

Meeks Bay Fire Protection District

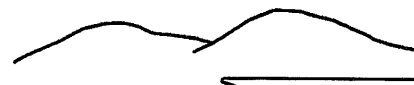
FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2015

and

June 30, 2016



June 30, 2017

Meeks Bay Fire Protection District

Tahoma, CA 96142

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Meeks Bay Fire Protection District as of and for the years ended June 30, 2015 and June 30, 2016, 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meeks Bay Fire Protection District as of June 30, 2015 and June 30, 2016, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The District has not presented Management's Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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 financial statements in an appropriate operational, economic, or historical context.

Pehling & Pehling, CPA's
An Accountancy Corporation

Meeks Bay Fire Protection District

**Audit Report
June 30, 2015
And
June 30, 2016**

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Meeks Bay Fire Protection District

**Balance Sheet
June 30, 2015**

| | <u>General Fund</u> |
|--|----------------------------|
| <u>ASSETS</u> | |
| <u>Assets:</u> | |
| Cash | 2,193,861 |
| Accounts Receivable | 11,130 |
| Deposits & Prepaid Expenses | <u>11,848</u> |
| TOTAL ASSETS | <u>2,216,839</u> |
| <u>LIABILITIES & FUND BALANCES</u> | |
| <u>Liabilities:</u> | |
| Accounts Payable | 38,376 |
| Accrued Payroll | <u>43,622</u> |
| TOTAL LIABILITIES | <u>81,998</u> |
| <u>Fund Balances:</u> | |
| Unassigned | 1,310,692 |
| Unspendable | 12,348 |
| Committed | <u>811,801</u> |
| Total Fund Balance | <u>2,134,841</u> |
| <u>TOTAL LIABILITIES & FUND BALANCE</u> | <u>\$ 2,216,839</u> |

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

Meeks Bay Fire Protection District
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2015

| | <u>June 30, 2015</u> |
|--|----------------------|
| Total Fund Balances - Governmental Funds | \$ 2,134,841 |
| Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds. | |
| Total Historical Cost of Capital Assets | 1,250,398 |
| Less: Accumulated Depreciation | (888,350) |
| Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds. | (50,407) |
| Net Other Postemployment Benefits Obligation is not do and payable in the current period and therefore is not reported as a liability in the Governmental Funds. Net Other Postemployment Benefits Obligation at June 30 were: | (72,607) |
| Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was: | 165,572 |
| Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds. This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was: | (97,643) |
| Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds. | (1,075,266) |
| Net Position | \$ 1,366,538 |

The accompanying notes are an integral part of these financial statemnets

Meeks Bay Fire Protection District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2015**

| <u>REVENUE</u> | <u>General Fund</u> |
|--|----------------------------|
| Tax Revenue | 691,126 |
| Direct Assessment | 377,182 |
| Special Tax | 281,115 |
| Interest & Investment Earnings | 5,162 |
| Miscellaneous | 95,840 |
| Charges for Services | 21,687 |
| Operating Grants and Contributions | 25,094 |
| TOTAL REVENUE | 1,497,206 |
| | |
| <u>EXPENDITURES</u> | |
| Capital Assets | 682 |
| Insurance | 41,889 |
| Maintenance | 40,982 |
| Professional Fees | 180,216 |
| Salaries and Employee Benefits | 1,016,204 |
| Services, Supplies and Refunds | 188,774 |
| TOTAL EXPENDITURES | 1,468,747 |
| Excess (Deficit) Revenues over Expenditures | 28,459 |
| | |
| <u>CHANGE IN FUND BALANCE</u> | 28,459 |
| | |
| <u>FUND BALANCE, BEGINNING OF YEAR</u> | 2,106,382 |
| | |
| <u>FUND BALANCE, END OF YEAR</u> | \$ 2,134,841 |

