

**GEYSERVILLE FIRE PROTECTION DISTRICT**

**Financial Statements  
and  
Independent Auditor's Report**

**June 30, 2015**



# GEYSERVILLE FIRE PROTECTION DISTRICT

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**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

This section of the annual financial report of the Geyserville Fire Protection District (District) presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The following summarizes the District's financial highlights for the year ended June 30, 2015:

- In total, government-wide net position was \$6,033,567.
- General revenues accounted for \$809,296 or 91.20 percent of total revenues.
- Total government-wide assets were \$6,072,795, cash and cash equivalents were \$397,342 and net capital assets totaled \$4,655,368.
- Total program expenses were \$982,450, as noted in table 2.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements, which tell how basic services were financed in the short-term, as well as what remained for future spending.

**GEYSERVILLE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**The Statement of Net Position and the Statement of Activities**

The statement of net position and statement of activities report information about the District as a whole and its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Overtime, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to record specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

**Governmental Funds**

Most of the District's basic services are reported in governmental funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information of the governmental fund statements that explain the relationship (or differences) between them.

**GEYSERVILLE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The following table presents a summary of the District's statement of net position by category as of June 30, 2015 and 2014.

**TABLE 1: NET POSITION**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,417,427	\$ 1,281,337
Capital Assets	<u>4,655,368</u>	<u>4,925,780</u>
 Total Assets	 <u>6,072,795</u>	 <u>6,207,117</u>
<b>Liabilities</b>		
Current Liabilities	39,228	18,885
Long-Term Liabilities	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>39,228</u>	 <u>18,885</u>
<b>Net Position</b>		
Invested in Capital Assets, net of related debt	4,655,368	4,925,780
Restricted	1,020,085	8,923
Unrestricted	<u>358,114</u>	<u>1,253,529</u>
 Total Net Position	 <u>\$ 6,033,567</u>	 <u>\$ 6,188,232</u>



**GEYSERVILLE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

A summary of total District revenues, expenses, and changes in net position for the fiscal years ended June 30, 2015 and 2014 is presented in the table below.

**TABLE 2: CHANGES IN NET POSITION**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Revenues</b>		
<b>Program Revenues:</b>		
Operating Grants and Contributions	\$ 77,606	\$ 105,171
<b>General Revenues:</b>		
Taxes	805,171	787,091
Interest and Investment Earnings	4,125	6,285
Miscellaneous	-	-
<b>Total Revenues</b>	<b>886,902</b>	<b>898,547</b>
 <b>Program Expenses</b>		
Public Safety	712,038	774,819
Depreciation	270,412	268,287
<b>Total Expenses</b>	<b>982,450</b>	<b>1,043,106</b>
<b>Change in Net Position</b>	<b>\$ (95,548)</b>	<b>\$ (144,559)</b>



**GEYSERVILLE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**General Fund Budgetary Highlights**

As finalized by the Board of Directors, budgeted revenues totaled \$833,175, budgeted expenditures totaled \$833,175 and revenues were projected to exceed expenditures by \$0.

**Capital Assets and Debt Administration**

**Capital Assets at Year End-Net of Depreciation**

As of June 30, 2015 and 2014 the District owned the following capital assets:

**TABLE 3: CAPITAL ASSETS**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Capital Assets</b>		
Land	\$ 505,144	\$ 505,144
Structures and Improvements	5,050,719	5,050,719
Equipment	1,939,470	1,939,470
Accumulated Depreciation	<u>(2,839,965)</u>	<u>(2,569,553)</u>
 Total Capital Assets-Net of Depreciation	 <u><u>\$ 4,655,368</u></u>	 <u><u>\$ 4,925,780</u></u>

**Long Term Debt**

The District paid in full it's long term debt in January 2013.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact Administrative Assistant, Geyserville Fire Protection District, 20975 Geyserville Ave, Geyserville, CA 95441.



Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Geyserville Fire Protection District  
Geyserville, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Geyserville Fire Protection District as of and for the year ended June 30, 2015, and the related notes to the financial statements, 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 and the standards applicable to financial audits contained in Government 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 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 opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Geyserville Fire Protection District, as of June 30, 2015 and the respective changes in financial position, and, where applicable, cash flows thereof 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 on pages 1 through 5 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 13, 2016, on our consideration of the Geyserville Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Geyserville Fire Protection District's internal control over financial reporting and compliance.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, CA  
January 13, 2016

**GEYSERVILLE FIRE PROTECTION DISTRICT**

Statement of Net Position

June 30, 2015

**Assets**

Current Assets	<u>2015</u>
Cash and Investments	\$ 397,342
Account Receivable	-
Due From Other Governments	<u>-</u>
Total Current Assets	<u>397,342</u>
Non Current Assets	
Land	505,144
Structures and Improvements	5,050,719
Equipment	1,939,470
Accumulated Depreciation	<u>(2,839,965)</u>
Total Non-Current Assets	<u>4,655,368</u>
Other Assets	
Restricted Cash	<u>1,020,085</u>
Total Assets	<u>\$ 6,072,795</u>

**Liabilities**

Current Liabilities	
Accounts Payable	\$ 13,170
Accrued Liabilities	<u>26,058</u>
Total Current Liabilities	<u>39,228</u>
Non-Current Liabilities	
Compensated Absences	<u>-</u>
Total Non-Current Liabilities	<u>-</u>
Total Liabilities	<u>39,228</u>

**Net Position**

Invested in Capital Assets, Net of Related Debt	4,655,368
Restricted For Debt Service and Apparatus Funds	1,020,085
Unrestricted	<u>358,114</u>
Total Net Position	<u>6,033,567</u>
Total Liabilities and Net Position	<u>\$ 6,072,795</u>

The notes to the financial statements are an integral part of this statement.

**GEYSERVILLE FIRE PROTECTION DISTRICT**

Statement of Activities

For the Fiscal Year Ended June 30, 2015

	<u>2015</u>
<b>Program Expenses</b>	
Fire Protection:	
Salaries and Employee Benefits	\$ 461,515
Services and Supplies	250,523
Depreciation	<u>270,412</u>
Total Program Expenses	<u>982,450</u>
<b>Program Revenues</b>	
Intergovernmental Revenues	6,434
Operating Grants and Contributions	<u>71,172</u>
Total Program Revenues	<u>77,606</u>
Net Program Expenses	<u>904,844</u>
<b>General Revenues</b>	
Taxes Levied	805,171
Interest and Investment Earnings	<u>4,125</u>
Total General Revenues	<u>809,296</u>
<b>Change in Net Position</b>	(95,548)
Net Position-Beginning of Year	6,188,232
Prior Period Adjustment - Note 6	<u>(59,117)</u>
Net Position-End of Year	<u><u>\$ 6,033,567</u></u>

The notes to the financial statements are an integral part of this statement.

**GEYSERVILLE FIRE PROTECTION DISTRICT**

Balance Sheet

June 30, 2015

	<u>General</u>	<u>New Station Debt Service Fund</u>	<u>Apparatus Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Investments	\$ 397,342	\$ 467,620	\$ 552,466	\$ 1,417,427
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 397,342</u>	<u>\$ 467,620</u>	<u>\$ 552,466</u>	<u>\$ 1,417,427</u>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts Payable	\$ 13,170	\$ -	\$ -	\$ 13,170
Accrued Liabilities	26,058	-	-	26,058
Total Liabilities	<u>39,228</u>	<u>-</u>	<u>-</u>	<u>39,228</u>
<b>Fund Balances</b>				
Restricted	-	467,620	552,466	1,020,086
Committed	273,600	-	-	273,600
Unassigned	84,514	-	-	84,514
Total Fund Balances	<u>358,114</u>	<u>467,620</u>	<u>552,466</u>	<u>1,378,200</u>
Total Liabilities and Fund Balances	<u>\$ 397,342</u>	<u>\$ 467,620</u>	<u>\$ 552,466</u>	<u>\$ 1,417,427</u>

The notes to the financial statements are an integral part of this statement.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**Statement of Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2015**

