued vacation leave	<u>162,472</u>
Total current liabilities	<u>570,849</u>
Noncurrent liabilities:	
Capital lease obligation	51,891
Accrued sick leave	129,443
Accrued vacation leave	102,900
Net pension liability	<u>6,315,892</u>
Total noncurrent liabilities	<u>6,600,126</u>
Total liabilities	<u>7,170,975</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	<u>1,458,274</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,554,597
Unrestricted	<u>1,320,107</u>
Total net position	<u>\$ 4,874,704</u>

**TIBURON FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

**EXPENSES**

Personnel	\$ 3,531,170
Material and services	529,945
Depreciation	296,518
Loss on disposition of capital assets	16,899
Interest on debt	4,049
 Total expenses	 4,378,581

**PROGRAM REVENUES**

Charges for services	1,784,852
Southern Marin Emergency Medical Paramedic System	173,573
Reimbursements and miscellaneous	35,069
 Total program revenues	 1,993,494
 Net program expense	 2,385,087

**GENERAL REVENUES**

Property taxes	4,914,394
Intergovernmental-state	26,570
Use of money and property	36,834
 Total general revenues	 4,977,798
 Increase in net position	 2,592,711

**NET POSITION**

Beginning of year - restated	2,281,993
End of year	\$ 4,874,704

**TIBURON FIRE PROTECTION DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**AS OF JUNE 30, 2015**

**ASSETS**

Cash and cash equivalents	\$ 5,938,906
Receivables:	
Accounts receivable	44,246
Interest	4,377
Property taxes	112,100
Prepaid items	<u>9,859</u>
Total assets	<u>\$ 6,109,488</u>

**LIABILITIES**

Accounts payable	\$ 129,356
Unearned revenue	<u>129,653</u>
Total liabilities	<u>259,009</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	<u>84,000</u>
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**FUND BALANCE**

Nonspendable	9,859
Assigned	5,455,296
Unassigned	<u>301,324</u>
Total fund balance	<u>5,766,479</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,109,488</u>

**TIBURON FIRE PROTECTION DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**AS OF JUNE 30, 2015**  
**(Continued)**

**Reconciliation of governmental fund balance to net position of governmental activities:**

Total governmental fund balance	\$ 5,766,479
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Property taxes receivable that are not available to pay current period expenditures and therefore are considered deferred inflows on the balance sheet	84,000
Capital assets used in the government activities are not financial resources and therefore are not reported in the funds	
	3,657,030
Some assets (liabilities) are not due and receivable (payable) in the current period and therefore are not reported as fund assets (liabilities)	
Over-funded OPEB obligation	937,748
Investment in SMEMPS joint venture	634,187
Capital lease obligation	(102,433)
Accrued sick leave liability	(228,269)
Accrued vacation leave liability	(265,372)
Net pension liability and related deferred outflows and inflows of resources	<u>(5,608,666)</u>
Net position of governmental activities	<u>\$ 4,874,704</u>

**TIBURON FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2015**

**REVENUES**

Property taxes	\$ 4,910,394
Intergovernmental	394,812
Use of money and property	36,134
Charges for services	1,416,610
Southern Marin Emergency Medical Paramedic System	173,729
Reimbursements and miscellaneous	<u>35,069</u>
 Total revenues	 <u>6,966,748</u>

**EXPENDITURES**

Current:	
Salaries and benefits	6,400,542
Material and services	515,365
Capital outlay	325,229
Debt service:	
Principal	49,226
Interest	<u>4,049</u>
 Total expenditures	 <u>7,294,411</u>
 Excess (deficiency) of revenues over expenditures	 (327,663)

**OTHER FINANCING SOURCES (USES)**

Sale of equipment	<u>700</u>
Net change in fund balance	(326,963)