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

Meeks Bay Fire Protection District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2015

| | <u>June 30, 2015</u> |
|--|----------------------|
| Net Change in Fund Balances - Total Governmental Funds | 28,459 |
| Amounts reported for governmental activities in the Statement of Activities are different as follows: | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year | |
| Current Year Capital Outlays | 892 |
| Less: Current Year Depreciation Expense | (58,564) |
| In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year | (105,675) |
| In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year | - |
| In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year | - |
| Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of: | |
| In the Government Funds Retiree healthcare expenditures is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, Retiree healthcare expense is measured by the amounts accrued during the year. Retiree healthcare paid was more of (less) than accrued. | (72,607) |
| Change in Net Position of Governmental Activities | <u>\$ (207,495)</u> |

The accompanying notes are an integral part of these financial statements

Meeks Bay Fire Protection District

**Balance Sheet
June 30, 2016**

| | <u>General Fund</u> |
|--|------------------------------------|
| <u>ASSETS</u> | |
| <u>Assets:</u> | |
| Cash | 2,021,114 |
| Accounts Receivable | 2,634 |
| Deposits & Prepaid Expenses | <u>458,498</u> |
| TOTAL ASSETS | <u>2,482,246</u> |
| <u>LIABILITIES & FUND BALANCES</u> | |
| <u>Liabilities:</u> | |
| Accounts Payable | 127,930 |
| Accrued Payroll | <u>36,718</u> |
| TOTAL LIABILITIES | <u>164,648</u> |
| <u>Fund Balances:</u> | |
| Unassigned | 1,046,799 |
| Unspendable | 458,998 |
| Committed | <u>811,801</u> |
| Total Fund Balance | <u>2,317,598</u> |
| <u>TOTAL LIABILITIES & FUND BALANCE</u> | <u><u>\$ 2,482,246</u></u> |

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

Meeks Bay Fire Protection District
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30,2016

| | June 30, 2016 |
|--|---------------|
| Total Fund Balances - Governmental Funds | \$ 2,317,598 |
| Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds. | |
| Total Historical Cost of Capital Assets | 1,407,662 |
| Less: Accumulated Depreciation | (946,914) |
| Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds. | (49,162) |
| Net Other Postemployment Benefits Obligation is not do and payable in the current period and therefore is not reported as a liability in the Governmental Funds. Net Other Postemployment Benefits Obligation at June 30 were: | (138,817) |
| Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was: | 195,698 |
| Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was: | (101,618) |
| Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds. | (1,103,490) |
| Net Position | \$ 1,580,957 |

The accompanying notes are an integral part of these financial statemnets

Meeks Bay Fire Protection District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2016**

| <u>REVENUE</u> | <u>General Fund</u> |
|--|----------------------------|
| Tax Revenue | 737,592 |
| Direct Assesment | 379,279 |
| Special Tax | 280,196 |
| Interest & Investment Earnings | 7,258 |
| Miscellaneous | 6,297 |
| Charges for Services | 27,257 |
| Operating Grants and Contributions | 396,157 |
| TOTAL REVENUE | 1,834,036 |
| <u>EXPENDITURES</u> | |
| Capital Assets | 157,264 |
| Insurance | 27,758 |
| Maintenance | 31,969 |
| Professional Fees | 237,438 |
| Salaries and Employee Benefits | 1,008,596 |
| Services, Supplies and Refunds | 188,254 |
| TOTAL EXPENDITURES | 1,651,279 |
| Excess (Deficit) Revenues over Expenditures | 182,757 |
| <u>CHANGE IN FUND BALANCE</u> | 182,757 |
| <u>FUND BALANCE, BEGINNING OF YEAR</u> | 2,134,841 |
| <u>FUND BALANCE, END OF YEAR</u> | \$ 2,317,598 |

