



Valley of the Moon Fire Protection District



Board of Directors Meeting

April 10, 2018



Valley of the Moon Fire Protection District

Board of Directors Meeting

April 10, 2018

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**MEETING AGENDA
VALLEY OF THE MOON FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS**

Tuesday, April 10, 2018 at 6:00 P.M.
Location: Sonoma Valley Fire & Rescue Authority Station #1
630 2nd Street West, Sonoma, California 95476

(This agenda is posted in accordance with the Ralph M. Brown Act,
California Government Code Section 54950, et seq.)

1. CALL TO ORDER

2. ROLL CALL & DETERMINATION OF A QUORUM

Board of Directors: President Norton, Director Greben, and Director Leen. Directors Brunton and Brady are excused.

3. PLEDGE OF ALLEGIANCE

4. CONFIRMATION OF AGENDA

Opportunity for the Board to reorder agenda items

5. COMMENTS FROM THE PUBLIC

(At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for consideration by the Board of Directors.)

6. PRESENTATIONS

District auditor Sheldon Chavan will present the 2016/17 financial audit.

7. CONSENT CALENDAR

Approval of minutes for regular meeting of March 13, 2018. **Action Item**

8. FIRE CHIEF'S MONTHLY REPORT

Chief's activity report for March 2018

9. OLD BUSINESS

Resolution 2017/2018-11 ordering an election to be held and requesting consolidation with the November 6, 2018 General Election. **Action Item with roll call vote**

10. NEW BUSINESS

a) Accept 2016/17 VOM District financial audit. **Action Item**

b) Resolution 2017/2018-12 approving amendments to the 2017/18 SVFRA budget. **Action Item with Roll Call Vote**

c) FY 2017/18 fund balance allocations. **Action Item**

d) Vote for 4 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2018. **Action Item**

11. OTHER BUSINESS TO COME BEFORE THE BOARD

Gold Ridge FPD will host the SCFDA meeting on April 26th at Station 1. Please RSVP to Georgette with choice of entree by April 19th.

12. COMMENTS FROM THE FLOOR

13. COMMENTS/REPORTS FROM THE BOARD

14. CLOSED SESSION

15. ADJOURNMENT

This meeting will be adjourned to a regular meeting on May 8, 2018 at 6:00 p.m. in the Training Room of Sonoma Valley Fire & Rescue Authority Station 1, located at 630 2nd Street West, Sonoma.

Copies of all staff reports and documents subject to disclosure that relate to any item of business referred to on the agenda are available for public inspection the Monday before each regularly scheduled meeting during regular business hours, 8:00 a.m. to 5:00 p.m. Monday through Friday, at Sonoma Valley Fire & Rescue Authority's Station 1, located at 630 2nd Street West, Sonoma, California.

Any documents subject to disclosure that are provided to all, or a majority of all, of the members of the Board of Directors regarding any item on this agenda after the agenda has been distributed will be made available for inspection at the location listed above during regular business hours. If you challenge the action of the Board in court, you may be limited to raising only those issues you or someone else raised at the public hearing described on the agenda, or in written correspondence delivered to the Valley of the Moon Fire Protection District Board of Directors, at or prior to the public hearing.

In accordance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the secretary for the Board at (707) 996-2102. Notification 48 hours before the meeting will enable the Valley of the Moon Fire Protection District to make reasonable arrangements to ensure accessibility to this meeting.



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 10, 2018



Agenda Item No.		Staff Contact	
7		Georgette Darcy, Admin. Analyst/Secretary to Board	
Agenda Item Title			
Approval of minutes for meeting of March 13, 2018			
Recommended Actions			
Approve the minutes			
Executive Summary			
The minutes have been prepared for Board review and approval.			
Alternative Actions			
Correct or amend minutes prior to approval			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 17/18			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.		Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Not required			
Attachments			
Minutes for March 13, 2018 meeting			

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS MEETING MINUTES

March 13, 2018

1. CALL TO ORDER

President Norton called the meeting to order at 6:02 p.m.

2. ROLL CALL & DETERMINATION OF A QUORUM

Board of Directors: President Norton, Director Greben, and Director Brady. Directors Brunton and Leen were excused.

3. PLEDGE OF ALLEGIANCE

President Norton led the Pledge of Allegiance.

4. CONFIRMATION OF AGENDA

Item 14 was moved to follow Item 4.

5. COMMENTS FROM THE PUBLIC

None

6. PRESENTATIONS

Chief Akre presented a report on Post-October 2017 Fire Activity

7. CONSENT CALENDAR

Approval of minutes for regular meeting of January 9, 2018

M/S/P Brady/Greben to approve minutes for January 9, 2018. Passed 3 ayes

8. FIRE CHIEFS' MONTHLY REPORT

Fire Chief Akre gave an oral activity report for January and February 2018.

9. OLD BUSINESS

None

10. NEW BUSINESS

a) Resolution 2017/2018-10 approving pensionable holiday pay benefit for Apprentice Firefighters

M/S/P Brady/Greben to approve pensionable holiday pay benefit for Apprentice Firefighters. Passed 3 ayes

- b) Resolution 2017/2018-11 ordering an election to be held and requesting consolidation with the November 6, 2018 General Election

Item tabled to next regular meeting.

11. OTHER BUSINESS TO COME BEFORE THE BOARD

None

12. COMMENTS FROM THE FLOOR

Chief Akre announced that former District Administrative Assistant, Joan Kunce, passed away on March 5th.

13. COMMENTS/REPORTS FROM THE BOARD

None

14. CLOSED SESSION

The meeting was adjourned at 6:05 p.m. for a closed session.

a) PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Fire Chief

Pursuant to California Government Code Section 54957

b) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Subdivision D of Government Code Section 54956.9; one potential case.

Report on closed session:

The Board emerged from closed session at 7:20 p.m. President Norton announced that there were no reportable actions by the Board on these items.

15. ADJOURNMENT

The meeting was adjourned at 7:42 p.m. to a regular meeting on April 10, 2018 at 6:00 p.m. in the Training Room at Station 1, located at 630 2nd Street West in Sonoma.

Respectfully submitted,

Georgette Darcy

President Norton

Director Brunton

Director Greben

Director Brady

Director Leen



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 10, 2018



Agenda Item No.	Staff Contact
9	Georgette Darcy, Admin. Analyst/Secretary to Board

Agenda Item Title
Resolution 2017/2018-11 ordering an election to be held and requesting consolidation with the November 6, 2018 election

Recommended Actions
Order election and request consolidation with County election on 11/6/18

Executive Summary
The regular biennial election for our District Board Directors will be held on November 6, 2018. The positions of two Board members (Director Brady and Director Greben) will expire at the end of 2018. In order to participate in the County election, the Board must pass a resolution ordering an election and requesting consolidation.

Alternative Actions
Decline to consolidate with the County election

Strategic Plan Alignment
Not applicable

Fiscal Summary – FY 17/18			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$

Narrative Explanation of Fiscal Impacts (if required)

Attachments
<ol style="list-style-type: none"> Information on upcoming consolidated elections Resolution 2017/2018-11



SONOMA COUNTY
Clerk-Recorder-Assessor
www.sonoma-county.org/cra

REGISTRAR OF
VOTERS DIVISION

P.O. Box 11485
435 Fiscal Dr.
Santa Rosa, CA 95406
Tel: (707) 565-6800
Toll Free (CA only):
(800) 750-VOTE
Fax: (707) 565-6843

MEMORANDUM

TO: DISTRICT SECRETARY

FROM: SONOMA COUNTY REGISTRAR OF VOTERS

DATE: MARCH 5, 2018

SUBJ: INFORMATION ON UPCOMING CONSOLIDATED ELECTIONS

The regular biennial election of your District Board Directors will take place on November 6, 2018. Nominations for offices in your district open on July 16, and close on August 10, 2018. If any incumbent fails to file during the nomination period, there will be a five day extension through 5 p.m. on August 15, 2018, for anyone other than the incumbent officer. The Registrar of Voters Office would like to assist you in any way possible in meeting all of your filing deadlines. Enclosed is a sample Resolution form to request consolidation, a Notice of Offices to Be Filled and Statement of Responsibility for the Statement of Qualifications and a Notice of District Boundaries. Filing dates for each of these documents are included on the election calendar enclosed.

As a convenience to your candidates, we have enclosed forms for submitting Candidates' Statements of Qualifications as well as guidelines for preparing the statement. These forms may be provided to any candidate wishing to include a printed Statement of Qualifications in the Sonoma County Voter Information Guide.

If your district requires payment in advance for printing statements, candidates must secure a receipt from your office as proof of payment before a statement will be accepted for filing by our office. We will send out cost estimates via email as soon as they are available.

Statements of Qualifications must be filed at the same time all other nomination documents are filed in the office of the Registrar of Voters. Statements may be withdrawn but not changed during the nomination period or extended nomination period if applicable.