	<u>General</u>	<u>New Station Debt Service Fund</u>	<u>Apparatus Fund</u>	<u>Training Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>General Revenues</b>					
Taxes Levied	\$ 805,171	\$ -	\$ -	\$ -	\$ 805,171
Intergovernmental	6,434	-	-	-	6,434
Interest and Investment Earnings	4,125	-	-	-	4,125
Operating Grants and Contributions	71,172	-	-	-	71,172
<b>Total Revenues</b>	<u>886,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>886,902</u>
<b>Expenditures</b>					
Operating Expenditures:					
Salaries and Benefits	461,515	-	-	-	461,515
Materials, Supplies, and Services	250,523	-	-	-	250,523
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>712,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,038</u>
<b>Excess (deficiency) of Revenues Over Expenditures</b>	<u>174,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,864</u>
<b>Other Financial Sources (Uses)</b>					
Operating Transfers from Other Funds	-	-	-	-	-
Operating Transfers to Other Funds	(1,011,169)	460,909	552,466	(2,206)	-
<b>Total Other Financial (Uses) Sources</b>	<u>(1,011,169)</u>	<u>460,909</u>	<u>552,466</u>	<u>(2,206)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(836,305)	460,909	552,466	(2,206)	174,864
<b>Fund Balances-Beginning of Year</b>	<u>1,233,646</u>	<u>6,711</u>	<u>-</u>	<u>2,206</u>	<u>1,242,563</u>
<b>Fund Balances-End of Year</b>	<u>\$ 397,341</u>	<u>\$ 467,620</u>	<u>\$ 552,466</u>	<u>\$ -</u>	<u>\$ 1,417,427</u>

The notes to the financial statements are an integral part of this statement.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2015

Total Fund Balances - Governmental Funds	\$ 1,378,200
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds	<u>4,655,368</u>
Net Position of Governmental Activities	<u><u>\$ 6,033,568</u></u>

The notes to the financial statements are an integral part of this statement.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes In Fund Balance - Governmental Funds**  
**to the Statement of Activities**  
**June 30, 2015**

Net Change in Fund Balances - Governmental Funds \$ 174,864

Amounts reported for governmental activities in the statement of net position  
are different because:

Capital outlay is reported in governmental funds as expenditures.

However, in the statement of activities, a portion of the cost of those assets  
is allocated over their estimated useful lives and reported as  
depreciation expense. Depreciation Expense is \$270,412.

(270,412)

Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported as liabilities in the funds.

Decrease in Capital Lease Obligation -

Increase in Compensated Absences -

Decrease Interest Payable -

Change in Net Position of Governmental Funds

\$ (95,548)

The notes to financial statements are an integral part of this statement.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**A. The District**

The Geyserville Fire Protection District (the "District") is a California special District governed by a five-member board of directors. The District provides coordinated fire protection services, rescue services, emergency medical services, and hazardous material response services to taxpayers and residents in a specific unincorporated area in Sonoma County. The District was formed on July 1, 1996 under Health and Safety Code Sections 13800-13970 and the Cortese-Knox Local Government Reorganization Act of 1985, Government Code Section 5600. Prior to July 1, 1996, the District was a volunteer association.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statement but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government wide-statements and the statements for the governmental funds.

The government-wide statement of activities presents direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.



**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements:***

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. All of the District's funds were considered major.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues considered susceptible to accrual include property taxes and interest income. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services are rendered).

**D. Fund Accounting**

The accounts of the District are organized on the basis of funds, 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. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund types and funds utilized by the District are described as follows:

***Major Governmental Funds:***

**General Fund** - The 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.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgets and Budgetary Accounting**

The District's annual or final budget is the initial budget and any revisions to the budget that have been approved by the Board of Directors. The Board may amend the budget during the fiscal year.

**F. Cash and Investments**

Cash balances held in banks and revolving funds are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation ("FDIC"). All cash held by the financial institutions is fully insured or collateralized, except the amount that exceeds the maximum insured levels of the FDIC.

The District pools cash from all sources, and invests these funds in the County of Sonoma Treasury investment pool for the purpose of increasing income through investment activities.