**FUND BALANCE**

Beginning of year	<u>6,093,442</u>
End of year	<u>\$ 5,766,479</u>

**TIBURON FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUND**  
**AS OF JUNE 30, 2015**  
**(Continued)**

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

Net change in fund balance	\$ (326,963)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset purchases capitalized	310,649
Depreciation expense	(296,518)
Revenues in the statement of activities that do not provide current resources are not reported as revenue in the fund financial statements	
Property taxes	4,000
Increase in equity interest Southern Marin Emergency Medical Paramedic System	(156)
Loss from capital asset dispositions	(16,899)
Debt principal transactions reported in the government fund statement of revenue, expenditures and changes in fund balance are not considered an operating activity in the statement of activities (but only as changes in liabilities)	
Payments to reduce capital lease obligations	49,226
Expenditures reported in the modified accrual basis statement of revenues, expenditures and changes in fund balance are recognized in the period incurred if they are to be paid from current financial resources. Expenses reported in accrual basis statement of activities are recognized when incurred, regardless of the timing of the payment:	
Vacation and sick leave benefits	(12,911)
Other post-employment benefits	113,595
Pension plan benefits	<u>2,768,688</u>
Change in net position	<u><u>\$ 2,592,711</u></u>

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Tiburon Fire Protection District (the District) is a separate governmental unit established July 7, 1941, as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to Tiburon and the surrounding area. A five-person Board of Directors elected by the citizens governs the District. The District's legal authority and responsibilities are contained in the State of California Health and Safety Code under the "Fire Protection District Law of 1987."

**Introduction**

The District'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.).

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.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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

**Government-Wide Statements (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 plan reviews and CPR classes and (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 government are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, assigned or unassigned resources, fund balance, revenues and expenditures.

The District uses the following fund types:

**Governmental funds** are focused on the 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 funds 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 reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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

**Basis of Accounting (continued):**

**Accrual**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied.

**Modified accrual**

Governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes are accrued when their receipt occurs within 60 days of the end of the fiscal year. Charges for services and other revenue are accrued when their receipt occurs within 365 days of the end of the fiscal year so as to be both measurable and available. Expenditures are generally recognized when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of general long-term debt and capital leases are reported as other financing sources.

**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 its fiscal agent (LAIF).

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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

**Financial Statement Amounts (continued)**

**Capital assets**

Capital assets purchased or acquired with an original cost of \$1,000 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 are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- |                              |              |
|------------------------------|--------------|
| • Buildings and improvements | 40 years     |
| • Equipment                  | 4 - 20 years |
| • Hydrants                   | 50 years     |

**Compensated absences**

The District accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee.

In accordance with an agreement with the Tiburon Employees' Association, the District is obligated to provide the following compensated absence benefits:

**Sick leave** Shift employees of the District earn sick leave at 12 hours per month (one-half shift) and may accumulate up to 1,440 hours. Day employees earn 8 hours per month and may accumulate up to 1,040 hours. Each January, the District pays each employee his or her hourly base rate times 75% of unused sick leave hours exceeding 1,440 hours (1,040 hours for day employees). If an employee requests, the District will contribute 100% of all unused sick leave hours exceeding the maximum into an established deferred compensation plan. Upon retirement, if the employee has 20-years of service or is over age 50, the District will pay 50% of all unused sick leave hours in two installments: 25% at retirement and 25% one year later.

**Vacations** Shift personnel earn vacation shifts at a rate of 10 to 16 shifts per year, depending on length of service. Day employees earn vacation time off of 120 to 224 hours per year, depending on length of service. Vacations may be accumulated and carried forward from year to year subject to a maximum two years' allowance. Excess accumulations for management personnel, due to schedules and workloads, may take place with the approval of the Fire Chief and the Board of Directors.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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

**Financial Statement Amounts (continued)**

**Compensated absences (continued)**

**Compensatory time-off** Day employees may accumulate compensatory time in lieu of extra duty pay, computed at the rate of one and one half times the number of compensable hours worked. Accumulated compensatory time is limited to employee's normal hours worked per week as stated in the Association's and Management Group's memoranda of understanding. Time in excess of this amount is paid at the one and one half times employee's regular rate of pay.

**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.

As provided by the California Revenue and Taxation Code, the County of Marin advances 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.

When deemed necessary, special fire tax charges are assessed by the District Board of Directors before September 1 and adopted by resolution. 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. The last special fire tax occurred during 2005-06.

**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 amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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

**Financial Statement Amounts (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 resources 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.