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

Meeks Bay Fire Protection District

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

June 30, 2016

| | <u>June 30, 2016</u> |
|--|--------------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 182,757</u> |
| Amounts reported for governmental activities in the Statement of Activities are different as follows: | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year | |
| Current Year Capital Outlays | 157,264 |
| Less: Current Year Depreciation Expense | (58,564) |
| In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year | (2,073) |
| In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year | - |
| In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year | 1,245 |
| Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of: | - |
| In the Government Funds Retiree healthcare expenditures is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, Retiree healthcare expense is measured by the amounts accrued during the year. Retiree healthcare paid was more of (less) than accrued. | (66,210) |
| Change in Net Position of Governmental Activities | <u><u>\$ 214,419</u></u> |

The accompanying notes are an integral part of these financial statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Meeks Bay Fire Protection District

Statement of Net Position

June 30, 2015

ASSETS

Current Assets:

| | |
|-----------------------------|-----------|
| Cash | 2,193,861 |
| Accounts Receivable | 11,130 |
| Deposits & Prepaid Expenses | 11,848 |
| | <hr/> |
| Total Current Assets | 2,216,839 |

Capital Assets:

| | |
|--------------------------------|-----------|
| Land | 6,000 |
| Buildings & Improvements | 117,848 |
| Firefighting Equipment | 1,126,550 |
| Less: Accumulated Depreciation | (888,350) |
| | <hr/> |
| Total Capital Assets | 362,048 |

TOTAL ASSETS 2,578,887

DEFERRED OUTFLOW

GASB 68 Pension 165,572

TOTAL DEFERRED OUTFLOW 165,572

TOTAL ASSETS AND DEFERRED OUTFLOWS 2,744,459

LIABILITIES

Current Liabilities:

| | |
|------------------------------|---------|
| Accounts Payable | 38,376 |
| Accrued Payroll Liabilities | 43,622 |
| Accrued Compensated Absences | 50,407 |
| | <hr/> |
| Total Current Liabilities | 132,405 |

Long-term Liabilities:

| | |
|-----------------------------------|-----------|
| Net Pension Liability | 1,075,266 |
| Net Other Post Employment Benefit | 72,607 |
| | <hr/> |
| Total Long-term Liabilities | 1,147,873 |

TOTAL LIABILITIES 1,280,278

DEFERRED INFLOWS

GASB 68 Pension 97,643

TOTAL DEFERRED INFLOWS 97,643

TOTAL LIABILITIES AND DEFERRED INFLOWS 1,377,921

NET POSITION

| | |
|----------------------------------|---------------------|
| Net Investment in Capital Assets | 362,048 |
| Unrestricted | 1,004,490 |
| | <hr/> |
| TOTAL NET POSITION | <u>\$ 1,366,538</u> |

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

Meeks Bay Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2015

| | Operating Revenues | | | |
|--|-------------------------|--|----------------------------------|-------------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | Excess of Revenues/(Expenses) | |
| Governmental Activities | | | | |
| Public Protection | \$ 1,646,137 | \$ 21,687 | \$ 25,094 | \$ (1,599,356) |
| Interest on Long-Term Debt | - | - | - | - |
| Depreciation (Unallocated) | 58,564 | - | - | (58,564) |
| Total Governmental Activities | | | | (1,657,920) |
| General Revenues: | | | | |
| Tax Revenue | | | | 691,126 |
| Direct Assesment | | | | 377,182 |
| Special Tax | | | | 281,115 |
| Interest & Investment Earnings | | | | 5,162 |
| Miscellaneous | | | | 95,840 |
| Total General Revenues | | | | 1,450,425 |
| NET CHANGE IN NET POSITION | | | | (207,495) |
| NET POSITION, BEGINNING OF YEAR | | | | 2,475,695 |
| Prior-period Adjustment | | | | (901,662) |
| NET POSITION, END OF YEAR | | | | \$ 1,366,538 |