If you have any questions regarding this or any other election related matters, you may call our office at (707) 565-6800 or write us at P.O. Box 11485, Santa Rosa, CA 95406. Your continued cooperation and assistance in the conduct of elections is greatly appreciated.

Thank you,

Kamari Marchbanks

Resolution No: 2017/2018-11
Dated: April 10, 2018

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON FIRE PROTECTION DISTRICT OF SONOMA COUNTY, STATE OF CALIFORNIA, ORDERING AN ELECTION TO BE HELD AND REQUESTING CONSOLIDATION WITH THE NOVEMBER 6, 2018 GENERAL ELECTION

WHEREAS, an election will be held November 6, 2018 in the Valley of the Moon Fire Protection District for the purpose of electing Board Directors to fill positions that will expire in 2022;

BE IT RESOLVED THAT, the Board Directors of said district hereby request consolidation with any election that may be held on the same day, in the same territory, or in territory that is in part the same.

IN REGULAR SESSION, the foregoing resolution was introduced by Director _____, who moved its adoption, seconded by Director _____, and passed by the Board of Directors of the Valley of the Moon Fire Protection District this 10th day of April, 2018 on regular roll call vote of the members of said Board by the following vote:

President Norton	Aye _____	No _____	Absent _____
Director Brunton	Aye _____	No _____	Absent _____
Director Greben	Aye _____	No _____	Absent _____
Director Brady	Aye _____	No _____	Absent _____
Director Leen	Aye _____	No _____	Absent _____
Vote:	Aye _____	No _____	Absent _____

WHEREUPON, the President declared the foregoing resolution adopted; and

SO ORDERED

ATTEST:

William Norton, President

Brian Brady, Clerk



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 10, 2018



Agenda Item No.		Staff Contact	
10A		Steve Akre, Fire Chief	
Agenda Item Title			
Accept 2016/17 VOM District financial audit			
Recommended Actions			
Accept audit			
Executive Summary			
Audit firm Chavan & Associates, LLP has completed the fiscal year 2016/17 financial audit for the District. Auditor Sheldon Chavan has presented the audit to the Board, who are now asked to accept the document.			
Alternative Actions			
Decline to accept or request more information prior to accepting audit			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 17/18			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
Valley of the Moon Fire Protection District Annual Financial Audit Report June 30, 2017			

**VALLEY OF THE MOON
FIRE PROTECTION DISTRICT**
ANNUAL FINANCIAL AUDIT REPORT
JUNE 30, 2017



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

Valley of the Moon Fire Protection District

Sonoma County

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FINANCIAL
SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Valley of the Moon Fire Protection District
Sonoma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Valley of the Moon Fire Protection District (the District), as of and for the year ended June 30, 2017, 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

The District's 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 District'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 District'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 District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension contributions, schedule of proportionate share of net pension liability, and schedule of funding progress for the retiree healthcare plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, and the other information listed in the supplementary section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and the other information listed in the supplementary section of the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the other information listed in the supplementary section of the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018 on our consideration of the 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 the District's internal control over financial reporting and compliance.

C & A LLP

January 31, 2018
San Jose, California

Management's Discussion and Analysis

Valley of the Moon Fire Protection District

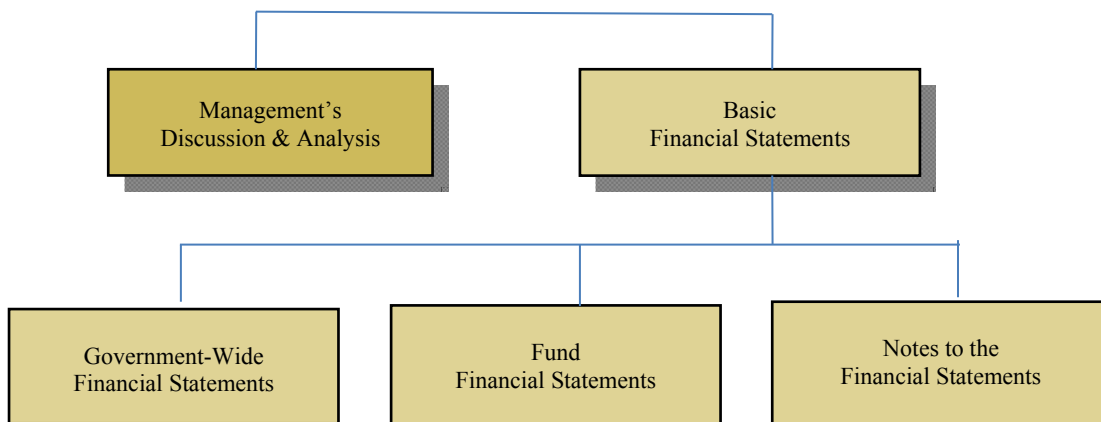
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2017 were as follows:

- Total net position decreased by \$398,246 (17.3%), which included a decrease in unrestricted net position of \$599,878 (48.3%), from June 30, 2016 to June 30, 2017.
- The District recorded deferred outflows of resources of \$3,928,017 and deferred inflows of resources of \$344,289 in order to record the different components required by GASB 68 for pension accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- General revenues accounted for \$4,472,582 which is 44% of all revenues. Program specific revenues in the form of charges for services accounted for \$5,588,194, or 57%, of total revenues of \$10,214,538.
- The District had \$10,612,784 in expenses, which was directly supported by program specific revenues as noted above.
- Total fund balances of governmental funds increased by \$98,757, or 3%, from June 30, 2016 to June 30, 2017.

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2016 - 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where the District's programs and services are reported. The District does not have any business type activities.

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's fund financial statements begins on page 15. Fund financial reports provide detailed information about the District's major funds. The District uses two funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund and the Sonoma Valley Fire and Rescue Fund.

Governmental Funds

The General Fund and the Sonoma Valley Fire and Rescue Fund are governmental fund types and are reported using an accounting method called modified accrual 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 future to finance fire protection programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2017 as compared to June 30, 2016:

Table 1 - Summary Statement of Net Position				
	2017	2016	Change	Percentage Change
Assets				
Current Assets	\$ 4,162,561	\$ 3,803,935	\$ 358,626	9.43%
Noncurrent Assets	1,572,625	1,412,803	159,822	11.31%
Total Assets	\$ 5,735,186	\$ 5,216,738	\$ 518,448	9.94%
Deferred Outflows				
	\$ 3,928,017	\$ 5,112,121	\$ (1,184,104)	-23.16%
Liabilities				
Current Liabilities	\$ 372,240	\$ 112,371	\$ 259,869	231.26%
Noncurrent Liabilities	7,043,068	7,207,993	(164,925)	-2.29%
Total Liabilities	\$ 7,415,308	\$ 7,320,364	\$ 94,944	1.30%
Deferred Inflows				
	\$ 344,289	\$ 706,643	\$ (362,354)	-51.28%
Net Position				
Net Investment in Capital Assets	\$ 1,261,860	\$ 1,060,228	\$ 201,632	19.02%
Unrestricted	641,746	1,241,624	(599,878)	-48.31%
Total Net Position	\$ 1,903,606	\$ 2,301,852	\$ (398,246)	-17.30%

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Table 2 shows the changes in net position for fiscal year 2017 as compared to 2016.

Table 2 - Summary of Changes in Statement of Activities				
	2017	2016	Change	Percentage Change
Revenues				
Program revenues	\$ 5,588,194	\$ 5,530,574	\$ 57,620	1.04%
General revenues:				
Property taxes	3,981,993	3,736,945	245,048	6.56%
Special taxes	324,312	325,664	(1,352)	-0.42%
Miscellaneous	166,277	139,794	26,483	18.94%
Special item - donated capital assets	153,762	-	153,762	100.00%
Total Revenues	10,214,538	9,732,977	481,561	4.95%
Program Expenses				
Public safety - fire protection	10,612,784	9,180,117	1,432,667	15.61%
Total Expenses	10,612,784	9,180,117	1,432,667	15.61%
Change in Net Position	(398,246)	552,860	(951,106)	-172.03%
Beginning Net Position	2,301,852	1,749,312	552,540	31.59%
Prior Period Adjustments	-	(320)	320	100.00%
Ending Net Position	\$ 1,903,606	\$ 2,301,852	\$ (398,246)	-17.30%

THE DISTRICT'S FUND BALANCE

Table 3 provides an analysis of the District's fund balances and the total change in fund balance from the prior year.