**Deferred outflows and inflows 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. Detail information is reported in Note 8.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

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

**Financial Statement Amounts (continued)**

**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 AND CASH EQUIVALENTS**

The District maintains most of its cash in the California Local Agency Investment Fund (LAIF) for the purpose of increasing interest earnings through pooled investment activities. The District's position in the pool is the same as the value of the pool shares. 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."

LAIF 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 State's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The State has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**2. CASH AND CASH EQUIVALENTS (continued)**

**INTEREST RATE RISK**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities prescribed in Sections 53600 through 53609 of the California Government Code., which states that the District shall act with care, skill, prudence and diligence pursuant to the general economic conditions and anticipated needs of the agency. The District shall prioritize the safeguarding of principal and acquire only investments that are legal investments in the State of California.

**CREDIT RISK**

State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the District's policy to comply with State law in regard to security ratings. The State Investment Pool was unrated.

**CONCENTRATION OF CREDIT RISK**

This is the risk of loss attributed to the concentration of the District's investment in a single issuer.

Following is a summary of the concentration of credit risk by investment type of the Marin County Investment Pool as a percentage of fair value at June 30, 2015.

	<u>Percent of Portfolio</u>
<b>Investments in Investment Pool</b>	
Federal agency - discount	85%
Federal agency - coupon	13%
Money market funds	2%
	<u><u>100%</u></u>

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**2. CASH AND CASH EQUIVALENTS (continued)**

**CUSTODIAL CREDIT RISK**

For deposits, custodial risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy for deposits is that they be insured by the FDIC. At year end, the District's deposits were insured by the FDIC and not exposed to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the District's name, and held by the counterparty. The District's investment securities are not exposed to custodial credit risk because all securities are held by the District's custodial bank in the District's name.

**BALANCES**

Cash and cash equivalents consist of the following:

Cash with LAIF	\$ 5,726,102
Cash in banks	<u>212,804</u>
Total	<u><u>\$ 5,938,906</u></u>

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2014</b>	<b>Additions</b>	<b>Dispositions</b>	<b>Transfers</b>	<b>June 30, 2015</b>
<b>Nondepreciable capital assets:</b>					
Land	\$ 47,000				\$ 47,000
Apparatus and building improvements in manufacturing process	73,992	\$ 238,263	\$ -	\$ -	312,255
Totals at historical cost	<u>\$ 120,992</u>	<u>\$ 238,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,255</u>
<b>Depreciable capital assets:</b>					
Building and improvements	\$ 3,559,191	\$ 49,951	\$ 21,507	\$ (28,686)	\$ 3,558,949
Fire apparatus	2,470,131				2,470,131
Siren Notification Alerting Peninsula (SNAP)	27,009				27,009
Hydrants	236,882	5,421			242,303
Equipment	449,921	17,015	\$ 3,016	28,686	492,606
Office equipment	86,406		1,831		84,575
Totals at historical cost	<u>6,829,540</u>	<u>72,387</u>	<u>26,354</u>	<u>-</u>	<u>6,875,573</u>
<b>Less accumulated depreciation:</b>					
Building and improvements	1,791,901	90,870	7,678	(7,981)	1,867,112
Fire apparatus	1,134,559	157,331			1,291,890
Siren Notification Alerting Peninsula (SNAP)	2,462	1,448			3,910
Hydrants	135,529	4,173			139,702
Equipment	172,690	30,088	528	7,981	210,231
Office equipment	53,594	12,608	1,249		64,953
Total accumulated depreciation	<u>3,290,735</u>	<u>296,518</u>	<u>9,455</u>	<u>-</u>	<u>3,577,798</u>
Depreciable capital assets-net	<u>\$ 3,538,805</u>	<u>\$ (224,131)</u>	<u>\$ 16,899</u>	<u>\$ -</u>	<u>\$ 3,297,775</u>

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**4. CAPITAL LEASE OBLIGATION**

In April 2012, the District entered into a capital lease arrangement with Oshkosh Capital to acquire a Pierce 2012 rescue vehicle.

