Valley of the Moon
Fire Protection District

Special Board of Directors Meeting

May 14, 2019

Valley of the Moon Fire Protection District

Special Board of Directors Meeting

May 14, 2019

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

Tuesday, May 14, 2019 at 5:45 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 Brunton, and Director Leen. Director Greben and Director 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

7. CONSENT CALENDAR

   Approval of minutes for regular meeting of April 9, 2019. **Action Item**

8. FIRE CHIEF'S MONTHLY REPORT

   Chief's activity report for April 2019

9. OLD BUSINESS

   Accept 2017/18 VOM District financial audit. **Action Item**

10. NEW BUSINESS

    a) Resolution 2018/2019-09 approving amendments to the 2018/19 SVFRA budget. **Action Item with Roll Call Vote**

    b) FY 2018/19 fund balance allocations. **Action Item**

c) Resolution 2018/2019-10 instituting a revised procurement policy for the District's purchasing program. **Action Item with roll call vote**

d) Adopt inventory control policy. **Action Item**

e) Vote for seven (7) candidates in the FAIRA Board of Directors election for positions effective on July 1, 2019. **Action Item**

11. OTHER BUSINESS TO COME BEFORE THE BOARD

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 June 11, 2019 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

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

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

Agenda Item Title

Approval of minutes for regular meeting of April 9, 2019

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 18/19

Expenditures		**Funding Source(s)**	
Budgeted Amount	$	District General Fund	$
Add. Appropriations Reqd.		Fees/Other	$
	$	Use of Fund Balance	$
	$	Contingencies	$
		Grants	$
Total Expenditure	**$**	**Total Sources**	**$**

Narrative Explanation of Fiscal Impacts (if required)

Not required

Attachments

Minutes for April 9, 2019 regular meeting

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS MEETING MINUTES
April 9, 2019

1. CALL TO ORDER

   President Norton called the meeting to order at 6:01 p.m.

2. ROLL CALL & DETERMINATION OF A QUORUM

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

3. PLEDGE OF ALLEGIANCE

   Director Leen led the Pledge of Allegiance.

4. CONFIRMATION OF AGENDA

   No changes were made to the agenda.

5. COMMENTS FROM THE PUBLIC

   None

6. PRESENTATIONS

   Sheldon Chavan of Chavan & Associates presented the FY 2017/18 financial audit.

7. CONSENT CALENDAR

   Approval of minutes for regular meeting of March 12, 2019

   M/S/P Norton/Brunton to approve minutes for regular meeting of March 12, 2019. Passed 3 ayes

8. FIRE CHIEF'S MONTHLY REPORT

   Fire Chief Akre gave his activity report for March 2019.

9. OLD BUSINESS

   None

10. NEW BUSINESS

    a) Master Planning update and staff request for direction from the Board

       The Board expressed support for this plan agreed that Chief Akre should continue in this direction.

b) Vote for 3 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2019

M/S/P Norton/Leen to vote for the three incumbents in the FASIS Board of Directors election. Passed 4 ayes

11. OTHER BUSINESS TO COME BEFORE THE BOARD

The SCFDA meeting will be held on April 25th. It will be hosted by Cloverdale FPD at its station. Please RSVP to Georgette by April 18th with your choice of entrée.

12. COMMENTS FROM THE FLOOR

None

13. COMMENTS/REPORTS FROM THE BOARD

None

14. CLOSED SESSION

None

15. ADJOURNMENT

The meeting was adjourned at 7:10 p.m. to a regular meeting on May 14, 2019, at 6:00 p.m., in the Training Room of 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

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

Agenda Item No.	Staff Contact
9	Steve Akre, Fire Chief

Agenda Item Title

Accept 2017/18 VOM District financial audit

Recommended Actions

Accept audit

Executive Summary

Audit firm Chavan & Associates, LLP completed the fiscal year 2017/18 financial audit for the District. Auditor Sheldon Chavan presented the audit to the Board at the regular meeting of April 9, 2019. The Board is 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 18/19

Expenditures		Funding Source(s)	
Budgeted Amount	$	District General Fund	$
Add. Appropriations Reqd.	$	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, 2018

VALLEY OF THE MOON
FIRE PROTECTION DISTRICT

ANNUAL FINANCIAL AUDIT REPORT

JUNE 30, 2018

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

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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, 2018, 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, 2018, 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.