Table 3 - Summary of Fund Balance				
	2017	2016	Change	Percentage Change
Nonspendable	\$ -	\$ 64,269	\$ (64,269)	-100%
Committed for capital equipment	897,758	777,731	120,027	15%
Committed for buildings and improvements	517,154	471,515	45,639	10%
Committed for other postemployment benefits	447,098	396,579	50,519	13%
Committed for compensated absences	200,245	206,532	(6,287)	-3%
Committed for emergency and other contingencies	427,002	393,973	33,029	8%
Unassigned	1,301,064	1,380,965	(79,901)	-6%
Total Fund Balance	\$ 3,790,321	\$ 3,691,564	\$ 98,757	3%

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

The original and final revised budgets for the General Fund are presented as Required Supplementary Information. During the course of the 2016-17 fiscal year, the District revised its budget one time for the General Fund, with the final budgeted revenue and other financing sources estimate set at \$4,265,094. The original budgeted estimates were \$4,265,094.

CAPITAL ASSETS

Table 4 shows June 30, 2017 capital asset balances as compared to June 30, 2016.

Table 4 - Summary of Capital Assets Net of Depreciation					
	2017	2016	Change	Percentage Change	
Land	\$ 131,472	\$ 131,472	\$ -	0.00%	
Work-in-Progress	-	3,700	(3,700)	100.00%	
Buildings and Improvements	693,448	448,582	244,866	54.59%	
Equipment	747,705	829,049	(81,344)	-9.81%	
Total Capital Assets - Net	\$ 1,572,625	\$ 1,412,803	\$ 159,822	11.31%	

LONG TERM LIABILITIES

Table 5 summarizes the percent changes in long-term liabilities over the past two years.

Table 5 - Summary of Long-term Liabilities					
	2017	2016	Change	Percentage Change	
Capital Leases	\$ 310,765	\$ 352,575	\$ (41,810)	-11.86%	
Annual Net OPEB Obligation	781,193	580,374	200,819	34.60%	
Net Pension Liabilities	5,754,104	6,074,799	(320,695)	-5.28%	
Compensated Absences	197,006	200,245	(3,239)	-1.62%	
Total Long-term Liabilities	\$ 7,043,068	\$ 7,207,993	\$ (164,925)	-2.29%	

FACTORS BEARING ON THE DISTRICT'S FUTURE

After experiencing flat or declining property values from 2008 – 2012, the District has seen increases in property tax payments including those related to the dissolution of Redevelopment which returns increased property tax to the District. Since a significant portion of the District's revenue is derived from property taxes, projected flat or even declining property tax revenues are challenging as an operational driver. While property values are currently increasing, they are not increasing at the same pace as expenses especially related to long term expenses such as OPEB and healthcare.

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The District has completed its fifth full fiscal year under the newly negotiated Sonoma Valley Fire and Rescue Authority (SVFRA) contract with the City of Sonoma. The final operating results allow for better strategic and future planning as the District addresses the challenges related to property tax revenue as well as increased health and pension costs.

The District has taken several active measures to maintain fiscal sustainability into the future:

- The District has collaborated with its employee union and the Sonoma Valley Volunteer Firefighters Association to create opportunities to reduce ongoing operational costs.
- The District continues to be successful with grant acquisition and will continue to pursue grants as a means of improving services and enhancing the safety of its personnel.
- The District and the City of Sonoma have negotiated sharing of costs and revenues for service provided by the District to the City or to City residents.
- The District has developed reserve policies to meet future financial needs such as Capital Replacement and Other Post Employment Benefit (OPEB) costs.
- The District is actively involved in a countywide project to improve Fire Services and has received reimbursements from the County for lost historical revenue and services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Treasurer, Valley of the Moon Fire Protection District, 630 Second Street West, Sonoma, California 95476.

Basic Financial Statements

Valley of the Moon Fire Protection District

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 3,800,639
Accounts receivable	326,970
Other current assets	34,952
Total current assets	<u>4,162,561</u>
Noncurrent assets:	
Non-depreciable capital assets	131,472
Capital assets, net of depreciation	1,441,153
Total noncurrent assets	<u>1,572,625</u>
Total Assets	<u><u>\$ 5,735,186</u></u>
Deferred Outflows of Resources	
Pension adjustments	\$ 3,928,017
Total Deferred Outflows of Resources	<u><u>\$ 3,928,017</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 359,035
Payroll and other liabilities	13,205
Total current liabilities	<u>372,240</u>
Noncurrent liabilities:	
Due within one year	169,030
Due after one year	6,874,038
Total noncurrent liabilities	<u>7,043,068</u>
Total Liabilities	<u><u>\$ 7,415,308</u></u>
Deferred Inflows of Resources	
Pension adjustments	\$ 344,289
Total Deferred Inflows of Resources	<u><u>\$ 344,289</u></u>
Net Position	
Net Investment in Capital Assets	\$ 1,261,860
Unrestricted	641,746
Total Net Position	<u><u>\$ 1,903,606</u></u>

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

Valley of the Moon Fire Protection District

Statement of Activities

For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety - fire protection	\$ 10,509,743	\$ 5,588,194	\$ (4,921,549)
Depreciation	103,041	-	(103,041)
Total governmental activities	\$ 10,612,784	\$ 5,588,194	(5,024,590)
General revenues:			
Property taxes			3,981,993
Special taxes			324,312
Interest and investment earnings			34,126
Miscellaneous			132,151
Special item - donated capital assets			153,762
Total general revenues			4,626,344
Change in net position			(398,246)
Net position beginning			2,301,852
Net position ending			\$ 1,903,606

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

Valley of the Moon Fire Protection District

Governmental Funds

Balance Sheet

June 30, 2017

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 3,177,363	\$ 623,276	\$ 3,800,639
Accounts receivable	316,970	10,000	326,970
Other current assets	-	34,952	34,952
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 3,494,333</u>	<u>\$ 668,228</u>	<u>\$ 4,162,561</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 92,415	\$ 266,620	\$ 359,035
Payroll and other liabilities	600	12,605	13,205
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>93,015</u>	<u>279,225</u>	<u>372,240</u>
Fund balance:			
Committed for:			
Capital Equipment	897,758	-	897,758
Buildings and improvements	517,154	-	517,154
Other postemployment benefits	447,098	-	447,098
Compensated absences	200,245	-	200,245
Emergencies and other contingencies	427,002	-	427,002
Unassigned	912,061	389,003	1,301,064
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>3,401,318</u>	<u>389,003</u>	<u>3,790,321</u>
Total Liabilities and Fund Balance	<u>\$ 3,494,333</u>	<u>\$ 668,228</u>	<u>\$ 4,162,561</u>

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

Valley of the Moon Fire Protection District

Reconciliation of the Governmental Funds

Balance Sheet to the Statement of Net Position

June 30, 2017

Total fund balance - governmental funds	\$	3,790,321
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Amounts reported in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets at cost	\$ 3,029,691		
Accumulated depreciation	<u>(1,457,066)</u>		1,572,625

Contributions and other adjustments made to pension plans will not be included in the calculation of the District's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources.	3,928,017
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The differences from expected and actual experience in the pension plan is not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the statement of net position.	(344,289)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:

Capital lease	\$ 310,765		
Annual net OPEB obligation	781,193		
Net pension liabilities	5,754,104		
Compensated absences	<u>197,006</u>		<u>(7,043,068)</u>

Total net position - governmental activities	\$	<u><u>1,903,606</u></u>
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The notes to the financial statements are an integral part of this statement.

Valley of the Moon Fire Protection District

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance For the Fiscal Year Ended June 30, 2017

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 3,981,993	\$ -	\$ 3,981,993
Special taxes	324,312	-	324,312
Intergovernmental	-	412,793	412,793
Charges for services	-	5,175,401	5,175,401
Investment earnings	31,643	2,483	34,126
Other revenues	103,400	28,751	132,151
Total revenues	4,441,348	5,619,428	10,060,776
Expenditures:			
Current			
Salaries and employee benefits	100,853	8,407,914	8,508,767
Services and supplies	166,867	931,333	1,098,200
Capital outlay	277,450	30,503	307,953
Debt service - Principle	41,810	-	41,810
Debt service - Interest	5,289	-	5,289
Total expenditures	592,269	9,369,750	9,962,019
Excess (deficiency) of revenues over (under) expenditures	3,849,079	(3,750,322)	98,757
Other financing sources (uses):			
Transfers in	-	3,648,688	3,648,688
Transfers out	(3,648,688)	-	(3,648,688)
Total other financing sources (uses)	(3,648,688)	3,648,688	-
Net changes in fund balance	200,391	(101,634)	98,757
Fund balance beginning	3,200,927	490,637	3,691,564
Fund balance ending	<u>\$ 3,401,318</u>	<u>\$ 389,003</u>	<u>\$ 3,790,321</u>

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

Valley of the Moon Fire Protection District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Total net change in fund balance - governmental funds \$ 98,757

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Additions to capital assets	\$ 109,101	
Donated capital asset	153,762	
Depreciation expense	<u>(103,041)</u>	159,822

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of lease obligations		41,810
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In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year compensated absences increased by: 3,239

In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources. (501,055)

In the Statement of Activities, the net postemployment benefit obligation is the amount by which the contributions toward the OPEB plan were less than the annual required contribution as actuarially determined. The net postemployment benefit obligation is not recorded in the governmental fund statements. The change in the net OPEB obligation was recorded in the Statement of Activities in the amount of: (200,819)

Changes in net position of governmental activities \$ (398,246)

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The Valley of the Moon Fire Protection District was formed by resolution of the Board of Supervisors of the County of Sonoma as a fire protection district under and pursuant to provisions of the Health and Safety Code of the State of California and is 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.