Following is a summary of the District's capital leases:

	<u>2012 Pierce Rescue Vehicle</u>
Date of lease	April 2012
Semi-annual payment	\$ 53,276
Annual payment	5
Number of payments	2.67%
Effective interest rate	314,645
Cost of equipment	48,944
Accumulated amortization as of June 30, 2015	

The following is a summary of the District's future annual obligations:

<u>Year ending June 30</u>	<u>2012 Pierce Rescue Vehicle</u>
2016	\$ 53,276
2017	<u>53,276</u>
Total payments	106,552
Less: Interest	<u>(4,119)</u>
Net	102,433
Less: Amount due within 1 year	<u>(50,542)</u>
Amount due after 1 year	<u>\$ 51,891</u>

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**4. CAPITAL LEASE OBLIGATION (continued)**

The following is a schedule of changes in capital lease obligations during the year:

	<u>2012 Pierce Rescue Vehicle</u>
Balance as of June 30, 2014	\$ 151,659
Decreases during the year	<u>(49,226)</u>
Balance as of June 30, 2015	<u>\$ 102,433</u>

**5. ACCRUED SICK LEAVE AND VACATION LEAVE**

Accrued sick leave and vacation leave are not due and payable in the current period and therefore, are not considered liabilities of the general fund in the fund financial statements. The government-wide statement of net position records the liability, segregating the amount expected to be paid within one year as a current liability.

	Sick Leave	Vacation Leave
Balance as of June 30, 2014	\$ 232,983	\$ 247,747
Increases during the year	58,673	248,004
Decreases during the year	(63,387)	(230,379)
Balance as of June 30, 2015	228,269	265,372
Less amount due within 1 year	<u>(98,826)</u>	<u>(162,472)</u>
Amount due after 1 year	<u>\$ 129,443</u>	<u>\$ 102,900</u>

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**6. FUND BALANCE**

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

The following amounts are classified as nonspendable:

Prepaid items	\$ <u>9,859</u>
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The following are assigned fund balances as of the balance sheet date:

Apparatus replacement reserve	\$ 1,242,387
Equipment replacement reserve	362,042
Management information systems replacement	88,457
Fire facilities and building reserve	534,505
Leasehold improvements	1,590
PERS retirement reserve	3,000,000
Accrued compensated absences	<u>226,315</u>
Total assigned fund balances	<u>\$ 5,455,296</u>

**7. DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all District employees, permits employees to defer a portion of their current salary until future years. Additionally, the District contributed approximately \$123,000 to the employees' accounts during 2014-15.

The laws governing deferred compensation plan assets to be held in a trust for exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements. Financial statements prior to June 30, 2015 were reported in the District's fiduciary fund.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN**

**GENERAL INFORMATION ABOUT THE PLAN**

**PLAN DESCRIPTION**

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS' issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at CalPERS' website under Forms and Publications.

**BENEFITS PROVIDED**

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute. Following is a summary of the Plan's major benefits:

	Safety Plan	Miscellaneous Plan
Benefit: Percent of compensation per year of service	3%	2.70%
Retirement age	55	55
Final average compensation period	12 months	12 months
Sick leave credit	Yes	Yes
Non-industrial disability	Standard	Standard
Industrial disability	Yes	No
COLA increase limit	2%	2%

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN (continued)**

**CONTRIBUTIONS**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either Safety or Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For fiscal 2014-15, the required contributions as a percent of covered compensation for active employees (fully funded by the District) were 8.980% for safety and 7.947% for miscellaneous. The employer's contribution rate is 22.250% for safety and 16.691% for miscellaneous of annual payroll. Employer contribution rates may change if plan contracts are amended. During fiscal year 2014-15, the District contributed approximately \$909,000 employer annual required contributions and voluntary payments of \$1,250,000 towards its unfunded accrued liability.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

The District's proportionate share of the total CalPERS net pension liability at June 30, 2014 was:

Safety Plan	\$ 5,982,499
Miscellaneous Plan	333,393
Net pension liability	<u>6,315,892</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At June 30, 2014, the District's proportion was 0.09614% for the Safety Plan and 0.00536% for the Miscellaneous Plan.

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN (continued)**

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. As a result of a decrease in net pension liability, the District recognized negative pension expense of \$1,859,000 for the year ended June 30, 2015.