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

Meeks Bay Fire Protection District

**Statement of Net Position
June 30, 2016**

ASSETS

Current Assets:

| | |
|-----------------------------|-----------|
| Cash | 2,021,114 |
| Accounts Receivable | 2,634 |
| Deposits & Prepaid Expenses | 458,498 |
| | <hr/> |
| Total Current Assets | 2,482,246 |

Capital Assets:

| | |
|--------------------------------|-----------|
| Land | 6,000 |
| Buildings & Improvements | 117,848 |
| Firefighting Equipment | 1,126,550 |
| Construction in Progress | 157,264 |
| Less: Accumulated Depreciation | (946,914) |
| | <hr/> |
| Total Capital Assets | 460,748 |

TOTAL ASSETS 2,942,994

DEFERRED OUTFLOW

| | |
|-----------------|---------|
| GASB 68 Pension | 195,698 |
| | <hr/> |

TOTAL DEFERRED OUTFLOW 195,698

TOTAL ASSETS AND DEFERRED OUTFLOWS 3,138,692

LIABILITIES

Current Liabilities:

| | |
|------------------------------|---------|
| Accounts Payable | 127,930 |
| Accrued Payroll Liabilities | 36,718 |
| Accrued Compensated Absences | 49,162 |
| | <hr/> |
| Total Current Liabilities | 213,810 |

Long-term Liabilities:

| | |
|-----------------------------------|-----------|
| Net Pension Liability | 1,103,490 |
| Net Other Post Employment Benefit | 138,817 |
| | <hr/> |
| Total Long-term Liabilities | 1,242,307 |

TOTAL LIABILITIES 1,456,117

DEFERRED INFLOWS

| | |
|-----------------|---------|
| GASB 68 Pension | 101,618 |
| | <hr/> |

TOTAL DEFERRED INFLOWS 101,618

TOTAL LIABILITIES AND DEFERRED INFLOWS 1,557,735

NET POSITION

| | |
|----------------------------------|----------------------------|
| Net Investment in Capital Assets | 460,748 |
| Unrestricted | 1,120,209 |
| | <hr/> |
| TOTAL NET POSITION | <u>\$ 1,580,957</u> |

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

Meeks Bay Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2016

| | Expenses | Operating Revenues | | Excess of Revenues/(Expenses) |
|--|--------------|-------------------------|-----------------------------|----------------------------------|
| | | Charges for Services | Grants and Contributions | |
| Governmental Activities | | | | |
| Public Protection | \$ 1,576,831 | \$ 27,257 | \$ 396,157 | \$ (1,153,417) |
| Interest on Long-Term Debt | - | - | - | - |
| Depreciation (Unallocated) | 58,564 | - | - | (58,564) |
| Total Governmental Activities | | | | <u>(1,211,981)</u> |
| General Revenues: | | | | |
| Tax Revenue | | | | 737,592 |
| Direct Assessment | | | | 379,279 |
| Special Tax | | | | 280,196 |
| Interest & Investment Earnings | | | | 7,258 |
| Miscellaneous | | | | 22,075 |
| Total General Revenues | | | | <u>1,426,400</u> |
| NET CHANGE IN NET POSITION | | | | <u>214,419</u> |
| NET POSITION, BEGINNING OF YEAR | | | | <u>1,366,538</u> |
| NET POSITION, END OF YEAR | | | | <u>\$ 1,580,957</u> |

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

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016

The Meeks Bay Fire Protection District (District) is a legal subdivision of California, organized in 1973, by the El Dorado County Board of Supervisors Resolution 556-73 approving the District's formation to provide fire protection services. The District's powers are exercised through an elected Board of Directors composed of five members.