On February 1, 2002, the District entered into a joint powers agreement with the City of Sonoma creating a public entity known as the Sonoma Valley Fire and Rescue Authority (SVFRA). SVFRA acts only in an operational capacity for the combined fire protection services of the City and the District and does not have the full powers and authority of a typical Joint Powers Authority.

Over the course of the past nine years, the consolidation of the two departments through the joint powers agreement has been successfully completed on an operational basis, with all fire and rescue operations and the majority of administrative processes being integrated into one functional organization.

The SVFRA was converted into a single governance model as a contract for services with Valley of the Moon Fire District. The contract was approved by both the Sonoma City Council and the Valley of the Moon Fire District Board in December 2011, with an effective date for transition of employees as of February 2012.

The contract includes the provision that the District will lease all facilities located at 630 Second Street West (Station 1) as well as all vehicles and equipment for the sum of \$1.00 each year. Ownership, however, of all facilities and equipment will remain with the respective agencies. The contract for services will be recognized as the Sonoma Valley Fire and Rescue Authority (SVFRA) under the direction of the Valley of the Moon Board of Directors.

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2017, the District does not have any component units and is not a component unit of any other reporting entity.

C. 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 Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the 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 a comparison between 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.

Fund Financial Statements:

Fund financial statements report detailed information about the District. 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, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

D. 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.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value *without* directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

Deferred outflows of resources is the consumption of net position by the government that is applicable to a future reporting period, for example; prepaid items and deferred charges.

Deferred inflows of resources is the acquisition of net position by the government that is applicable to a future reporting period, for example; unearned revenues and advance collections.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be 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. The 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 District's accounts are organized into two major funds as follows:

- The *General Fund* is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.
- The *Sonoma Valley Fire and Rescue Authority Fund* is used to account for the revenues received and expenditures made to operate the District's combined fire protection services for the City of Sonoma and the District.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Districts are required to prepare a Preliminary Budget which is adopted by the Board and submitted to the County Auditor-Controller by June 30th. A final Budget is adopted following a Public Hearing on or before September 30th which is then submitted to the County Auditor-Controller as a basis for tax allocation. The District's governing board satisfied these requirements. These budgets are revised by the District's governing board and Fire Chief during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. For the fiscal year ended June 30, 2017, actual expenditures exceeded appropriations in the Sonoma Valley Fire and Rescue Authority Fund by \$3,750,322. However, transfers in and fund balance were sufficient to cover the overage.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances were liquidated on June 30.

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Sonoma County Employees' Retirement Association (SCERA) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by SCERA. 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.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Measurement Period	July 1, 2015 to June 30, 2016

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

The District maintains its operating cash in a bank account with the City of Sonoma (the City) which provides finance and treasury functions for the District. The City pools the cash and investments and interest earned is allocated and apportioned quarterly to the District based on the average daily balance for each quarter. The District has a separate bank account for processing payroll.

All District investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. This statement changed the definition of fair value and is effective for periods beginning after June 15, 2015.

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Prepaid Expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building improvements	25-45
Furniture and fixtures	5-15
Mobile equipment	20
Other equipment	10-30

5. Compensated Absences

All vacation and sick leave plus related payroll tax 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. Because compensated absences are typically paid out upon termination (such as retirement or resignation) of the employee, they are included in annual operating costs for SVFRA. As such, the City pays a share of these costs through their service agreement with Valley of the Moon by payment of a share of operating costs. Based on this current practice, a share of the outstanding balance of compensated absences is allocated to Valley of the Moon based on the share of costs for the SVFRA operation for fiscal year 2017. As of June 30, 2017, Valley of the Moon's share of the compensated absences balance was \$197,006.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

6. Long-Term/Noncurrent 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.

7. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of directors.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Fire Chief.
- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted net position reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Property Taxes

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. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, 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 15th for the ensuing fiscal 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.

10. Risk Management

The District is exposed to various risks including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. The District participates in risk pools under JPAs for property and liability, health benefits, and workers' compensation coverage.

11. Accounting Estimates

The presentation 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 reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

12. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

13. Implemented New Accounting Pronouncements

GASB Statement No. 77, *Tax Abatement Disclosures* - Effective date: the requirements of this Statement are effective for reporting periods beginning after December 15, 2015 (earlier application was encouraged and was applied at the District). This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the District under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The implementation of this statement did not have a significant impact on the District's financial statements and did not result in any prior period restatements or adjustments.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this GASB 78, the requirements of GASB 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that statement.

GASB 78 amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The implementation of this statement did not have a significant impact on the District's financial statements and did not result in any prior period restatements or adjustments.

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14. Upcoming Accounting and Reporting Changes

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The District is in the process of determining the impact this statement will have on the financial statements.

GASB Statement No. 81, Irrevocable Split-Interest Agreements - The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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Notes to the Basic Financial Statements
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Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of GASB 82 for selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
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June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 84, *Fiduciary Activities* - The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 87, *Leases* - The primary objective of this Statement is to increase the usefulness of governments' financial statement by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is currently evaluating the impact on the financial statements and ensuring the required data will be available for disclosure.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2017, is as follows:

Cash and Investments	Available for Operations	Fair Value June 30, 2017
Cash On Hand and in Banks	\$ 274,324	\$ 274,324
Cash in City Treasury	3,526,315	3,526,315
Total Cash Deposits	\$ 3,800,639	\$ 3,800,639

Cash in Banks

Cash balances in banks are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). The District's accounts are held with WestAmerica Bank. As of June 30, 2017, the District's bank balance was \$274,324 which was \$24,324 in excess of FDIC coverage.

Cash in City Treasury

Amounts on deposit with the City are invested pursuant to investment policy guidelines established by the City Treasurer and approved by the City Council. 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 City 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.

All cash and investments are stated at fair value. Pooled investment earnings are allocated quarterly based on the average cash and investment balances of the various funds and related entities of the City.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

a) 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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the City Treasury.

b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the City Investment Pool is governed by the City's general investment policy. The City's investments in fiscal year ended June 30, 2017, included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The City's two other investment types, LAIF and money market mutual funds, are not rated.

c) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

d) Concentration of Credit Risk

Because it pools its cash with the City, the District relies on the City's investment policy which contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. In addition, investments that are in either an external investment pool or mutual funds are exempt from government code and disclosure requirements.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, is shown below:

Capital Assets	Balance July 01, 2016	Additions	Deletions/ Adjustments	Balance June 30, 2017
Non-depreciable:				
Land	\$ 131,472	\$ -	\$ -	\$ 131,472
Construction in Progress	3,700	-	(3,700)	-
Total Non-Depreciable	135,172	-	(3,700)	131,472
Depreciable:				
Buildings and improvements	819,874	266,563	-	1,086,437
Equipment	1,811,782	-	-	1,811,782
Total Depreciable	2,631,656	266,563	-	2,898,219
Less Accumulated Depreciation for:				
Buildings and improvements	371,291	21,698	-	392,989
Equipment	982,734	81,343	-	1,064,077
Total Accumulated Depreciation	1,354,025	103,041	-	1,457,066
Total Depreciable PPE - Net	1,277,631	163,522	-	1,441,153
Total PPE - Net	\$ 1,412,803	\$ 163,522	\$ (3,700)	\$ 1,572,625

NOTE 4 - SCHEDULE OF CHANGES IN NONCURRENT LIABILITIES

The following is a summary of the changes in noncurrent liabilities for the year ended June 30, 2017:

Long-term Obligations	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017	Due Within One Year
Capital Lease	\$ 352,575	\$ -	\$ 41,810	\$ 310,765	\$ 42,437
Net OPEB Obligation	580,374	320,406	119,587	781,193	85,852
Net Pension Liabilities	6,074,799	-	320,695	5,754,104	-
Compensated Absences	200,245	-	3,239	197,006	49,252
Total Long-term Obligations	\$ 7,207,993	\$ 320,406	\$ 485,331	\$ 7,043,068	\$ 177,541

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS

A. Sonoma County Employees' Retirement Association (SCERA) Pension Plan

General Information about the Pension Plan

Plan Description - All qualified permanent employees scheduled to work at least 50% of a full-time position are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the Sonoma County Employees' Retirement Association (SCERA), a public employee retirement system.