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Emphasis of a Matter

Deficit Net Position

As of June 30, 2018, the District's net position in its Government-wide financial statements was at a deficit mostly because of the deferrals as reported in Note 5 and Note 6. Our opinion is not modified with respect to this matter.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The District anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

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, schedule of contributions for other postemployment benefits, and schedule of changes in total OPEB liability, 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, 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 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, schedule of expenditures of federal awards, 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 February 5, 2019 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

February 5, 2019
San Jose, California

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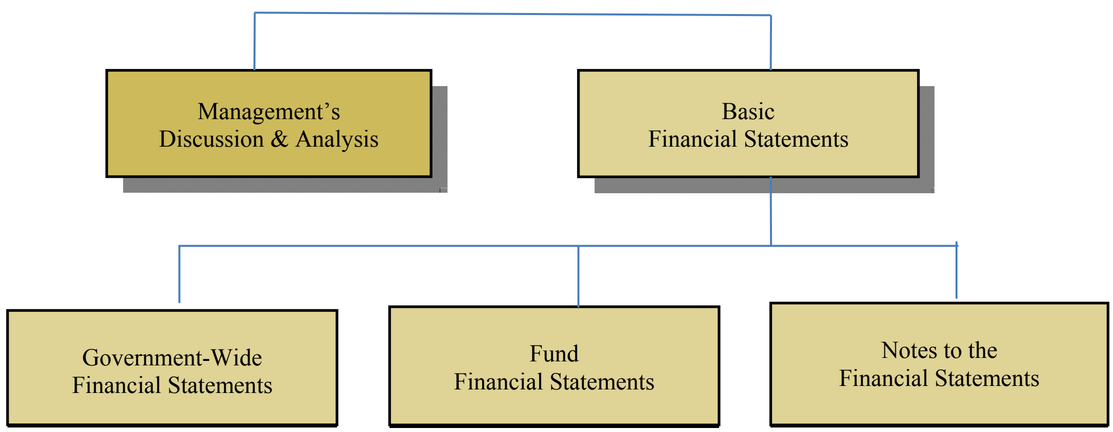
Management's Discussion and Analysis

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, 2018. 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, 2018 were as follows:

- Total net position decreased by $4,573,716 (240.3%), which included a decrease in unrestricted net position of $5,020,908 (782.4%), and an increase in the total OPEB liability of $5,640,891 from June 30, 2017 to June 30, 2018.
- The District recorded deferred outflows of resources of $2,593,514 and deferred inflows of resources of $2,741,528 in order to record the different components required by GASB 68 and GASB 75 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 $5,175,228 which is 40% of all revenues. Program specific revenues in the form of charges for services accounted for $7,818,720, or 60%, of total revenues of $12,993,948.
- The District had $11,386,379 in expenses, which was directly supported by program specific revenues as noted above.
- Total fund balances of governmental funds increased by $611,828, or 16%, from June 30, 2017 to June 30, 2018.

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 2017 - 2018?" 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.

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, 2018 as compared to June 30, 2017:

Table 1 - Summary Statement of Net Position

	2018	2017	Change	Percentage Change
Assets				
Current Assets	$ 4,824,648	$ 4,162,561	$ 662,087	15.91%
Noncurrent Assets	1,977,380	1,572,625	404,755	25.74%
Total Assets	$ 6,802,028	$ 5,735,186	$ 1,066,842	18.60%
Deferred Outflows	$ 2,593,514	$ 3,928,017	$ (1,334,503)	-33.97%
Liabilities				
Current Liabilities	$ 422,499	$ 372,240	$ 50,259	13.50%
Noncurrent Liabilities	8,901,625	7,043,068	1,858,557	26.39%
Total Liabilities	$ 9,324,124	$ 7,415,308	$ 1,908,816	25.74%
Deferred Inflows	$ 2,741,528	$ 344,289	$ 2,397,239	696.29%
Net Position				
Net Investment in Capital Assets	$ 1,709,052	$ 1,261,860	$ 447,192	35.44%
Unrestricted	(4,379,162)	641,746	(5,020,908)	-782.38%
Total Net Position	$ (2,670,110)	$ 1,903,606	$ (4,573,716)	-240.27%

Table 2 shows the changes in net position for fiscal year 2018 as compared to 2017.

