TIBURON FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT AUDITORS

YEAR ENDED JUNE 30, 2016

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Financial Plumbline

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, 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.

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, 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

December 8, 2016

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, 2016. Please read it along with the District's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The District's net position increased by $570,000 during 2016. Total revenues increased by $228,000.

Included in the required supplemental information section is a budgetary comparison schedule. That schedule indicates that our revenues were $225,000 less than budgeted and expenditures were $349,000 less than what was budgeted. Variance details are listed on the schedule on pages 38 and 39.

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.

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

	2016	2015	Increase (decrease)
Current assets	$ 5,701	$ 6,109	$ (408)
Other noncurrent assets	1,779	1,572	207
Net capital assets	4,172	3,657	515
Total assets	11,652	11,338	314
Deferred outflows of resources	1,563	2,166	(603)
Current liabilities	634	571	63
Noncurrent liabilities	5,502	6,600	(1,098)
Total liabilities	6,136	7,171	(1,035)
Deferred inflows of resources	1,636	1,458	178
Net position:			
Net investment in capital assets	4,120	3,554	566
Unrestricted	1,324	1,320	4
Total net position	$ 5,444	$ 4,874	$ 570

The decrease in current assets is primarily a result of normal changes in working capital in conjunction with an unrequired payment of $720,000 to CalPERS to pay down our unfunded pension liability and the purchase of a new fireboat. Net capital assets, deferred outflows of resources and noncurrent liabilities also changed mostly for the same reason.

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

	2016	2015	Increase (decrease)
General revenues:			
Property taxes	$ 5,274	$ 4,914	$ 360
Operating grants and contributions	27	27	-
Use of money and property	43	37	6
Total general revenues	5,344	4,978	366
Program revenues:			
Charges for services	1,614	1,785	(171)
Southern Marin Emergency Medical Paramedic System	208	174	34
Miscellaneous	34	35	(1)
Total program revenues	1,856	1,994	(138)
Total revenue	$ 7,200	$ 6,972	$ 228

Property tax revenue increased approximately 7 percent, which corresponds to a similar increase in assessed property values within the District. Charges for services changed due to decreased assistance with out-of-district fires, which was partially offset with an increase in fees from the City of Belvedere in response to increases in our costs to provide those services.

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

	2016	2015	Increase (decrease)
Public safety-fire protection:			
Personnel	$ 5,723	$ 3,531	$ 2,192
Material and services	588	530	58
Contributions	20	-	20
Depreciation	297	297	0
Loss on disposition of assets	1	17	(16)
Interest	3	4	(1)
Total expenses	6,632	4,379	2,253
Less program revenues	1,856	1,994	(138)
Net expenses	4,776	2,385	2,391
General revenues	5,344	4,978	366
Change in net position	568	2,593	(2,025)
Beginning net position	4,875	2,282	2,593
Ending net position	$ 5,443	$ 4,875	$ 568

Expenditures that comprise the personnel category include base salaries, overtime, and benefits. Personnel for 2015 included an adjustment reducing expense by $2,708,000 related the effect of requirements of Governmental Standards Board Statement No. 68 related to accounting for pensions.

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 $456,000. 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 $50,000. Additional detail about our debt is shown in Note 4 in the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

In fiscal year 2015-16, we acquired a fireboat that cost approximately $900,000, and was paid for from reserves.

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 7% in 2016. Modest increases are anticipated over the next several years as the economy continues to recover.