At June 30, 2015, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

**Safety Plan**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,344,383)
Adjustments due to differences in proportions	-	(28,988)
District contributions subsequent to the measurement date	1,873,666	
<b>Total</b>	<b>\$ 1,873,666</b>	<b>\$ (1,373,371)</b>

**Miscellaneous Plan**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(84,903)
Adjustments due to differences in proportions	6,143	-
District contributions subsequent to the measurement date	285,691	-
<b>Total</b>	<b>\$ 291,834</b>	<b>\$ (84,903)</b>

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN (continued)**

District contributions subsequent to the June 30, 2014 pension measurement date of \$1,873,666 for the Safety Plan and \$285,691 for the Miscellaneous Plan are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Safety Plan**

Measurement Period Ended	Deferred Outflows/(Inflows) of Resources
June 30:	
2016	\$ (461,931)
2017	(459,860)
2018	(451,580)
2019	-
Thereafter	-
	<b><u>\$ (1,373,371)</u></b>

**Miscellaneous Plan**

Measurement Period Ended	Deferred Outflows/(Inflows) or Resources
June 30:	
2016	\$ (25,084)
2017	(25,668)
2018	(28,008)
2019	-
Thereafter	-
	<b><u>\$ (78,760)</u></b>

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN (continued)**

**ACTUARIAL ASSUMPTIONS**

The total pension liability as reported in the GASB 68 Accounting Valuation Report as of June 30, 2014 and the related Actuarial Valuation Report as of June 3, 2013 were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Mortality rate table *	Derived using CalPERS membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

\* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Real return years 1-10	Real return years 11+
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100.00%		

Years 1-10 utilize expected inflation of 2.5%

Years 11 + utilize expected inflation of 3.0%

**DISCOUNT RATE**

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return in pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**8. PENSION PLAN (continued)**

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

**Safety Plan**

	Discount rate- 1% (6.50%)	Current discount rate (7.50%)	Discount rate + 1% (8.50%)
Plan's net pension liability	\$ 10,295,106	\$ 5,982,499	\$ 2,429,097

**Miscellaneous Plan**

	Discount rate - 1% (6.50%)	Current discount rate (7.50%)	Discount rate + 1% (8.50%)
Plan's net pension liability	\$ 594,003	\$ 333,393	\$ 117,111

**PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**PLAN DESCRIPTION**

The District's defined benefit postemployment healthcare plan, the Tiburon Fire Protection District Retiree Health Plan (the Plan), provides medical insurance benefits to eligible retired District employees and their beneficiaries. The Plan is affiliated with California Employers' Retiree Benefit Trust (CERBT) Fund, an agent multiple-employer postemployment healthcare plan administered by CALPERS. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT. That report may be obtained by writing to: California Public Employees' Retirement System, Health Benefits Branch, P.O. Box 942714, Sacramento, CA 94229-2714

**FUNDING POLICY**

The District is required to contribute on a pay-as-you-go basis plus an *annual required contribution* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize unfunded actuarial liabilities (or funding excess) of the District over a period not to exceed thirty years. The current ARC rate is approximately 9.4 percent of annual covered payroll.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

For the year ended June 30, 2015, a pay-go contribution of \$182,138 was paid and a pre-funding contribution of \$205,260 was made to the CalPERS Trust.

Annual required contribution	\$ 261,870
Interest on net OPEB obligation	(62,718)
Adjustment to annual required contribution	<u>74,652</u>
Annual OPEB cost (expense)	273,804
Contributions made	<u>(387,399)</u>
Increase (decrease) in net OPEB obligation	(113,595)
Net OPEB obligation (asset) - beginning of the year	<u>(824,153)</u>
Net OPEB obligation (asset) - end of the year	<u>(937,748)</u>

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation were as follows:

Fiscal Year Ending <u>June 30</u>	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2013	\$ 255,790	\$ 387,578	152%	\$ (715,353)
2014	272,228	381,028	140%	(824,153)
2015	273,804	387,399	141%	(937,748)

**FUNDING STATUS AND FUNDING PROGRESS**

The funding status of the plan as of July 1, 2013 was as follows:

Actuarial accrued liability (AAL)	\$ 3,952,876
Actuarial value of plan assets	<u>1,577,208</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,375,668</u>
Funded ratio (actuarial value of plan assets/AAL)	40%
Covered payroll (active plan members)	\$ 2,783,120
UAAL as a percentage of covered payroll	85%

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

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

In the July 1, 2013 actuarial valuation, the Entry-Age Normal actuarial cost method was used. The actuarial assumptions include a 7.61% investment rate of return and a general inflation rate of 3%. Health care cost trend rate increase was assumed to be 6.7% in 2015 and gradually trending down to a rate of 5.5% in 2019 and beyond. The unfunded actuarial liability is being amortized as a level-dollar amount on a closed basis. The remaining amortization period at July 1, 2013, was twenty-seven years.

**10. ARTICLE XIII OF THE STATE CONSTITUTION**

The Constitution of the State of California allows local governments to increase appropriations annually by the rate of population increase and the rate of inflation (determined to be the lesser of the U.S. Consumer Price index or California per capita income). As provided by California Statute, the voters of the District voted by more than the two-thirds majority required, to increase the appropriations limit to the actual amount of taxes collected.

The District's appropriations were greater than the limitation as follows:

Appropriations limit as of June 30, 2014	\$ 4,368,574
Total annual appropriations subject to the limit as of June 30, 2015	<u>4,292,011</u>
Amount under (over) the appropriation limit	<u>\$ 76,563</u>

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District obtains insurance coverage.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

Fire Agencies Insurance Risk Authority

The District is insured for Comprehensive Liability coverage as a member of the Fire Agencies Insurance Risk Authority (the Authority). The Authority is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The Authority manages one pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held. Each member is insured for \$6,000,000 and may elect to purchase umbrella coverage up to an additional \$5,000,000. The Authority is not a component entity of the District for purposes of GASB Statement No. 14.

Fire Districts Association of California – Fire Association Self Insurance System

Effective September 1993, the District became self-insured for Workers' Compensation coverage as a member of the Fire Districts Association of California – Fire Association Self-Insurance System (the System). The System is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The System manages one pool for all member agencies. Each member pays an annual premium to the system based on the number of personnel, an estimated dollar amount of payroll and an experience factor. At fiscal year-end, when actual payroll expenditures are available, an adjustment to the year's annual premium is made. The System reinsurance through the Local Agency Excess Workers' Compensation Authority (LAWCX), a joint powers authority, for claims in excess of \$500,000 for each insured event. The System is not a component entity of the District for purposes of GASB Statement No. 14.

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**11. RISK MANAGEMENT (continued)**

The System is authorized under the agreement with its members to charge special assessments to its members.

**12. JOINT VENTURES**

Southern Marin Emergency Medical Paramedic System

The District participates in a joint powers agreement (JPA) through the Southern Marin Emergency Medical Paramedic System (SMEMPS). SMEMPS was formed for the purpose of providing emergency medical paramedic care within southern Marin County. SMEMPS is governed by representatives from one city, two fire protection districts and the County. The City of Mill Valley maintains the accounting records for SMEMPS and serves as their fiscal agent. Obligations and liabilities of this JPA are not the District's responsibility. The District has an equity interest in the assets in this joint venture.

Each year SMEMPS makes distributions to members of available cash, as determined by the SMEMPS Board. The District's share of annual distributions is 19%. During fiscal 2014-15, the District received \$173,729 from SMEMPS as its share of the fiscal 2013-14 distribution. The District's share of the fiscal year 2014-15 SMEMPS distribution of \$161,346 was scheduled to be received after year-end.

The financial statements of SMEMPS are available at their office, which is located at 26 Corte Madera Avenue, Mill Valley, CA 94941. Condensed financial information for SMEMPS is presented below for the year ended June 30, 2015:

Total assets	\$ 3,483,166
Total liabilities	<u>994,537</u>
Net position	<u><u>\$ 2,488,629</u></u>
Total revenues	\$ 1,633,310
Total expenses	<u>1,568,960</u>
Increase in net position	<u><u>\$ 64,350</u></u>

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015**

**12. JOINT VENTURES (continued)**

Marin Emergency Radio Authority

Additionally, the District entered into a JPA in February 1998, 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, the District's share was for 1.09%, or approximately \$294,000. Each year through August 2020, approximately \$23,000 annual debt services payments will be due to the Authority. Including interest and principal, it is anticipated the District's total obligation over 20 years will be approximately \$454,000. In addition to making payments toward debt service, the District pays the Authority for operations and maintenance of MERA.