Table 2 - Summary of Changes in Statement of Activities				
	2018	2017	Change	Percentage Change
Revenues				
Program revenues	$ 7,818,720	$ 5,588,194	$ 2,230,526	39.91%
General revenues:				
Property taxes	4,293,645	3,981,993	311,652	7.83%
Special taxes	327,525	324,312	3,213	0.99%
Miscellaneous	554,058	166,277	387,781	233.21%
Special item - donated capital assets	-	153,762	(153,762)	-100.00%
Total Revenues	12,993,948	10,214,538	2,779,410	27.21%
Program Expenses				
Public safety - fire protection	11,386,379	10,612,784	773,595	7.29%
Total Expenses	11,386,379	10,612,784	773,595	7.29%
Change in Net Position	1,607,569	(398,246)	2,005,815	503.66%
Beginning Net Position	1,903,606	2,301,852	(398,246)	-17.30%
Prior Period Adjustments	(6,181,285)	-	(6,181,285)	-100.00%
Ending Net Position	$ (2,670,110)	$ 1,903,606	$ (4,573,716)	-240.27%

Total program revenues increased by $2,230,526 (39.9%), mainly due to an increase in charges for services of $721,768 from VOM entering in to a new contract for fire protection services with the Glen Ellen Fire Protection District, as well as the SVFRA receiving a FEMA credit of $406,056 during the fiscal year ending June 30, 2018. The District recorded a prior period adjustment of $6,181,285, to implement GASB 75 as of June 30, 2018.

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				
	2018	2017	Change	Percentage Change
Committed for capital equipment	$ 1,017,785	$ 897,758	$ 120,027	13%
Committed for buildings and improvements	562,793	517,154	45,639	9%
Committed for other postemployment benefits	448,380	447,098	1,282	0%
Committed for compensated absences	261,023	200,245	60,778	30%
Committed for emergency and other contingencies	439,543	427,002	12,541	3%
Assigned for SVFRA Emergency Funds	1,048,478	389,003	659,475	170%
Unassigned	624,147	912,061	(287,914)	-32%
Total Fund Balance	$ 4,402,149	$ 3,790,321	$ 611,828	16%

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 2017-18 fiscal year, the District's original budgeted revenue and other financing sources were estimated at $4,496,875. The original budget remained unchanged during the 2017-18 fiscal year.

CAPITAL ASSETS

Table 4 shows June 30, 2018 capital asset balances as compared to June 30, 2017.

Table 4 - Summary of Capital Assets Net of Depreciation

	2018	2017	Change	Percentage Change
Land	$ 131,472	$ 131,472	$ -	0.00%
Buildings and Improvements	671,750	693,448	(21,698)	-3.13%
Equipment	1,174,158	747,705	426,453	57.03%
Total Capital Assets - Net	$ 1,977,380	$ 1,572,625	$ 404,755	25.74%

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

	2018	2017	Change	Percentage Change
Capital Leases	$ 268,328	$ 310,765	$ (42,437)	-13.66%
Total OPEB Liability	6,422,084	781,193	5,640,891	722.09%
Net Pension Liabilities	1,950,190	5,754,104	(3,803,914)	-66.11%
Compensated Absences	261,023	197,006	64,017	32.49%
Total Long-term Liabilities	$ 8,901,625	$ 7,043,068	$ 1,858,557	26.39%

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.

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.