Recent adjustments to CalPERS actuarial policies resulted in increased pension costs that will continue for ten years as the District accelerates towards fully funded retirement benefits. While this goal will impact the District's net position over time, adequate resources will continue to be maintained for long range capital needs

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, 2016

ASSETS		
Current assets:		
Cash and cash equivalents	$	5,564,687
Receivables:		
Accounts receivable		4,737
Interest		7,327
Property taxes		118,724
Prepaid expenses		5,480
Total current assets		5,700,955
Noncurrent assets:		
Over-funded OPEB obligation		1,098,156
Equity interest in Southern Marin Emergency Medical Paramedic System		681,232
Land		47,000
Depreciable capital assets, net		4,125,276
Total noncurrent assets		5,951,664
Total assets		11,652,619
DEFERRED OUTFLOWS OF RESOURCES		
Pension related		1,563,417
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses		170,206
Unearned revenue		131,971
Capital lease obligation		51,892
Accrued sick leave		89,496
Accrued vacation leave		190,319
Total current liabilities		633,884
Noncurrent liabilities:		
Accrued sick leave		139,077
Accrued vacation leave		130,944
Net pension liability		5,232,050
Total noncurrent liabilities		5,502,071
Total liabilities		6,135,955
DEFERRED INFLOWS OF RESOURCES		
Pension related		1,635,586
NET POSITION		
Net investment in capital assets		4,120,384
Unrestricted		1,324,111
Total net position	$	5,444,495

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

TIBURON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

EXPENSES	
Personnel	$ 5,722,549
Material and services	587,665
Grant to Tiburon Volunteer Fire Department	20,000
Depreciation	296,573
Loss on disposition of capital assets	670
Interest on debt	2,735
Total expenses	6,630,192
PROGRAM REVENUES	
Charges for services	1,614,263
Change in net position-Southern Marin Emergency Medical Paramedic System	208,392
Reimbursements and miscellaneous	33,820
Total program revenues	1,856,475
Net program expense	4,773,717
GENERAL REVENUES	
Property taxes	5,274,011
Intergovernmental-state	26,572
Use of money and property	42,925
Total general revenues	5,343,508
Increase in net position	569,791
NET POSITION	
Beginning of year	4,874,704
End of year	$ 5,444,495

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

TIBURON FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2016

ASSETS		
Cash and cash equivalents	$	5,564,687
Receivables:		
Accounts receivable		4,737
Interest		7,327
Property taxes		118,724
Prepaid items		5,480
Total assets	$	5,700,955
LIABILITIES		
Accounts payable and accrued expenses	$	170,206
Unearned revenue		131,971
Total liabilities		302,177
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes		88,000
FUND BALANCE		
Nonspendable		5,480
Assigned		4,148,767
Unassigned		1,156,531
Total fund balance		5,310,778
Total liabilities, deferred inflows of resources, and fund balance	$	5,700,955

TIBURON FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2016
(Continued)

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

Total governmental fund balance	$	5,310,778
Amounts reported for *governmental activities* 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		88,000
Capital assets used in the government activities are not financial resources and therefore are not reported in the funds		4,172,276
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		1,098,156
Investment in SMEMPS joint venture		681,232
Capital lease obligation		(51,892)
Accrued sick leave liability		(228,573)
Accrued vacation leave liability		(321,263)
Net pension liability and related deferred outlows and inflows of resources		(5,304,219)
Net position of governmental activities	$	5,444,495

TIBURON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2016

REVENUES	
Property taxes	$ 5,270,011
Intergovernmental	87,383
Use of money and property	42,779
Charges for services	1,553,452
Distributions from Southern Marin Emergency Medical Paramedic System	161,347
Reimbursements and miscellaneous	33,820
Total revenues	7,148,792
EXPENDITURES	
Current:	
Salaries and benefits	6,131,209
Material and services	587,694
Grant to Tiburon Volunteer Fire Department	20,000
Capital outlay	812,460
Debt service:	
Principal	50,541
Interest	2,735
Total expenditures	7,604,639
Excess (deficiency) of revenues over expenditures	(455,847)
OTHER FINANCING SOURCES (USES)	
Sale of equipment	146
Net change in fund balance	(455,701)
FUND BALANCE	
Beginning of year	5,766,479
End of year	$ 5,310,778

TIBURON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUND
AS OF JUNE 30, 2016
(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	$ (455,701)
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	812,489
Depreciation expense	(296,573)
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	47,045
Loss from capital asset dispositions	(670)
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	50,541
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	(56,195)
Other post-employment benefits	160,408
Pension plan benefits	304,447
Change in net position	$ 569,791

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.