The financial statements of the Authority are available at the Novato Fire Protection District, 95 Rowland Way, Novato, CA 94945. Condensed financial information for the Authority is presented below for the year ended June 30, 2015:

Total assets and deferred	
outflows of resources	\$ 13,701,446
Total liabilities	<u>14,580,268</u>
Net position	<u><u>\$ (878,822)</u></u>
Total revenues	\$ 4,073,576
Total expenses	<u>5,770,152</u>
Decrease in net position	<u><u>\$ (1,696,576)</u></u>

**13. COMMITMENTS**

The District has memoranda of understanding (MOU) with the Tiburon Employees' Association and Management Group that provides various terms of employment through June 30, 2017.

**TIBURON FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**14. RESTATEMENT**

The District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of this change, beginning net position was decreased \$8,377,354.

**Required Supplemental Information**

**TIBURON FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property taxes current secured	\$ 4,272,352	\$ 4,260,202	\$ 4,299,969	\$ 39,767
Property taxes current unsecured	88,933	91,745	91,745	0
Property tax levy redemption	2,384	3,926	3,339	(587)
Property taxes prior unsecured	3,105	6,833	6,833	0
Unitary tax	17,858	18,127	19,221	1,094
Supplemental assessment	61,880	90,839	117,987	27,148
Supplemental unsecured	2,107	299	1,521	1,222
Excess ERAF	341,947	351,083	348,931	(2,152)
Prior year ERAF	-	-	17,445	17,445
Redevelopment	-	-	3,403	3,403
Interest	15,112	9,980	15,146	5,166
ERAF interest	-	-	114	114
Homeowners property tax relief	26,451	26,286	26,570	284
Belvedere contract	1,381,399	1,381,399	1,381,061	(338)
S.M.E.M.P.S. reimbursement	128,588	173,729	173,729	0
Miscellaneous office	1,864	2,764	297	(2,467)
Reimbursements	-	14,524	32,732	18,208
Sale of equipment	1,000	1,000	700	(300)
Verizon cell site	20,874	20,874	20,874	0
Fees	20,415	26,693	35,549	8,856
Class tuition	800	800	1,140	340
Strike team reimbursements	179,465	337,530	368,242	30,712
Miscellaneous	-	-	900	900
Total revenues	6,566,534	6,818,633	6,967,448	148,815
Transfers from reserves	379,000	1,151,000	326,963	(824,037)
Total revenues and transfers from assigned resources	<u>6,945,534</u>	<u>7,969,633</u>	<u>7,294,411</u>	<u>(675,222)</u>