The District's mission is to protect its community, its people, and environment by providing the highest level of fire suppression, emergency medical, rescue, disaster, hazardous materials and fire prevention services to all residents and visitors in the District.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the District have been prepared in conformity with general accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) are the accepted standard-setting bodies for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a preliminary budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 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 an estimated useful life of 5 to 10 years depending on the asset class. The District currently does not have formal capitalization and depreciation policies.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

One of the District's sources of revenue is the District's share of local property taxes (ad valorem on real property) and voter-approved special taxes. Voter-approved special taxes are assessed and collected by El Dorado County at the same time and on the same rolls as local property taxes. Taxes are levied on July 1 each year on taxable real and personal property which is situated in the District as of the preceding January 1 (lien date). A supplemental tax may be levied when property changes hands or new construction is completed. Property taxes are payable in two installments due November 1 and February 1, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due January 1 of each year based on the preceding fiscal year's secured tax rate and become delinquent on August 31.

Local property taxes are allocated on the Teeter Plan which results in the District receiving the cash equivalent of 100% of the taxes for that year regardless of their collection status. The County retains all penalties and interest which are collected with delinquent taxes.

The District presently has a direct assessment with a tax rate of \$85 per parcel and a special tax of \$45 per parcel to augment the shortfall in revenue in order to maintain and improve the delivery of fire

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016

prevention, fire suppression and first responder medical services. The District also has an additional benefit assessment, as of August 10, 2009, that was levied at the rate of \$190 per single family equivalent benefit unit that can be adjusted annually based on the San Francisco Bay Area Consumer Price Index, not to exceed 4% per year, provided that any change in the CPI in excess of 4% shall be cumulatively reserved as the "unused CPI" and shall be used to increase the maximum authorized assessment to be adjusted by 4% for the CPI increase in any year in which the CPI is less than 4%. The direct assessment, special tax, and benefit assessment were all approved by voters. The District receives these taxes as they are collected.

Development Fees

On June 25, 1997 the District Board of Directors adopted ORDINANCE NO. 97-1 establishing requirements for fire service fees for any new residential and commercial building built in the District. The fee is similar to fees charged elsewhere in El Dorado County, and is set to recover costs associated with the increased impact of additional structures to the District.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash

Summary of Cash

| | <u>June 30, 2015</u> | <u>June 30, 2016</u> |
|-------------|----------------------|----------------------|
| County Cash | \$ 1,917,611 | \$ 1,743,918 |
| Petty Cash | \$ 1,802 | \$ 1,762 |
| LAIF | \$ 274,448 | \$ 275,435 |
| Total | \$ 2,193,861 | \$ 2,021,114 |

Cash in County Treasury

The District maintains substantially all of its cash with the county treasurer as an involuntary participant of a common investment pool. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions. As of June 30, 2016 the carrying amount of the District's account was \$1,762, all of which was insured.

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

Cash in County Treasury

The District maintains cash with LAIF as a common investment pool. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the State treasurer, which is recorded on the amortized cost basis

Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk – Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool. Bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial risk.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Foreign Currency Risk – This risk is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign credit risk.

Note 3 –Accounts Receivable

On June 30, 2016, the District had \$2,634 in Accounts Receivable.

On June 30, 2015, the District had \$11,130 in Accounts Receivable.

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

Note 4 – Compensated Absences

On June 30, 2016, the liability for compensated absences was \$49,153

On June 30, 2015, the liability for compensated absences was \$148,050

Note 5 - Other Post Employment Benefits

Plan Description

In addition to pension benefits described in Note 6, the District provides lifetime healthcare benefits through CalPERS Health Benefits Program, which covers both active and retired members. The unamortized actuarially accrued liability was \$485,651, all of which was unfunded at June 30, 2016.

Funding Policy

The contribution requirements of the District and plan members are established and may be amended by the District's Board of Directors. The Annual Required Contribution (ARC) is 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 any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 2.19 percent of the annual covered payroll.

On an ongoing basis, the District will be reviewing its assumptions, comparing them to actual experience and recalculating the needed funding with the goal of payment for post employment benefits out of interest earned on designated funds.