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.

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 and charges for services are accrued when their receipt occurs within 60 days of the end of the fiscal year. 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).

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:

<u>Sick leave</u> 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.

<u>Vacations</u> 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.

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.

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 net position or balance sheet 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.

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.

Future Accounting Pronouncements

In June 2014, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). This Statement is effective for fiscal years beginning after June 15, 2017. The District is evaluating the potential impact on its financial statements.

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.

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 LAIF as a percentage of fair value at June 30, 2016.

	Percent of Portfolio
Investments in Investment Pool	
U.S. Treasury Bills/Strips	18%
U.S. Treasury Bonds/Notes	33%
Agency Discount Notes	10%
Negotiable CDs	18%
Other	21%
	100%

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	$ 5,199,242
Cash in banks	365,445
Total	$ 5,564,687

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Dispositions	Transfers	Balance June 30, 2016
Nondepreciable capital assets:					
Land	$ 47,000				$ 47,000
Apparatus and building improvements in manufacturing process	312,555			$ (312,555)	-
Totals at historical cost	$ 359,555	$ -	$ -	$ (312,555)	$ 47,000
Depreciable capital assets:					
Building and improvements	$ 3,558,949	$ 28,011		$ 79,500	$ 3,666,460
Fire apparatus	2,470,131	743,569		227,073	3,440,773
Siren Notification Alerting Peninsula (SNAP)	27,009				27,009
Hydrants	242,303	2,593			244,896
Equipment	492,606	20,859		5,982	519,447
Office equipment	84,575	17,101	3,447		98,229
Totals at historical cost	6,875,573	812,133	3,447	312,555	7,996,814
Less accumulated depreciation:					
Building and improvements	1,867,112	96,079			1,963,191
Fire apparatus	1,291,890	151,995			1,443,885
Siren Notification Alerting Peninsula (SNAP)	3,910	1,448			5,358
Hydrants	139,702	4,273			143,975
Equipment	210,231	31,458			241,689
Office equipment	64,953	11,320	2,833		73,440
Total accumulated depreciation	3,577,798	296,573	2,833	-	3,871,538
Depreciable capital assets-net	$ 3,297,775	$ 515,560	$ 614	$ 312,555	$ 4,125,276

In addition to the fire apparatus listed above, the District utilizes a fire engine owned by the State of California to provide fire protection services.

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:

	2012 Pierce Rescue Vehicle
Date of lease	April 2012
Semi-annual payment	
Annual payment	$ 53,276
Number of payments	5
Effective interest rate	2.67%
Cost of equipment	314,645
Accumulated amortization as of June 30, 2016	69,921

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

	2012 Pierce Rescue Vehicle
Balance as of June 30, 2015	$ 102,433
Decreases during the year	(50,541)
Balance as of June 30, 2016	$ 51,892

The final lease payment of $53,276 was paid in August 2016.

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, 2015	$ 228,269	$ 265,372
Increases during the year	58,600	254,350
Decreases during the year	(58,296)	(198,459)
Balance as of June 30, 2016	228,573	321,263
Less amount due within 1 year	(89,496)	(190,319)
Amount due after 1 year	$ 139,077	$ 130,944

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	$ 5,480

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

Apparatus replacement reserve	$ 1,204,450
Equipment replacement reserve	181,021
Management information systems replacement	44,228
Fire facilities and building reserve	534,505
Leasehold improvements	1,590
PERS retirement reserve	1,700,314
Accrued compensated absences	266,768
PERS Retiree Medical Trust Unfunded Liability	215,891
Total assigned fund balances	$ 4,148,767

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 $125,000 to the employees' accounts during 2015-16.

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 financials statements.