There are currently two tiers applicable to both General and Safety members. Members with membership dates before January 1, 2013 are included in General Plan A or Safety Plan A. Any new member who becomes a member on or after January 1, 2013 is designated as General Plan B or Safety Plan B and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. PEPRA was

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
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signed into law by Governor Jerry Brown on September 12, 2012, with an effective date of January 1, 2013. All General and Safety employees hired on or after January 1, 2013, with the exception of employees who are eligible for reciprocity with another qualified California retirement system, are part of a new tier called Plan B.

The Plan provides benefits as defined by the law upon retirement, death, or disability of members and may be amended by the Board of Supervisors. The Board of Retirement has the authority to establish and amend benefit provisions and these shall then be adopted by the County Board of Supervisors.

The financial statements for the County (the primary government) contain additional financial information for the defined pension benefits, which is not presented here. SCERA issues an annual financial report that includes financial statements and required supplementary information for the Plan which can be obtained by writing to the Sonoma County Employees' Retirement Association, 433 Aviation Blvd., Suite 100, Santa Rosa, CA 95403-1069.

Benefits Provided - The Plan provides retirement, disability, death and survivor benefits to plan members and beneficiaries. The retirement benefit the member will receive is based upon age at retirement, final average compensation (FAC), years of retirement service credit and retirement plan and tier. For Plan A member, the FAC is based on the member's highest consecutive 12 months of compensation earnable. For Plan B members the FAC is based on the member's highest consecutive 36 months of pensionable compensation. The monthly allowance is equal to the final average compensation times the member's years of accrued retirement service credit, times the age factor.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	General Plan A	General Plan B	Safety Plan A	Safety Plan B
Hire date	Before January 1, 2014	After January 1, 2014	Before January 1, 2014	After January 1, 2014
Benefit Determination	(1)	(2)	(1)	(2)
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly ⁽³⁾	Monthly for Life	Monthly ⁽³⁾	Monthly for Life
Retirement age	50 ⁽⁴⁾	52 ⁽⁵⁾	50 ⁽⁴⁾	50 ⁽⁵⁾
Monthly benefits as a % of eligible compensation	2.0% to 3.0% ⁽⁶⁾	1.0% to 2.5% ⁽⁶⁾	3% ⁽⁶⁾	2.0% to 2.7% ⁽⁶⁾
Average employee contribution rates	12.13% ⁽⁷⁾	7.42%	10.48% ⁽⁷⁾	9.47%
Employer contribution rates	18.23%	12.32%	36.27%	22.65%

(1) Final Average Compensation (FAC1) for benefit determination is based on the member's highest consecutive one year of compensation earnable

(2) Final Average Compensation (FAC3) for benefit determination is based on the member's highest consecutive three years of pensionable compensation

(3) Up to 100% of Final Average Compensation

(4) Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age

(5) With 5 years of service credit

(6) The percentage, which is based on the retirement age, is the percent of FAC per year of service

(7) Average contribution rate, depending on entry age

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Employees Covered - At June 30, 2017, the District had the following employees covered by the benefit terms under the Plan:

	<u>Participants</u>
Inactive employees receiving benefits	9
Inactive employees entitled to but not receiving benefits	1
Active members	39
Total Employees Covered	49

Contributions - The Plan is a defined benefit plan that is funded by actuarially-determined regular contributions using the entry-age normal cost method. Significant actuarial assumptions used to compute actuarially-determined contribution requirements are the same as those used to compute the actuarial accrued liability. Employer contribution rates are adopted annually based upon recommendations received from SCERA's actuary after the completion of the annual actuarial valuation.

All members are required to make contributions to SCERA regardless of the retirement plan or tier in which they are included. The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2017 were based on the Plan's valuation dated December 31, 2016.

The contribution rates determined in each actuarial valuation take effect at the beginning of the fiscal year starting at least twelve months after the beginning of the valuation year, except when significant benefit or actuarial assumption changes occur. The County is required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at actuarially determined rates. Employer and member contributions are funded and recognized through the County and District payroll systems via employer benefit payments and employee deductions.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$ 1,368,336
Contributions - employee	519,786
Total contributions	\$ 1,888,122

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to SCERA

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
General	\$ 160,557
Safety	5,593,547
Total Net Pension Liability	\$ 5,754,104

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	General	Safety
Proportion - June 30, 2016	0.0560%	5.6358%
Proportion - June 30, 2017	0.0548%	5.6233%
Change	-0.0012%	-0.0125%

For the year ended June 30, 2017, the District recognized pension expense of \$501,055 for the Plan.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,368,336	\$ -
Changes of assumptions	905,993	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	478,667	-
Net differences between projected and actual earnings on plan investments	1,006,658	-
Difference between expected and actual experience	168,363	344,289
Total	\$ 3,928,017	\$ 344,289

The District reported \$1,368,336 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Recognized to Pension Expense
2018	\$ 902,312
2019	1,015,497
2020	413,137
2021	(115,554)
Total	\$ 2,215,392

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Actuarial Assumptions - The total pension liabilities in the December 31, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2014
Measurement Date	December 31, 2016
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	3.25%
Projected Salary Increase	4.5% - 12.5% ⁽¹⁾
Investment Rate of Return	7.5% ⁽²⁾
Mortality	⁽³⁾

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) Based on RP-2000 Combined Healthy Mortality Table projected with Scale AA

The underlying mortality assumptions and all other actuarial assumptions used in the December 31, 2016 valuation were based on a review of the mortality experience in the January 1, 2009 – December 31, 2011 Actuarial Experience Study.

Discount Rate - The discount rate used to measure the Total Pension Liability was 7.50% as of December 31, 2016 and December 31, 2015. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2016 and December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	29.54%	5.72%
Small Cap U.S. Equity	7.20%	6.44%
Developed International Equity	18.90%	6.69%
Emerging Market Equity	5.36%	8.67%
U.S. Core Fixed Income	13.50%	0.83%
Developed International Fixed Income	0.45%	0.31%
High Yield Fixed Income	0.60%	3.00%
Emerging Market Fixed Income	0.45%	3.92%
Real Estate	10.00%	4.61%
Farmland	5.00%	5.81%
Bank Loans	3.00%	2.18%
Unconstrained Bonds	3.00%	2.71%
Infrastructure	3.00%	6.25%
Total	100.0%	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.25%
Net Pension Liability	\$	10,457,566
Current Discount Rate		7.25%
Net Pension Liability	\$	5,754,104
1% Increase		8.25%
Net Pension Liability	\$	1,824,039

Determination of Proportionate Share - The net pension liability is the total pension liability (TPL) minus the plan fiduciary net position (plan assets). In order to determine the NPL for each employer, the unfunded actuarial accrued liabilities (UAAL) determined in the funding valuation is adjusted to use the market value of plan assets (MVA). The difference between the MVA and the valuation value of assets (VVA) is first allocated among General and Safety in proportion to the VVA. The amount determined for each of General and Safety as a group is allocated among the different General and Safety employers, respectively, by using the projected payroll as of the date of the valuation on December 31, 2015 for calendar year 2016. This is because in the funding valuation, any such deferred investment gains will be allocated in future valuations among the different employers based on the projected payrolls for those employers in those valuations.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

B. Postemployment Healthcare Plan

Plan Description

The District administers a single-employer defined benefit health care plan. For eligible retired employees hired prior to January 1, 2006, the Plan provides lifetime healthcare benefits through the District's group health insurance plan, which covers both active and retired employees. The District pays 60% of the post-retirement healthcare benefits for the employees and their eligible dependents based on a Memorandum of Understanding with the various unions in which the District's employees are enrolled.

Funding Policy

The amount paid for Plan benefits during the year ended June 30, 2017 was \$101,852, which included a \$18,397 subsidized premiums adjustment. Plan members receiving benefits contribute 40% of their premium costs. In order to fully fund the Plan, the District would be required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's policy is to pay the benefits as a cash outlay after retirement (the pay-as-you-go method).

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45.

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 obligation:

Annual required contribution	\$	331,760
Interest on net OPEB obligation		25,472
Adjustment to annual required contribution		<u>(36,826)</u>
Annual OPEB cost (expense)		320,406
Contributions made		(101,190)
Subsidized premiums adjustment		<u>(18,397)</u>
Increase in net OPEB obligation		200,819
Net OPEB obligation (asset) - beginning		<u>580,374</u>
Net OPEB obligation (asset) - ending	\$	<u><u>781,193</u></u>

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
June 30, 2015	\$ 315,569	27%	\$ 396,579
June 30, 2016	319,173	42%	580,374
June 30, 2017	320,406	37%	781,193

Funded Status and Funding Progress

The most recent actuarial valuation date was July 1, 2015. The following summarizes the funded status of the plan as of June 30, 2017:

Actuarial accrued liability (AAL)	\$ 5,140,078
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	5,140,078
Funded ratio (actuarial value of plan assets/AAL)	0%
Projected covered payroll (active Plan members)	1,192,908
UAAL as a percentage of covered payroll	431%

Actuarial Methods and Assumptions

The actuarial present value of the benefits which are allocated to the current year is called the Normal Cost. The actuarial present value of the benefits which are allocated to past years, including the full value of benefits for all former employees, is called the Actuarial Accrued Liability, and is amortized over a period of future years. The ARC is the sum of that amortization and the Normal Cost. Under the entry age normal funding method, normal costs are computed as a level percentage of salary. Amortization of unfunded liability is being made as a level percentage of payroll over the 30-year period beginning July 1, 2015. The remaining amortization period at June 30, 2017, was 23 years.