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Basic Financial Statements

Valley of the Moon Fire Protection District

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Current assets:	
Cash and investments	$ 4,360,275
Accounts receivable	464,373
Total current assets	4,824,648
Noncurrent assets:	
Non-depreciable capital assets	131,472
Capital assets, net of depreciation	1,845,908
Total noncurrent assets	1,977,380
Total Assets	$ 6,802,028
Deferred Outflows of Resources	
Pension adjustments	$ 2,415,752
OPEB Adjustments	177,762
Total Deferred Outflows of Resources	$ 2,593,514
Liabilities	
Current liabilities:	
Accounts payable	$ 392,103
Payroll and other liabilities	30,396
Total current liabilities	422,499
Noncurrent liabilities:	
Due within one year	108,329
Due after one year	8,793,296
Total noncurrent liabilities	8,901,625
Total Liabilities	$ 9,324,124
Deferred Inflows of Resources	
Pension adjustments	$ 2,048,986
OPEB Adjustments	692,542
Total Deferred Inflows of Resources	$ 2,741,528
Net Position	
Net Investment in Capital Assets	$ 1,709,052
Unrestricted	(4,379,162)
Total Net Position	$ (2,670,110)

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, 2018

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety - fire protection	$ 11,283,338	$ 7,818,720	$ (3,464,618)
Depreciation	103,041	-	(103,041)
Total governmental activities	$ 11,386,379	$ 7,818,720	(3,567,659)
General revenues:			
Property taxes			4,293,645
Special taxes			327,525
Interest and investment earnings			45,896
Miscellaneous			508,162
Total general revenues			5,175,228
Change in net position			1,607,569
Net position beginning			1,903,606
Prior period adjustment - OPEB GASB 75			(6,181,285)
Net position beginning as adjusted			(4,277,679)
Net position ending			$ (2,670,110)

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, 2018

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Assets			
Cash and investments	$ 3,102,328	$ 1,257,947	$ 4,360,275
Accounts receivable	288,161	176,212	464,373
Total Assets	$ 3,390,489	$ 1,434,159	$ 4,824,648
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	$ 20,390	$ 371,713	$ 392,103
Payroll and other liabilities	16,428	13,968	30,396
Total Liabilities	36,818	385,681	422,499
Fund balance:			
Committed for:			
Capital Equipment	1,017,785	-	1,017,785
Buildings and improvements	562,793	-	562,793
Other postemployment benefits	448,380	-	448,380
Compensated absences	261,023	-	261,023
Emergencies and other contingencies	439,543	-	439,543
Assigned for:			
SVFRA Emergency Funds	-	1,048,478	1,048,478
Unassigned	624,147	-	624,147
Total Fund Balance	3,353,671	1,048,478	4,402,149
Total Liabilities and Fund Balance	$ 3,390,489	$ 1,434,159	$ 4,824,648

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, 2018

Total fund balance - governmental funds		$ 4,402,149
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	$ 3,353,202	
Accumulated depreciation	(1,375,822)	1,977,380
Differences from accrual basis deferrals of benefit plan balances in the government-wide Financial statements were as follows		
OPEB adjustments:		
Change in assumptions		(692,542)
Contribution subsequent to measurement date		177,762
Pension adjustments:		
Difference between actual and expected experience		138,143
Difference between actual and expected earnings		(1,912,547)
Change in assumptions		356,294
Changes in employer's proportionate shares		241,784
Contribution subsequent to measurement date		1,543,092
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	$ 268,328	
Total OPEB liability	6,422,084	
Net pension obligations	1,950,190	
Compensated absences	261,023	(8,901,625)
Total net position - governmental activities		$ (2,670,110)

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, 2018

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Revenues:			
Property taxes	$ 4,293,645	$ -	$ 4,293,645
Special taxes	327,525	-	327,525
Intergovernmental	-	1,856,662	1,856,662
Charges for services	721,768	5,240,290	5,962,058
Investment earnings	38,561	7,335	45,896
Other revenues	52,902	455,260	508,162
Total revenues	5,434,401	7,559,547	12,993,948
Expenditures:			
Current			
Salaries and employee benefits	830,934	9,367,744	10,198,678
Services and supplies	122,596	1,364,831	1,487,427
Capital outlay	581,541	67,376	648,917
Debt service - Principal	42,437	-	42,437
Debt service - Interest	4,661	-	4,661
Total expenditures	1,582,169	10,799,951	12,382,120
Excess (deficiency) of revenues over (under) expenditures	3,852,232	(3,240,404)	611,828
Other financing sources (uses):			
Transfers in	-	3,899,879	3,899,879
Transfers out	(3,899,879)	-	(3,899,879)
Total other financing sources (uses)	(3,899,879)	3,899,879	-
Net changes in fund balance	(47,647)	659,475	611,828
Fund balance beginning	3,401,318	389,003	3,790,321
Fund balance ending	$ 3,353,671	$ 1,048,478	$ 4,402,149