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%

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 2015-16, the required contributions as a percent of covered compensation for active classic employees (fully funded by the District) were 9.81% for safety and 8.64% for miscellaneous. The employer's contribution rate for classic employees was 16.523% for safety and 10.958% for miscellaneous. PEBRA employee rates were 11.5% for safety and 6.25% for miscellaneous. The employer's contribution rate for PEBRA employees was 11.153% for safety and 6.237% for miscellaneous. Employer contribution rates may change if plan contracts are amended. During fiscal year 2015-16, the District contributed approximately $761,000 employer annual required contributions and voluntary payments of $973,392 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, 2015 was:

Safety Plan	$ 5,036,089
Miscellaneous Plan	195,961
Net pension liability	5,232,050

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an accounting valuation report as of that date. The accounting valuation report relies on liabilities and related validation work performed by the CalPERS Actuarial Office as part of the June 30, 2014 annual funding valuation. The June 30, 2014 liabilities, which were rolled forwarded to June 30, 2015 and used for the accounting valuation, are based on actuarial assumptions adopted by the CalPERS Board of Administration. 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, 2015, the District's proportion was 0.1222% for the Safety Plan and 0.00710% for the Miscellaneous Plan.

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. Change in assumptions in calculating the pension liability as of June 30, 2015 decreased the total pension liability by $626,621 since the prior June 30, 2014 measurement date.

At June 30, 2016, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Safety Plan		
Differences between expected and actual experience		$ (158,523)
Changes in assumptions	-	(435,790)
Net difference between projected and actual earnings on pension plan investments	89,530	(903,158)
Adjustments due to differences in proportions	-	(8,282)
District contributions subsequent to the measurement date	1,244,184	
Total Safety Plan	$ 1,333,714	$ (1,505,753)
Miscellaneous Plan		
Differences between expected and actual experience	$ -	$ (40,281)
Changes in assumptions	-	(25,931)
Net difference between projected and actual earnings on pension plan investments	-	(63,621)
Adjustments due to differences in proportions	2,341	-
District contributions subsequent to the measurement date	227,362	-
Total Miscellaneous Plan	$ 229,703	$ (129,833)

8. PENSION PLAN (continued)

District contributions subsequent to the June 30, 2015 pension measurement date of $1,244,184 for the Safety Plan and $227,362 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, 2017. 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 June 30:	Deferred Outflows/(Inflows) of Resources	
2017	$	(672,114)
2018		(663,834)
2019		(169,805)
2020		-
Thereafter		-
	$	(1,505,753)

Miscellaneous Plan

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) or Resources	
2017	$	(53,557)
2018		(53,556)
2019		(20,819)
2020		(1,901)
Thereafter		-
	$	(129,833)

8. PENSION PLAN (continued)

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by rolling forward the June 30, 2014 total pension liability determined in the June 30, 2014 actuarial accounting valuation. The June 30, 2015 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65% 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, 2014 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.

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	51.00%	5.25%	5.71%
Global debt securities	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	10.00%	6.83%	6.95%
Real estate	10.00%	4.50%	5.13%
Infrastructure and forestland	2.00%	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 7.65 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.

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 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Safety Plan

	Discount rate- 1% (6.65%)	Current discount rate (7.65%)	Discount rate + 1% (8.65%)
Plan's net pension liability	$ 9,541,197	$ 5,036,089	$ 1,341,984

Miscellaneous Plan

	Discount rate - 1% (6.65%)	Current discount rate (7.65%)	Discount rate + 1% (8.65%)
Plan's net pension liability	$ 466,007	$ 195,961	$ (26,993)

PENSION PLAN FIDUCIARY NET POSITION

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

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, 2016, a pay-go contribution of $195,184 was paid and a pre-funding contribution of $230,328 was made to the CalPERS Trust.