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 4 percent per year and an annual healthcare cost trend rate of 6.5 percent initially, decreased to an ultimate rate of 5.0 percent. The discount rate is the interest rate at which future benefit obligations are discounted back to the present time. GASB 45 requires that the discount rate reflect the expected investment return on the District's investments.

NOTE 6 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District is covered through its participation in the Fire Agencies Insurance Risk Authority (FAIRA) joint powers agreement. As a member of this public entity risk pool, the District is responsible for appointing an employee as a liaison between 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 the District.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The following is a summary of the financial information for the JPAs as of June 30, 2017:

	FASIS	FAIRA
Total Assets	\$ 51,599,388	\$ 3,212,773
Total Liabilities	35,213,576	12,441
Total Equity	16,385,812	3,200,332
Total Revenues	11,527,310	2,520,334
Total Expenditures	13,209,196	2,484,272

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2017.

REQUIRED
SUPPLEMENTARY
INFORMATION

Valley of the Moon Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive - (Negative)
Revenues:				
Property taxes	\$ 3,936,494	\$ 3,936,494	\$ 3,981,993	\$ 45,499
Special taxes	325,600	325,600	324,312	(1,288)
Investment earnings	3,000	3,000	31,643	28,643
Other revenue	-	-	103,400	103,400
	<u>4,265,094</u>	<u>4,265,094</u>	<u>4,441,348</u>	<u>176,254</u>
Total revenues				
Expenditures:				
Current				
Salaries and employee benefits	105,641	101,259	100,853	406
Services and supplies	165,928	74,103	166,867	(92,764)
Capital outlay	137,000	137,000	277,450	(140,450)
Debt service - Principle	41,810	41,810	41,810	-
Debt service - Interest	5,288	5,288	5,289	(1)
	<u>455,667</u>	<u>359,460</u>	<u>592,269</u>	<u>(232,809)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>3,809,427</u>	<u>3,905,634</u>	<u>3,849,079</u>	<u>(56,555)</u>
Other financing sources (uses):				
Transfers in	4,927	-	-	-
Transfers out	<u>(3,814,354)</u>	<u>(3,905,634)</u>	<u>(3,648,688)</u>	<u>256,946</u>
Total other financing sources (uses)	<u>(3,809,427)</u>	<u>(3,905,634)</u>	<u>(3,648,688)</u>	<u>256,946</u>
Net change in fund balance	-	-	200,391	200,391
Fund balance beginning	<u>3,200,927</u>	<u>3,200,927</u>	<u>3,200,927</u>	<u>-</u>
Fund balance ending	<u>\$ 3,200,927</u>	<u>\$ 3,200,927</u>	<u>\$ 3,401,318</u>	<u>\$ 200,391</u>

Valley of the Moon Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Sonoma Valley Fire and Rescue Authority Fund
For the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive - (Negative)
Revenues:				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 412,793	\$ 405,293
Charges for services	5,217,084	5,000,971	5,175,401	174,430
Investment earnings	-	-	2,483	2,483
Other revenue	-	-	28,751	28,751
Total revenues	<u>5,224,584</u>	<u>5,008,471</u>	<u>5,619,428</u>	<u>610,957</u>
Expenditures:				
Current				
Salaries and employee benefits	8,386,376	7,701,475	8,407,914	(706,439)
Services and supplies	983,635	958,684	931,333	27,351
Capital outlay	37,000	37,000	30,503	6,497
Total expenditures	<u>9,407,011</u>	<u>8,697,159</u>	<u>9,369,750</u>	<u>(672,591)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,182,427)</u>	<u>(3,688,688)</u>	<u>(3,750,322)</u>	<u>(61,634)</u>
Other financing sources (uses):				
Transfers in	3,648,688	3,648,688	3,648,688	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,648,688</u>	<u>3,648,688</u>	<u>3,648,688</u>	<u>-</u>
Net change in fund balance	(533,739)	(40,000)	(101,634)	(61,634)
Fund balance beginning	490,637	490,637	490,637	-
Fund balance ending	<u>\$ (43,102)</u>	<u>\$ 450,637</u>	<u>\$ 389,003</u>	<u>\$ (61,634)</u>

Valley of the Moon Fire Protection District

Schedule of Pension Plan Contributions For the Fiscal Year Ended June 30, 2017

Sonoma County Employees' Retirement Association	2017	2016	2015
Contractually Required Contributions (Actuarially Determined)	\$ 1,368,336	\$ 1,310,219	\$ 1,321,245
Contributions in Relation to Actuarially Determined Contributions	1,368,336	1,310,219	1,321,245
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 4,118,844	\$ 3,974,135	\$ 3,922,995
Contributions as a Percentage of Covered Payroll	33.22%	32.97%	33.68%

Notes to Schedule:

Valuation Date: December 31, 2016

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll (Closed) Used Amortization Method
15 Years Remaining Amortization Period

Inflation Assumed at 3.0%

Investment Rate of Returns set at 7.5%

Based on RP-2000 Combined Healthy Mortality Table projected with Scale AA

** Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

Valley of the Moon Fire Protection District

Schedule of Proportionate Share

Of Net Pension Liability

For the Fiscal Year Ended June 30, 2017

Sonoma County Employees' Retirement Association	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of Net Pension Liability	1.46575%	1.47142%	1.16589%
District's Proportionate Share of Net Pension Liability	\$ 5,754,104	\$ 6,074,799	\$ 2,527,396
District's Covered Employee Payroll	\$ 4,118,844	\$ 3,974,135	\$ 3,922,995
 District's Proportionate Share of NPL as a % of Covered Employee Payroll	 139.70%	 152.86%	 64.43%
 Plan Fiduciary's Net Position as a % of the Total Pension Liability	 86.28%	 84.83%	 92.81%

** Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

Valley of the Moon Fire Protection District

Schedule of Funding Progress
Other Postemployment Benefits
For the Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
6/30/2010	\$ -	\$ 1,802,065	\$ 1,802,065	0.00%	\$ 736,988	245%
7/1/2015	-	4,981,372	4,981,372	0.00%	1,192,908	418%

OTHER INDEPENDENT
AUDITOR'S REPORTS



INDEPENDENT AUDITOR'S 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

Board of Directors
Valley of the Moon Fire Protection District
Sonoma, California

We have audited, 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, the financial statements of the District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

January 31, 2018
San Jose, California



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 10, 2018



Agenda Item No.		Staff Contact	
10B		Steve Akre, Fire Chief	
Agenda Item Title			
Resolution 2017/2018-12 approving amendments to the 2017/18 SVFRA budget			
Recommended Actions			
Approve amendments			
Executive Summary			
Since the adoption of the SVFRA budget in June of 2017, issues have arisen that require amendments to the budget, specifically, receipt of a FEMA SCBA grant award, costs for reimbursable strike team activity, unexpected large increase in health care premiums, the need to purchase a true shop vehicle for the apparatus mechanic, and the need to upgrade various department infrastructure items.			
Alternative Actions			
Deny approval or request more information or alternate amendments			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 17/18			
Expenditures		Funding Source(s)	
Budgeted Amount	\$9,116,986	District General Fund	\$
Add. Appropriations Req'd.	\$1,833,463	Fees/Other	\$1,833,463
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$10,950,449	Total Sources	\$1,833,463
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
<ol style="list-style-type: none"> 1. SVFRA 2017/18 budget update 2. Resolution 2017/2018-12 			