Since the adjustment to market value, as required by accounting procedures generally accepted in the United States, is not material to the financial statements of the District, all investments are carried at cost.

**G. Capital Assets**

Capital assets 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 outlay that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

Depreciation and all capital assets are computed using a straight-line basis over the following estimated useful lives:

Buildings and Improvements	30 years
Furnishings	5 - 15 years
Equipment	5 - 20 years

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Compensated Absences**

Accumulated vacation benefits are recognized as a liability of the District in the General Fund.

Full time employees earn annual vacation hours and sick hours based on their term of employment as follows:

<u>Years of Service</u>	
0-5	8 hours per month
6-10	10 hours per month
11-15	12 hours per month
15+	12 hours per month

**I. 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. Long-term debt was paid in full during fiscal year 2013.

In the fund financial statements, the face of the debt issued, premiums, or discounts are reported as other financing sources/uses.

**J. Fund Balance Reserves**

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

**K. Net Position**

Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. Use of Estimates

The District's management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

**2. PROPERTY TAX REVENUE**

The District receives property tax revenue from the County of Sonoma (the "County"). The County is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Taxes are levied annually on July 1<sup>st</sup>, and one-half are due by November 1<sup>st</sup> and one-half by February 1<sup>st</sup>. Taxes are delinquent after December 10<sup>th</sup> and April 10<sup>th</sup>, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 1<sup>st</sup> for the ensuing fiscal year.

Since the passage of California's Proposition 13, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions, and construction after 1975/1976 valuation. Taxable values on properties (excluding increases related to sales, transfers, and construction) can increase at a maximum rate of 2% per year.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.



**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**3. CASH AND CASH INVESTMENTS**

Cash and investments consisted of the following as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Cash in Banks, Unassigned	\$ 17,157	\$ 50,063
Cash in County Treasury, Unassigned	380,185	1,161,831
Cash in County Treasury, Restricted	<u>1,020,085</u>	<u>8,923</u>
 Total Cash and Investments	 <u>\$ 1,417,427</u>	 <u>\$ 1,220,817</u>

The County's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity.

The County investments consist of cash equivalents including investment that are insured or registered, or for which the securities are held by the County or its agent in the County's name. The County investments consist primarily of U.S. government and agency securities, corporate notes, and commercial paper. Investment balances are reported at market value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County does not have a rating provided by a nationally recognized statistical rating organization.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**4. CAPITAL ASSETS**

An analysis of capital asset balances as of June 30, 2015 is as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Land	\$ 505,144	\$ -	\$ -	\$ 505,144
Structures & Improvements	4,888,517	-	-	4,888,517
Furnishings	162,202	-	-	162,202
Machinery and Equipment	1,939,470	-	-	1,939,470
<b>Total Capital Assets</b>	<u>7,495,333</u>	<u>-</u>	<u>-</u>	<u>7,495,333</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(1,437,173)	(162,699)	-	(1,599,872)
Furnishings	(122,341)	(10,531)	-	(132,872)
Machinery and Equipment	(1,010,039)	(97,183)	1	(1,107,221)
<b>Total Accumulated Depreciation</b>	<u>(2,569,553)</u>	<u>(270,413)</u>	<u>1</u>	<u>(2,839,965)</u>
<b>Total Capital Assets-Net</b>	<u>\$ 4,925,780</u>	<u>\$(270,413)</u>	<u>\$ 1</u>	<u>\$ 4,655,368</u>

Depreciation expense for the fiscal years ended June 30, 2015 and 2014 was \$270,412 and \$268,287.

**5. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and, errors and omissions and natural disasters for which the government provides coverage through its participations with other Fire District's in the Fire Agencies Insurance Risk Authority (FAIRA) system. As a member of a public entity risk pool, the District and FAIRA, implementing all policies of FAIRA, promptly paying all contributions, and cooperating with FAIRA and any insurer of FAIRA. FAIRA is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of FAIRA.

The District also is a member of the Fire District Association of California/Fire Agency Self-Insurance System (FDAC/FASIS) for workers' compensation coverage.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**6. PRIOR PERIOD ADJUSTMENT**

The Due from other government receivable was adjusted in current year due to amount received in prior year.