Annual required contribution	$ 249,592
Interest on net OPEB obligation	(68,268)
Adjustment to annual required contribution	83,780
Annual OPEB cost (expense)	265,104
Contributions made	(425,512)
Increase (decrease) in net OPEB obligation	(160,408)
Net OPEB obligation (asset) - beginning of the year	(937,748)
Net OPEB obligation (asset) - end of the year	(1,098,156)

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 June 30	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	$ 272,228	$ 381,028	140%	$ (824,153)
2015	273,804	387,399	141%	(937,748)
2016	265,104	425,512	161%	(1,098,156)

FUNDING STATUS AND FUNDING PROGRESS

The funding status of the plan as of July 1, 2015 was as follows:

Actuarial accrued liability (AAL)	$ 4,255,598
Actuarial value of plan assets	2,073,417
Unfunded actuarial accrued liability (UAAL)	$ 2,182,181
Funded ratio (actuarial value of plan assets/AAL)	49%
Covered payroll (active plan members)	$ 2,678,281
UAAL as a percentage of covered payroll	81%

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.

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 January 1, 2015 actuarial valuation, the Entry-Age Normal actuarial cost method was used. The actuarial assumptions include a 7.28% investment rate of return and a general inflation rate of 3%. Health care cost trend rate increase was assumed to be 6.4% in 2016 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 June 30, 2016, was 24 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, 2015	$ 4,568,562
Total annual appropriations subject to the limit as of June 30, 2016	4,092,101
Amount under (over) the appropriation limit	$ 476,461

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 reinsures 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.

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 2015-16, the District received $161,347 from SMEMPS as its share of the fiscal 2014-15 distribution. The District's share of the fiscal year 2015-16 SMEMPS distribution of $192,582 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, 2016:

Total assets	$	3,617,897
Total liabilities		1,040,798
Net position	$	2,577,099
Total revenues	$	1,809,903
Total expenses		1,721,433
Increase in net position	$	88,470

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, 2016:

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

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.

Required Supplemental Information

TIBURON FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property taxes current secured	$ 4,612,225	$ 4,615,818	$ 4,655,468	$ 39,650
Property taxes current unsecured	89,936	90,701	93,709	3,008
Property tax levy redemption	3,547	3,008	1,743	(1,265)
Property taxes prior unsecured	6,447	3,256	3,788	532
Unitary tax	19,369	19,797	22,263	2,466
Supplemental assessment	92,468	90,839	130,931	40,092
Supplemental unsecured	-	1,521	1,466	(55)
Excess ERAF	335,289	328,034	342,005	13,971
Prior year ERAF	-	-	18,638	18,638
Redevelopment	-	-	-	0
Strike teams	356,249	60,811	60,811	0
Homeowners property tax relief	26,286	26,286	26,572	286
Interest	10,878	12,238	21,090	8,852
ERAF interest	-	-	189	189
Verizon cell site	21,500	21,500	21,500	0
Belvedere contract	1,530,439	1,529,831	1,529,831	0
SMEMPS	138,248	161,347	161,347	0
Fees	32,755	21,084	23,621	2,537
Reimbursements	16,000	16,000	11,778	(4,222)
Sale of equipment	350,000	350,000	146	(349,854)
Miscellaneous revenues	662	662	532	(130)
Class tuition	1,000	1,000	1,360	360
Donations	-	20,050	20,150	100
Total revenues	7,643,298	7,373,783	7,148,938	(224,845)
Transfers from reserves	646,000	580,500	455,701	(124,799)
Total revenues and transfers from assigned resources	8,289,298	7,954,283	7,604,639	(349,644)