Sonoma Valley Fire and Rescue Authority
Mid-Year Budget FY 2017 - 2018



Account Number	Description	Final Budget 2016 - 2017	Approved Budget 2017 - 2018	Recommended Mid-Year Adjusted Budget 2017 - 2018	Increase (Decrease)
Revenue Budget					
798-00000-000-31407	SVFRA Mechanic Services	7,500.00	7,500.00	7,500.00	0.00
798-00000-000-31409	SVFRA Contract For Fire Services (City & VOM)	8,776,896.00	9,069,486.00	9,069,486.00	0.00
798-00000-000-37201	SVFRA Transfer from Fund Balance	88,876.00	0.00	0.00	0.00
798-00000-000-35004	Reimbursement	0.00	0.00	0.00	0.00
798-00000-000-31514	Grant Revenue	0.00	0.00	411,584.00	411,584.00
798-00000-000-30116	Fire Inspection & Processing Fee	40,000.00	40,000.00	40,000.00	0.00
798-00000-000-31108	Special Fire Svcs-State Reimbursement	493,739.00	0.00	1,421,879.00	1,421,879.00
Charges for Services		9,407,011.00	9,116,986.00	10,950,449.00	1,833,463.00
Revenue Totals		9,407,011.00	9,116,986.00	10,950,449.00	1,833,463.00
Expense Budget					
798-68901-110-40110	Regular Employee	4,391,747.00	4,510,736.00	4,510,736.00	0.00
798-68901-120-40120	Part Time Worker Salary	328,080.00	315,382.00	315,382.00	0.00
798-68901-130-40130	Overtime	1,024,497.00	650,000.00	1,824,138.00	1,174,138.00
Salary and Wages		5,744,324.00	5,476,118.00	6,650,256.00	1,174,138.00
798-68901-115-40115	Retirement	1,481,042.00	1,429,780.00	1,429,780.00	0.00
798-68901-117-40117	Medicare -	77,520.00	79,351.00	79,351.00	0.00
798-68901-118-40118	Income Protection	4,300.00	4,300.00	4,300.00	0.00
798-68901-201-40201	Employee Insurance	709,493.00	725,745.00	775,745.00	50,000.00
798-68901-202-40202	Workers Compensation	368,697.00	442,864.00	442,864.00	0.00
798-68901-223-40223	Unemployment	1,000.00	1,000.00	1,000.00	0.00
Employee Benefits		2,642,052.00	2,683,040.00	2,733,040.00	50,000.00
798-68901-310-50310	Legal	5,000.00	5,000.00	5,000.00	0.00
798-68901-311-50311	Acctng/Audit	2,000.00	2,000.00	2,000.00	0.00
798-68901-312-50312	Recruitment	35,000.00	10,000.00	10,000.00	0.00
798-68901-313-50313	Consulting	2,500.00	2,500.00	2,500.00	0.00
798-68901-347-60347	Professional Contract Services	257,819.00	266,713.00	266,713.00	0.00
798-68901-350-50350	Other-Prof/Tech	21,000.00	15,000.00	15,000.00	0.00

Sonoma Valley Fire and Rescue Authority
Mid-Year Budget FY 2017 - 2018



Account Number	Description	Final Budget 2016 - 2017	Approved Budget 2017 - 2018	Recommended Mid-Year Adjusted Budget 2017 - 2018	Increase (Decrease)
Professional Services		323,319.00	301,213.00	301,213.00	0.00
798-68901-401-60401	Utilities	65,900.00	65,900.00	65,900.00	0.00
798-68901-403-60403	Custodial	15,000.00	15,000.00	15,000.00	0.00
798-68901-404-60404	Repair & Mainte	70,000.00	60,000.00	175,000.00	115,000.00
798-68901-406-60406	Rental-Equipmen	4,000.00	4,000.00	4,000.00	0.00
798-68901-407-60407	Contract Services / Property Related	31,430.00	32,680.00	32,680.00	0.00
798-68901-420-60420	Building Maintenance	35,000.00	30,000.00	30,000.00	0.00
Property Services		221,330.00	207,580.00	322,580.00	115,000.00
798-68901-451-60451	Insurance Property / Liability	62,000.00	50,000.00	50,000.00	0.00
798-68901-452-60452	Communications	27,500.00	27,500.00	27,500.00	0.00
798-68901-453-60453	Publications and Notices	1,500.00	1,500.00	1,500.00	0.00
798-68901-454-60454	Printing & Bind	1,500.00	1,500.00	1,500.00	0.00
798-68901-456-60456	Memberships	5,000.00	5,000.00	5,000.00	0.00
798-68901-457-60457	Training/Conferences	45,000.00	55,000.00	55,000.00	0.00
798-68901-460-60460	Permit/Fees/Tax	11,035.00	11,035.00	11,035.00	0.00
Operations		153,535.00	151,535.00	151,535.00	0.00
798-68901-501-70501	Minor Supplies / Equipment	25,500.00	25,500.00	35,500.00	10,000.00
798-68901-505-70505	Fuel	55,000.00	55,000.00	55,000.00	0.00
798-68901-507-70507	Books & Periodicals	3,500.00	3,500.00	3,500.00	0.00
798-68901-508-70508	Safety Clothing / Uniforms	45,000.00	45,000.00	45,000.00	0.00
798-68901-540-70540	Rents / Leases	1,500.00	1,500.00	1,500.00	0.00
798-68901-550-70550	Major Equipment / EMS Supplies	90,000.00	90,000.00	90,000.00	0.00
798-68901-551-70551	Major Equipment / Fire Supplies	64,951.00	40,000.00	499,325.00	459,325.00
Supplies		285,451.00	260,500.00	729,825.00	469,325.00
798-68901-606-70606	Software	15,000.00	15,000.00	30,000.00	15,000.00
798-68901-607-70607	Computer Equipment / Maintenance	22,000.00	22,000.00	32,000.00	10,000.00
Software & Computer Equipment		37,000.00	37,000.00	62,000.00	25,000.00
Expense Totals		9,407,011.00	9,116,986.00	10,950,449.00	1,833,463.00

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON FIRE PROTECTION DISTRICT, SONOMA COUNTY, STATE OF CALIFORNIA, ACCEPTING THE MID-YEAR FINANCIAL REPORT AND APPROVING AMENDMENTS TO THE 2017/18 SVFRA BUDGET

WHEREAS, the 2017/18 SVFRA budget was approved by the Board of Directors of the Valley of the Moon Fire Protection District of Sonoma County on June 13, 2017; and

WHEREAS, subsequent to the adoption of the 2017/18 budget, issues have arisen that require amendments to the budget; and

WHEREAS, the Board of Directors, following review of the 2018 mid-year budget, determined that budget amendments should be made as follows:

SVFRA Budget Accounts

Account	Amendment
798-00000-000-31108	Increase budgeted revenues by \$1,421,879 (from \$0 to \$1,421,879)
798-00000-000-31514	Increase budgeted revenues by \$411,584 (from \$0 to \$411,584)
798-68901-130-40130	Increase budgeted appropriations by \$1,174,138 (from \$650,000 to \$1,824,138)
798-68901-201-40201	Increase budgeted appropriations by \$50,000 (from \$725,745 to \$775,745)
798-68901-404-60404	Increase budgeted appropriations by \$115,000 (from \$60,000 to \$175,000)
798-68901-501-70501	Increase budgeted appropriations by \$10,000 (from \$25,500 to \$35,500)
798-68901-551-70551	Increase budgeted appropriations by \$459,325 (from \$40,000 to \$499,325).
798-68901-606-70606	Increase budgeted appropriations by \$15,000 (from \$15,000 to \$30,000)
798-68901-607-70607	Increase budgeted appropriations by \$10,000 (from \$22,000 to 32,000)

NOW, THEREFORE, BE IT RESOLVED that the Budget for the Sonoma Valley Fire & Rescue Authority in the amount of \$9,116,986 shall be amended to \$10,950,449.

IN REGULAR SESSION, the foregoing resolution was introduced by Director _____, who moved its adoption, seconded by Director _____, and passed by the Board of Directors of the Valley of the Moon Fire Protection District this 10th day of April 2018, on regular roll call vote of the members of said Board:

President Norton	Aye_____	No_____	Absent_____
Director Brunton	Aye_____	No_____	Absent_____
Director Greben	Aye_____	No_____	Absent_____
Director Brady	Aye_____	No_____	Absent_____
Director Leen	Aye_____	No_____	Absent_____
Vote:	Aye_____	No_____	Absent_____

WHEREUPON, the President declared the foregoing resolution adopted, and

SO ORDERED:

ATTEST:

William Norton, President

Brian Brady, Clerk



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 10, 2018



Agenda Item No.		Staff Contact	
10C		Steve Akre, Fire Chief	
Agenda Item Title			
FY 2017/18 fund balance allocations			
Recommended Actions			
Approve new allocations			
Executive Summary			
Fund balances have been reallocated based on findings from the District's Annual Financial Audit Report. The Board is asked is approve the new allocations.			
Alternative Actions			
Request information or changes to allocations before approval			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 17/18			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
Recommended fund balance allocations June 2018			

Recommended Fund Balance Allocations April 2018

Account	Basis of Allocation	Allocation as of 3/8/16	Allocation as of 6/13/2017	Recommended Allocation
Unassigned	2 months of operating expenses (Annual Budget / 6). Updated to reflect FY 2017 Operating Budget.	\$ 656,622	\$ 711,670	\$ 732,572
Committed for Emergency / Contingency	10% of Annual Operating Budget. Updated to reflect FY 2017 Operating Budget.	\$ 393,973	\$ 427,002	\$ 439,543
Committed for Compensated Absences	Estimated District Share of Compensated Absence liability for employees. Updated based on FY 2016 Annual Financial Audit Report	\$ 206,532	\$ 200,245	\$ 200,245
Committed for Other Post- Employment Benefits Liability	Based on current GASB 45 Report and 2016 Annual Financial Audit Report	\$ 396,579	\$ 447,098	\$ 448,380
Committed for Buildings and Improvements	Based on schedule of maintenance with estimated costs and timeline	\$ 471,515	\$ 517,154	\$ 562,793
Committed for Capital Equipment	Based on depreciation schedule	\$ 741,681	\$ 897,758	\$ 1,017,785
		\$ 2,866,902	\$ 3,200,927	\$ 3,401,318



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 10, 2018



Agenda Item No.	Staff Contact
10D	Steve Akre, Fire Chief

Agenda Item Title
Vote for 4 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2018

Recommended Actions
Choose 4 candidates on the supplied ballot to fill the Board positions.