**7. CONTINGENCIES**

**Litigation** – No claims involving the District are currently outstanding. Management believes that there are no material adverse effects on the District's financial position or results of operations.

**8. FUND BALANCE CLASSIFICATIONS**

The District has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Financial Statement consists of Non-spendable, Restricted, Committed, Assigned, and Unassigned amounts as described on the following page.

**Non-Spendable:** Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

**Restricted:** Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provision or enabling legislation.

**Committed:** Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.

**Assigned:** Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

**Unassigned:** This category is for any balances that have no restrictions placed upon them.

**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**8. FUND BALANCE CLASSIFICATIONS (Continued)**

The District established the following policies relating to its fund balance classifications.

**1. Committed Fund Balances**

- *Highest Level of Decision-Making Authority* – the Board of Directors of the District are acknowledged as the highest level of decision-making authority in terms of establishing fund balance classifications and creating committed fund balances.
- *Formal Action Required* – the Board shall have the authority to establish, modify or rescind committed fund balances by Resolution, where appropriate, passed by a majority vote.
- *Timing* – the Board will take formal action to commit any resources as soon as possible upon determining its desire to take such action, but no later than June 30 of the fiscal year in which it applies in order for the action to be valid for the presentation of the annual report.

**2. Assigned Fund Balances**

- *Approval Authority* – the Board has not delegated the authority to assign fund balance amounts.
- *Committed, Assigned, or Unassigned Funds* – when an expenditure is incurred where there are no restricted funds available, and for which committed and assigned fund balances are available, the District shall exhaust unassigned funds first unless the board determines the use of available assigned or committed fund balances are appropriate.

**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 13, 2016, the date these financial statements were available for release.



**GEYSERVILLE FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures, Changes in Fund Balances-**  
**Budget and Actual-General Fund**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property Taxes	\$ 799,776	\$ 825,725	\$ 805,171	\$ (20,554)
Charges For Services	-	-	-	-
Intergovernmental	-	3,500	6,435	2,935
Investment Earnings	2,000	4,000	4,125	125
Miscellaneous	39,950	(50)	71,171	71,221
<b>Total Revenues</b>	<u>841,726</u>	<u>833,175</u>	<u>886,902</u>	<u>53,727</u>
<b>EXPENDITURES:</b>				
Current				
Salaries and Employee Benefits	470,500	514,775	461,515	53,260
Services and Supplies	296,500	286,300	250,523	35,777
Capital Outlay	27,000	32,100	-	32,100
<b>Total Expenditures</b>	<u>794,000</u>	<u>833,175</u>	<u>712,038</u>	<u>121,137</u>
<b>Excess of Revenues Over Expenditures</b>	<u>47,726</u>	<u>-</u>	<u>174,864</u>	<u>174,864</u>
<b>OTHER FINANCIAL SOURCES (USES):</b>				
Operating Transfers from Other Funds	-	-	-	-
Operating Transfers to Other Funds	-	734,033	1,011,169	277,136
<b>Total Other Financial (Uses) Sources</b>	<u>-</u>	<u>734,033</u>	<u>1,011,169</u>	<u>277,136</u>
<b>Net Change in Fund Balance</b>	47,726	734,033	(836,305)	452,000
<b>Fund Balance-Beginning of Year</b>	<u>1,081,824</u>	<u>1,688,804</u>	<u>1,233,646</u>	<u>455,158</u>
<b>Fund Balance-End of Year</b>	<u>\$ 1,129,550</u>	<u>\$ 2,422,837</u>	<u>\$ 397,341</u>	<u>\$ 907,158</u>



Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of the  
Geyserville Fire Protection District  
Geyserville, California

We have audited the financial statements of Geyserville Fire Protection District (“the District”), as of and for the year ended June 30, 2015, and have issued our report thereon dated January 13, 2016. We conducted our audit in accordance with auditing standards generally accepted standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Members of the Board of the Geyserville Fire Protection District Page 2**

Compliance and other matters

As part of obtaining reasonable assurance whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, CA  
January 13, 2016