Annual OPEB Cost

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB:

| | 2015 |
|---------------------------------------|------------------|
| Annual required contribution | \$ 72,907 |
| Payments made | - |
| Increase in net OPEB obligation | <u>72,907</u> |
| Net OPEB obligation-beginning of year | - |
| Net OPEB obligation-end of year | <u>\$ 72,907</u> |

| | 2016 |
|---------------------------------------|-------------------|
| Annual required contribution | \$ 72,907 |
| Payments made | <u>6,997</u> |
| Increase in net OPEB obligation | <u>65,910</u> |
| Net OPEB obligation-beginning of year | <u>72,907</u> |
| Net OPEB obligation-end of year | <u>\$ 138,817</u> |

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016
Schedules of Employer Contributions**

Employer Contributions District Service Benefit

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Actual Contribution</u> | <u>Percentage Contributed</u> |
|-------------------|-------------------------|--------------------------------|-----------------------------------|
| 6/30/14 | \$ - | \$ - | 0.0% |
| 6/30/15 | \$ 72,907 | \$ - | 0.0% |
| 6/30/16 | \$ 72,907 | \$ 6,997 | 9.6% |

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as 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 presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

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 methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify benefits.

Healthcare cost trend rate – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgement. The ultimate trend was 4%.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 3.0% annually.

Discount rate – The calculation uses an annual discount rate of 3.0%. This is based on the assumed long-term return on plan assets or employer assets.

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2016 was twenty-eight years.

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

Note 7 - Public Employees' retirement Plan:

Plan Description - The Meeks Bay Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Meeks Bay Fire Protection District's defined benefit pension plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Meeks Bay Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

| | |
|-------------------------|-------------------------------|
| Validation Date (VD) | June 30, 2014 |
| Measurement Date (MD) | June 30, 2015 |
| Measurement Period (MP) | July 1, 2014 to June 30, 2015 |

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions,

Meeks Bay Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016

assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

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 the July 1 following notice of a 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 the Miscellaneous or Safety 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 the 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. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were 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 | 7.5% Net of Pension Plan Administrative and Investment Expenses |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Investment Rate of Return | 7.50% |
| Mortality Rate Table ¹ | 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 |

¹The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2010 experience study report.

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

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 2007, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is Scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach.

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.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

- (1) In determining a cost-sharing plans proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (2014). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net position liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk Pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of the TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

Misc amortizations

| Measurement Date | Initial Changes of Assumptions | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes in Assumptions (Measurement Dates) | | | | | |
|--|--------------------------------|--------------------------|--|-------------------|-------------------|-------------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| | | | 2014 | - | - | - | - | - |
| 2015 | (8,690.17) | 3.80 | (2,286.89) | (2,286.89) | (2,286.89) | (1,829.51) | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>(2,286.89)</u> | <u>(2,286.89)</u> | <u>(2,286.89)</u> | <u>(1,829.51)</u> | | |

| Measurement Date | Initial Differences between Expected and Actual Experience | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of changes in difference between expected and actual Experience (Measurement Dates) | | | | | |
|--|--|--------------------------|--|----------------|----------------|----------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| | | | 2014 | - | - | - | - | - |
| 2015 | 918.53 | 3.80 | 241.72 | 241.72 | 241.72 | 193.37 | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>241.72</u> | <u>241.72</u> | <u>241.72</u> | <u>193.37</u> | | |

| Measurement Date | Initial Differences between Proj and Actual Earnings on Investments | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the differences between projected and actual earnings on investments (Measurement Dates) | | | | | |
|--|---|--------------------------|---|-------------------|-------------------|-------------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| | | | 2014 | (4,731.91) | 4.00 | (1,182.98) | (1,182.98) | (1,182.98) |
| 2015 | 423.61 | 5.00 | 84.72 | 84.72 | 84.72 | 84.72 | 84.72 | - |
| Net Increase (Decrease in Pension Expense) | | | <u>(1,098.25)</u> | <u>(1,098.25)</u> | <u>(1,098.25)</u> | <u>(1,098.25)</u> | <u>84.72</u> | |