TIBURON FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Salaries and Benefits				
Base wages	$ 2,390,131	$ 2,318,018	$ 2,323,657	$ (5,639)
Salary contingency	-	50,000	-	50,000
Trainee positions	372,705	323,176	290,344	32,832
Overtime	407,359	244,249	226,737	17,512
Other salary	477,163	420,859	403,814	17,045
PERS retirement	760,920	746,438	723,376	23,062
PERS retirement - UAL	973,389	973,389	973,392	(3)
CERBT Prefunding	194,460	230,328	230,328	-
Workers' compensation insurance	204,812	176,291	177,994	(1,703)
Deferred compensation	130,899	120,293	116,073	4,220
Health, dental, vision, life insurance	639,564	619,078	612,377	6,701
Taxes	47,371	55,335	53,117	2,218
Total salaries	6,598,773	6,277,454	6,131,209	146,245
Services and Supplies				
Utilities	44,300	43,674	52,939	(9,265)
Communications	123,487	125,951	121,181	4,770
Professional services	183,036	160,909	146,549	14,360
Fire prevention/Public Education	8,000	8,000	6,780	1,220
Insurance	19,725	19,725	20,889	(1,164)
Office maintenance	28,800	41,300	19,464	21,836
Miscellaneous maintenance	137,050	129,250	116,022	13,228
Training	45,000	45,000	35,682	9,318
Fuel and oil	25,000	25,000	17,084	7,916
Apparatus maintenance	35,500	35,500	25,729	9,771
Fireboat maintenance	20,000	20,000	11,774	8,226
Directors expense	15,455	14,851	13,351	1,500
Interest expense	2,735	2,735	2,735	0
Election	300	250	250	0
Emergency contingency maintenance	5,000	5,000	-	5,000
Grant to Tiburon Volunteer Fire Department	-	-	20,000	(20,000)
Total services and supplies	693,388	677,145	610,429	66,716
Capital Outlay				
Capital equipment	70,500	78,501	53,884	24,617
Leasehold improvements	12,000	12,000	12,650	(650)
Sirens	5,000	5,000	-	5,000
Headquarters station	40,000	40,000	5,554	34,446
Station 10 upgrade	12,000	12,000	2,800	9,200
Emergency contingency/miscellaneous	5,000	-	-	0
Staff vehicle	-	-	4,817	(4,817)
Apparatus principal payment	50,541	50,541	50,541	-
Apparatus	721,381	721,381	724,567	(3,186)
ADA compliance	80,000	80,000	8,188	71,812
Total capital outlay	996,422	999,423	863,001	136,422
Total expenditures	8,288,583	7,954,022	7,604,639	349,383

TIBURON FIRE PROTECTION DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CalPERS
YEAR ENDED JUNE 30, 2016

Safety Plan	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.1222%	0.0961%
Proportionate share of total pension liability	$ 32,857,567	$ 32,196,244
Proportionate share of fiduciary net position	27,821,478	26,213,745
Proportionate share of net pension liability	$ 5,036,089	$ 5,982,499
Plan fiduciary net position as a % of the total pension liability	84.6730%	81.4186%
Covered employee payroll	$ 2,910,249	$ 2,849,473
Net pension liability as a % of covered employee payroll	173.05%	209.95%

Miscellaneous Plan	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.00710%	0.00536%
Proportionate share of total pension liability	$ 1,982,911	$ 1,964,457
Proportionate share of fiduciary net position	1,786,950	1,631,064
Proportionate share of net pension liability	$ 195,961	$ 333,393
Plan fiduciary net position as a % of the total pension liability	90.1175%	83.0287%
Covered employee payroll	$ 156,956	$ 150,450
Net pension liability as a % of covered employee payroll	124.85%	221.60%

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, 2016

Safety Plan

	2014-15	2013-14
Actuarially required contribution	$ 620,459	$ 631,791
Contributions in relation to the actuarially determined contribution	(620,459)	(631,791)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 2,910,249	$ 2,922,500
Contributions as a percentage of covered-employee payroll	21.32%	21.62%

Miscellaneous Plan

	2014-15	2013-14
Actuarially required contribution	$ 24,463	$ 23,558
Contributions in relation to the actuarially determined contribution	(24,463)	(23,558)
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 156,956	$ 150,450
Contributions as a percentage of covered-employee payroll	15.59%	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, 2016

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)
7/1/11	$ 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%
7/1/15	2,073,417	4,255,598	2,182,181	49%	2,678,281	81.5%

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 the June 30, 2014 valuation date

Change in assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2014-15 were derived from the June 30, 2012 valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2012 Funding Valuation Report
Actuarial valuation method	Actuarial value of assets. For details, see June 30, 2012 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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.