Executive Summary
Fire Agencies Self-Insurance System (FASIS) will hold an election to fill four (4) positions on the FASIS Board of Directors. Each position's new term will be from July 1, 2018 through June 30, 2021. The Board is asked to choose four candidates from the five that are listed on the ballot.

Alternative Actions
Decline to vote in election

Strategic Plan Alignment
Not applicable

Fiscal Summary – FY 17/18			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$

Narrative Explanation of Fiscal Impacts (if required)

Attachments
<ol style="list-style-type: none"> 1. Letter to accompany ballot 2. FASIS official election ballot for 2018



FIRE AGENCIES SELF INSURANCE SYSTEM

1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
800 541-4591 Fax 916-244-1199

April 2, 2018

OFFICIAL ELECTION BALLOT FOR THE ELECTION OF FOUR EXPIRING POSITIONS ON THE FASIS BOARD OF DIRECTORS

Dear FASIS Members:

An election is to be held to fill four positions on the FASIS Board of Directors that will expire on June 30, 2018. Each position's new term will be from July 1, 2018, through June 30, 2021.

Included with this transmittal is an official election ballot for the four expiring positions. Please note that there are several candidates running for the four expiring positions, so the four candidates that receive the most votes will fill these positions.

Please take this opportunity to complete and sign the enclosed ballot and return it to **FASIS no later than May 11, 2018:**

FASIS, c/o Bickmore
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833

It may also be faxed to (916) 244-1199, or sent via email to: kmorris@bickmore.net.

******Ballots received after the May 11, 2018, deadline will not be counted.******

Please contact Kyla Morris, at (800) 541-4591, extension 19029, if you have any questions.



FIRE AGENCIES SELF INSURANCE SYSTEM

1750 Creekside Oaks Drive, Suite 200
 Sacramento, CA 95833
 800-541-4591 Fax 916-244-1199

FASIS Board of Directors - Official Election Ballot

In response to a Call for Letters of Interest and Nomination Form, the FASIS Nominating Committee has received the following submissions for FOUR (4) Board of Directors' positions that will expire on June 30, 2018. The Nominating Committee is recommending the following candidates for consideration by the full membership. A brief summary of each candidate's related experience is included with this ballot.

OFFICIAL BALLOT - FASIS 2018 BOARD OF DIRECTORS' ELECTION

Please clearly mark an X in only four (4) of the following boxes, or mark the "none of the above" box.

Candidates for four (4) expiring positions on the FASIS Board of Directors Term of July 1, 2018, through June 30, 2021	VOTE (X)
*Moraga-Orinda Fire Protection District, Ms. Gloriann Sasser, Administrative Services Director	<input type="checkbox"/>
*Novato Fire Protection District, Mr. Bill Tyler, Fire Chief	<input type="checkbox"/>
*Ross Valley Fire Department, Mr. Roger Meagor, Acting Fire Chief	<input type="checkbox"/>
South Placer Fire Protection District, Mr. Gary Grenfell, President - South Placer Fire Protection District Board of Directors	<input type="checkbox"/>
*Tiburon Fire Protection District, Mr. Richard Pearce, Fire Chief	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>

**Incumbent Board Member*

OR

<i>None of the potential candidates listed above.</i>	<input type="checkbox"/>
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Signature of person completing on behalf of your District: _____	
Print Name: _____	Position Title: _____
District Address: _____	
Date completed: _____	E-mail: _____

Either mail this completed and signed ballot to: FASIS, c/o Bickmore, 1750 Creekside Oaks Drive, Suite #200, Sacramento, CA 95833, or fax it to (916) 244-1199, or scan the signed ballot and e-mail it to kmorris@bickmore.net before May 11, 2018.

Your vote is very important. Please vote and return your official Ballot by May 11, 2018.

Please note: Any ballots received with a postmark, faxed, or emailed after May 11, 2018, will not be counted.

**CANDIDATES FOR THE FASIS BOARD OF DIRECTORS
TO FILL FOUR (4) EXPIRING POSITIONS
FOR A TERM OF JULY 1, 2018, THROUGH JUNE 30, 2021**

CANDIDATES' SUMMARY OF EXPERIENCE

District	Candidates' Name	Summary of Experience
*Moraga-Orinda Fire Protection District	Ms. Gloriann Sasser, Administrative Services Director	Ms. Sasser has managed the Administrative Services Department of the Moraga-Orinda Fire District and served as the Treasurer on the FASIS Board of Directors since 2013. Ms. Sasser holds a CPA designation and brings extensive experience in local government finance, budget preparation, and auditing, along with 9 years of experience in finance, human resources and workers' compensation for fire districts. Ms. Sasser holds a Master's Degree in Public Administration and a Bachelor of Science Degree in Business Administration-Accounting.
*Novato Fire Protection District	Mr. Bill Tyler, Fire Chief	Since Ted Peterson's departure from the Novato Fire Protection District and representative to the FASIS Board of Directors, Chief Tyler has recently assumed the role as the Fire Chief for the Novato Fire District following 22 years of service as a Firefighter/Paramedic, Captain, and Battalion Chief and has fulfilled the remainder of Mr. Peterson's term on the Board of Directors. Chief Tyler would like to continue serving as the representative from his District on the FASIS Board.
*Ross Valley Fire Department	Mr. Roger Meagor, Acting Fire Chief	Chief Meagor previously served on the FASIS Board of Directors from 2005-2013 and has returned to serve on the Board while serving as the District's Acting Fire Chief. Ross Valley Fire Department holds a long history of its Fire Chiefs serving as a member on the FASIS Board of Directors.
South Placer Fire Protection District	Mr. Gary Grenfell, President - South Placer Fire Protection District Board of Directors	Director Grenfell served the City of San Jose Fire Department for over 30 years and retired at the rank of Fire Captain. Director Grenfell has been a Director for the South Placer Fire District (SPFD) over 17 years, and has served FASIS as a Board of Director for multiple terms. Director Grenfell is committed to the Fire Service as evidenced in his almost fifty years of service to the citizens of California as an active duty firefighter and now as a Director of SPFPD. Director Grenfell enjoys serving the agencies represented by FASIS as a Director and has the best interests of the fire service and the represented agencies in mind when he volunteers his services.
*Tiburon Fire Protection District	Mr. Richard Pearce, Fire Chief	Chief Pearce brings over 16 years of service as the Fire Chief to the Tiburon Fire Protection District. Further, Chief Pearce has served as a member of the FASIS Board of Directors, as well as on the Fire Districts' Association of California (FDAC) Board of Directors for several years. Further, Chief Pearce has served as President to the Fire Agencies Insurance Risk Authority (FAIRA). Chief Pearce expresses, that as a founding member of FASIS, we remain committed to the long-term success of the JPA, while ensuring the availability of efficient, effective and affordable workers' compensation programs.

* Incumbent Member to the FASIS Board of Directors

Sonoma County Fire Districts Association

MEETING ANNOUNCEMENT

Thursday, April 26, 2018

Place: Gold Ridge Fire Protection District
4500 Hessel Road, Sebastopol

When: Thursday, April 26, 2018
Social Hour 6:00 pm
Dinner/Meeting 7:00 pm
Raffle (*proceeds benefit the SCFDA*)

Hosted by: Gold Ridge Fire Protection District

Program: Sonoma County Vegetation Management Ordinance
Assistant Chief James Williams Sonoma County FES

Dinner Menu:

Steak
Chicken
Vegetarian Dish
All Entrees will be served with salad, veggies,
bread & dessert

Cost: \$35.00 per person

Payable to: Please make checks payable to:
Sonoma County Fire Districts Association

RSVP: Please RSVP with entrée choice to:
Lisa Guerrero lisaguerrero@goldridgefire.org
(707) 823-1084
Deadline to RSVP is Friday April 20th