**TIBURON FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>				
<b>Salaries</b>				
Base wages	\$ 2,217,046	\$ 2,171,697	\$ 2,173,257	\$ (1,560)
Salary contingency	70,000	-	-	-
Trainee positions	344,094	319,386	282,656	36,730
Overtime	301,433	369,706	123,431	246,275
Other salary	374,508	403,982	608,443	(204,461)
PERS retirement	895,480	850,273	848,942	1,331
PERS retirement - UAL	-	1,500,000	1,250,000	250,000
CERBT Prefunding	205,260	205,260	205,260	-
Workers' compensation insurance	207,255	203,139	188,862	14,277
Deferred compensation	119,005	117,447	115,278	2,169
Health, dental, vision, life insurance	576,609	563,346	564,978	(1,632)
Taxes	39,861	40,793	39,435	1,358
Total salaries	5,350,551	6,745,029	6,400,542	344,487
<b>Maintenance</b>				
Utilities	40,800	41,840	49,368	(7,528)
Communications	121,578	121,044	112,308	8,736
Professional services	143,385	143,171	110,443	32,728
Fire prevention/Public Education	8,000	8,000	3,527	4,473
Insurance	21,270	21,270	21,270	-
Office maintenance	30,818	31,118	22,015	9,103
Miscellaneous maintenance	134,700	138,767	95,291	43,476
Training	45,500	44,579	27,512	17,067
Fuel and oil	25,000	25,000	16,897	8,103
Apparatus maintenance	35,500	35,500	26,822	8,678
Fireboat maintenance	20,000	20,000	17,007	2,993
Directors expense	15,471	15,005	12,905	2,100
Interest expense	4,049	4,049	4,049	0
Emergency contingency maintenance	5,000	5,000	-	5,000
Total maintenance	651,071	654,343	519,414	134,929
<b>Capital outlay</b>				
Capital equipment	72,000	61,500	13,266	48,234
Leasehold improvements	12,000	12,000	-	12,000
Headquarters station	75,000	75,000	70,031	4,969
Station 10 upgrade	15,000	15,000	-	15,000
Emergency contingency/miscellaneous	10,000	18,000	15,150	2,850
Utility vehicle	10,000	14,500	12,632	1,868
2012 rescue vehicle	49,226	49,226	49,226	-
2015 engine	550,000	175,000	175,000	-
ADA compliance	150,000	150,000	39,150	110,850
Total capital outlay	943,226	570,226	374,455	195,771
Total expenditures	<u>6,944,848</u>	<u>7,969,598</u>	<u>7,294,411</u>	<u>675,187</u>
Excess of revenues and transfers from assigned resources over (under) expenditures	\$ 686	\$ 35	\$ -	\$ (35)

**TIBURON FIRE PROTECTION DISTRICT  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015**

**Safety Plan**

	<u>6/30/2014</u>
District's proportion of the net pension liability	0.0961%
District's proportionate share of the net pension liability	\$ 5,982,499
District's covered-employee payroll	\$ 2,922,500
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	204.70%
District's proportionate share of the fiduciary net position as a percentage of the district's total pension liability	81.42%
District's proportionate share of aggregate employer contributions	\$ 742,142

**Miscellaneous Plan**

	<u>6/30/2014</u>
District's proportion of the net pension liability	0.00536%
District's proportionate share of the net pension liability	\$ 333,393
District's covered-employee payroll	\$ 150,450
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221.60%
District's proportionate share of the fiduciary net position as a percentage of the district's total pension liability	83.03%
District's proportionate share of aggregate employer contributions	\$ 44,107

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**TIBURON FIRE PROTECTION DISTRICT  
SCHEDULES OF PLAN CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2015**

**Schedule of Plan Contributions**

**Safety Plan**

	<u>2013-14</u>
Actuarially required contribution	\$ 631,791
Contributions in relation to the actuarially determined contribution	<u>(631,791)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 2,922,500
Contributions as a percentage of covered-employee payroll	21.62%

**Miscellaneous Plan**

	<u>2013-14</u>
Actuarially required contribution	\$ 23,558
Contributions in relation to the actuarially determined contribution	<u>(23,558)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 150,450
Contributions as a percentage of covered-employee payroll	15.66%

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**TIBURON FIRE PROTECTION DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS**  
**YEAR ENDED JUNE 30, 2015**

**POST EMPLOYMENT HEALTHCARE PLAN**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b)-(a)	(d) Funded Ratio (a)/(b)	(e) Covered Payroll	(f) UAAL as a percentage of Covered Payrol (c)/(e)
7/1/10	\$ 437,298	\$ 2,979,000	\$ 2,541,702	15%	\$ 2,609,556	97.4%
7/1/11	827,006	3,096,034	2,269,028	27%	2,712,835	83.6%
7/1/13	1,577,208	3,952,876	2,375,668	40%	2,783,120	85.4%

**TIBURON FIRE PROTECTION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2015**

**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. The largest reclassification relates to lease payments that are classified as capital outlay for budgetary reporting purposes.

**2. NET PENSION LIABILITY AND PLAN CONTRIBUTIONS**

Changes in benefit terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013, as they have minimal impact.

Change in assumptions: None.

**3. POST EMPLOYMENT HEALTHCARE PLAN**

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Factors that may significantly affect a financial statement user's ability to identify trends have not changed in the three most recent valuations. Examples of significant factors include changes in plan benefit provisions, the size or composition of those covered by the plan, or in actuarial methods and assumptions used.