

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the Meeting of January 11, 2017

TO: Ross Valley Fire Department Board

FROM: Daria Carrillo, Finance Director

SUBJECT: Annual Independent Audit Report for Fiscal Year ending June 30, 2016

RECOMMENDATION

That the Fire Board accept the Annual Financial Report for the fiscal year ending June 30, 2016 prepared by Maze & Associates.

BACKGROUND

Maze & Associates, have prepared the annual independent auditor's report and basic financial statements for the fiscal year ending June 30, 2016. Based on their examination of Fire Department records and procedures, they have issued an "unmodified" opinion. Copies of the documents are included in the Fire Board packet. They are also included as part of the agenda packet available for public viewing on the Fire Department's website. Tim Krisch of Maze & Associates will present the report to the Fire Board on January 11, 2017. Following action by the Fire Board, the document will be available for public viewing in the Fire Department lobby for a period of 30 days and will be posted on the Fire Board's website.

BASIC FINANCIAL STATEMENTS

The basic financial statements include a balance sheet and statement of revenues and expenditures to the Fire Department, and notes on a number of items designated by the auditor. This section also includes government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement #34. This information regarding the Fire Department's financial position include such items as valuation of the Fire Department's fixed assets, capitalization and depreciation of those assets, indebtedness related to those assets, and information on the debt service and employee benefit accruals.

At the highest summary level, the government-wide statements show that the Fire Department's net position is (\$6,955,625), which is an increase of \$1,360,489 as compared to last year. The increase is due mainly to a decrease in long term debt (pension obligation bonds) and an increase in cash due in large part to reimbursements from the Office of Emergency Services for out of county responses and from the worker's compensation administrator for worker's compensation payments. The negative net position is due to a prior period adjustment of \$9,262,218 which was recorded in the previous fiscal year. This adjustment was the result of the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68) which requires the Fire Department to report its unfunded net pension liability in the government wide financial statements. The unfunded liability takes into account both employer and employee contributions, investment earnings and benefits paid out by the pension plan trustee, CalPERS. The annual expense is now reported and calculated based upon investment earnings, member pension contributions, less benefits paid out. A

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prior period adjustment to the Net Position was recorded in 2014-2015 to show the unfunded net pension liability as of the beginning of the 2014-2015 fiscal year.

The ending fund balance as of June 30, 2016 was \$1,304,605 as compared to \$931,423 as of June 30, 2015.

The auditor has noted that since the Town of San Anselmo is now performing finance related functions for the Fire Department, that the procedures followed by the Town and Fire Department regarding various accounting and purchasing functions should be formally adopted by the Fire Board. These procedures will be presented to the Fire Board at a future meeting.

The conclusion presented in the independent auditor's report is that the basic financial statements present fairly, in all material respects, the financial position of the Fire Department as of June 30, 2016. This conclusion is known as a "clean audit."

CONCLUSION

The annual audit report outlined above provides the Fire Board with an overview of the fiscal condition of the Fire Department as of June 30, 2016. The recommended actions are to accept the auditor's report.

Respectfully submitted,

Daria Carrillo
Finance Director

Audit documents: Public viewing on website: www.rossvalleyfire.org

Available with public viewing agenda packets

Following Board action, available for viewing in the lobby of the department
Department for 30 days