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes in proportions (Measurement Dates)

Change Remaining

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

| Measurement Date | in | | | | | | | |
|--|-------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| | Proportions | Period (Years) | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| 2014 | - | 2.80 | - | - | - | - | - | - |
| 2015 | 12,636.60 | 3.80 | 3,325.42 | 3,325.42 | 3,325.42 | 2,660.34 | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>3,325.42</u> | <u>3,325.42</u> | <u>3,325.42</u> | <u>2,660.34</u> | - | - |

| Measurement Date | Difference in Actual Contribution and Proportionate Share of Contrib. | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of differences in actual contributions and proportionate share of contributions (Measurement Dates) | | | | | |
|--|---|--------------------------|--|-----------------|-------------------|-------------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| 2014 | 6,621.00 | 2.80 | 2,364.64 | 2,364.64 | 1,891.71 | - | - | - |
| 2015 | (11,382.47) | 3.80 | (2,995.39) | (2,995.39) | (2,995.39) | (2,396.31) | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>(630.74)</u> | <u>(630.74)</u> | <u>(1,103.67)</u> | <u>(2,396.31)</u> | - | - |

| | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Amortization of Deferred Inflows/Outflows for Notes to FS | | (448.74) | (921.67) | (2,470.36) | 84.72 | - |

Safety amortizations

| Measurement Date | Initial Changes of Assumptions | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes in Assumptions (Measurement Dates) | | | | | |
|--|--------------------------------|--------------------------|--|--------------------|--------------------|--------------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| 2014 | - | - | - | - | - | - | - | - |
| 2015 | (82,015.99) | 3.80 | (21,583.16) | (21,583.16) | (21,583.16) | (17,266.52) | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>(21,583.16)</u> | <u>(21,583.16)</u> | <u>(21,583.16)</u> | <u>(17,266.52)</u> | - | - |

| Initial Differences between | Remaining | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of changes in difference between expected and actual Experience (Measurement Dates) | | | |
|-----------------------------|-----------|--|----------------|----------------|----------------|
| | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) |

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

| Measurement Date | Expected and Actual Experience | Period (Years) | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
|--|--------------------------------|----------------|-------------------|-------------------|-------------------|-------------------|----------------|----------------|
| 2014 | - | - | - | - | - | - | - | - |
| 2015 | (17,832.03) | 3.80 | (4,692.64) | (4,692.64) | (4,692.64) | (3,754.11) | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>(4,692.64)</u> | <u>(4,692.64)</u> | <u>(4,692.64)</u> | <u>(3,754.11)</u> | | |

| Measurement Date | Initial Differences between Proj and Actual Earnings on Investments | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the differences between projected and actual earnings on investments (Measurement Dates) | | | | | |
|--|---|--------------------------|---|-------------------|-------------------|-------------------|-------------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| 2014 | (24,535.10) | 4.00 | (6,133.77) | (6,133.77) | (6,133.77) | (6,133.77) | - | - |
| 2015 | (15,283.02) | 5.00 | (3,056.60) | (3,056.60) | (3,056.60) | (3,056.60) | (3,056.60) | - |
| Net Increase (Decrease in Pension Expense) | | | <u>(9,190.38)</u> | <u>(9,190.38)</u> | <u>(9,190.38)</u> | <u>(9,190.38)</u> | <u>(3,056.60)</u> | |

| Measurement Date | Change in Proportions | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes in proportions (Measurement Dates) | | | | | |
|--|-----------------------|--------------------------|--|------------------|------------------|------------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| 2014 | - | 2.80 | - | - | - | - | - | - |
| 2015 | 124,927.97 | 3.80 | 32,875.78 | 32,875.78 | 32,875.78 | 26,300.63 | - | - |
| Net Increase (Decrease in Pension Expense) | | | <u>32,875.78</u> | <u>32,875.78</u> | <u>32,875.78</u> | <u>26,300.63</u> | - | |

| Measurement Date | Difference in Actual Contribution and Proportionate Share of Contrib. | Remaining Period (Years) | Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of differences in actual contributions and proportionate share of contributions (Measurement Dates) | | | | | |
|------------------|---|--------------------------|--|----------------|----------------|----------------|----------------|----------------|
| | | | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
| 2014 | 19,545.27 | 2.80 | 6,980.45 | 6,980.45 | 5,584.36 | - | - | - |
| 2015 | (30,431.16) | 3.80 | (8,008.20) | (8,008.20) | (8,008.20) | (6,406.56) | - | - |

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

| | | | | | |
|--|------------|------------|------------|------------|---|
| Net Increase (Decrease in Pension Expense) | (1,027.75) | (1,027.75) | (2,423.84) | (6,406.56) | - |
|--|------------|------------|------------|------------|---|

| | 2015 (FY 2016) | 2016 (FY 2017) | 2017 (FY 2018) | 2018 (FY 2019) | 2019 (FY 2020) | 2020 (FY 2021) |
|---|-------------------|----------------|----------------|-------------------|----------------|----------------|
| Amortization of Deferred Inflows/Outflows for Notes to FS | | (3,618.14) | (5,014.23) | (10,316.95) | (3,056.60) | - |

Schedules of Employer Contributions

| Year Ended | ARC | Actual Contribution | Percentage Contributed | Districts Covered Payroll | Contributions as a percentage of covered payroll |
|------------|------------|------------------------|---------------------------|------------------------------|--|
| 6/30/15 | \$ 138,412 | \$ 138,412 | 100.0% | \$ 435,503 | 31.78% |
| 6/30/16 | \$ 119,811 | \$ 119,811 | 100.0% | 515,547 | 23.24% |

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

| Misc. | FY 2015 Balance | FY 2016 Balance |
|---|---------------------|---------------------|
| Net Pension Liability | (72,945) | (71,941) |
| Deferred Contributions | - | - |
| Pension Expense - GASB 68 | - | (3,801) |
| Deferred - Diff in actual vs. proj. Contributions | 6,621 | (4,131) |
| Deferred - Changes of Assumpt. | (9,439) | (6,403) |
| Deferred - Diff in Projected and actual earnings | (4,732) | (3,210) |
| Deferred - Change in proportion | - | 9,311 |
| Safety | FY 2015 Balance | FY 2016 Balance |
| Net Pension Liability | (1,002,321) | (1,031,553) |
| Deferred Contributions | 138,412 | 119,811 |
| Pension Expense - GASB 68 | - | 16,461 |
| Deferred - Diff in actual vs. proj. Contributions | 19,545 | (9,859) |
| Deferred - Changes of Assumpt. | (48,411) | (51,776) |
| Deferred - Diff in Projected and actual earnings | (24,535) | (26,240) |
| Deferred - Change in proportion | - | 66,575 |

Note 9 – Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2015-2016, the District contracted with Fire Agencies Insurance Risk Authority, JPA (FAIRA) for property and liability insurance coverage and also for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant change in coverage from the prior year.

Meeks Bay Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND JUNE 30, 2016**

Workers Compensation

For fiscal year 2015-16, the District participated in the Northern California Special Districts Insurance Authority (NCS DIA), an insurance purchasing pool. The intent of the NCS DIA pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the NCS DIA pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the NCS DIA pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the NCS DIA pool. Participation in the NCS DIA pool is limited to districts that can meet the NCS DIA criteria.

Note 11 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2016 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through January 25, 2017, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after January 25, 2017. The District did not have any subsequent events that require recognition or disclosure in the financial statements for the year ended June 30, 2016.

Note 12 – Prior-period adjustment

Net Position

The amount previously reported as Net Position at June 30, 2015 on the Government-Wide Statement of Net Position has been restated to account for the adoption of GASB 68.