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, 2018

Total net change in fund balance - governmental funds		$ 611,828
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	$ 507,796	
Depreciation expense	(103,041)	404,755
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		42,437
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:		(64,017)
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.		586,952
In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		25,614
Changes in net position of governmental activities		$ 1,607,569

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

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.

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.

On July 1, 2017, the District entered into a joint powers agreement with the Glen Ellen Fire Protection District (GEFPD), a California special district. Both VOM and GEFPD have the authority to provide fire protection, emergency medical, and related services within their respective jurisdictions.

The contract includes the provision that the identity for the community and the joint organization, VOM and GLEFPD agree that the designation "Sonoma Valley Fire and Rescue Authority" and it's abbreviation "SVFRA" shall be used as identification for the agencies' combined efforts under their agreement to provide joint and mutual services. Services shall be provided using both GLEFPD and VOM owned vehicles, equipment, and apparatus, as well as sufficient personnel to operate the vehicles, equipment, and apparatus. There were not separate entities created as a part of this agreement.

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.

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, 2018, the District does not have any component units, other than the SVFRA as previously noted which is included in these financial statements, 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.

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:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the Statement of Net Position.

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.

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, 2018, actual expenditures exceeded appropriations in the Sonoma Valley Fire and Rescue Authority Fund by $3,899,879. 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. Benefit Plans

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 Employee's Retirement Association (SCERA) 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 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, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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.

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.

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:

Assets	Years
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 2018. As of June 30, 2018, Valley of the Moon's share of the compensated absences balance was $261,023.

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. 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 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. 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.

As of June 30, 2018, according to GASB 75, the District's total OPEB liability must be recognized. Therefore, the previous total OPEB liability as of June 30, 2017 in the amount of $6,181,285 has been shown as a restatement of net position in the Statement of Activities as a separate line item.

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. This statement did not have an impact on the District's financial statements.

14. Upcoming Accounting and Reporting Changes

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 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 issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements 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 the fiscal year ending June 30, 2021. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for financial statements for periods beginning after 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. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2018, is as follows:

Cash and Investments	Available for Operations	Fair Value June 30, 2018
Cash On Hand and in Banks	$ 1,163,384	$ 1,163,384
Cash in City Treasury	3,196,891	3,196,891
Total Cash and investments	$ 4,360,275	$ 4,360,275

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, 2018, the District's bank balance was $169,649 which did not exceed the 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 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, 2018, 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.

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, is shown below:

Capital Assets	Balance July 01, 2017	Additions	Deletions/ Adjustments	Balance June 30, 2018
Non-depreciable:				
Land	$ 131,472	$ -	$ -	$ 131,472
Total Non-Depreciable	131,472	-	-	131,472
Depreciable:				
Buildings and improvements	1,086,437	507,796	(184,285)	1,409,948
Equipment	1,811,782	-	-	1,811,782
Total Depreciable	2,898,219	507,796	(184,285)	3,221,730
Less Accumulated Depreciation for:				
Buildings and improvements	392,989	21,698	-	414,687
Equipment	1,064,077	81,343	(184,285)	961,135
Total Accumulated Depreciation	1,457,066	103,041	(184,285)	1,375,822
Total Depreciable PPE - Net	1,441,153	404,755	-	1,845,908
Total PPE - Net	$ 1,572,625	$ 404,755	$ -	$ 1,977,380

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, 2018:

Long-term Obligations	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Capital Lease	$ 310,765	$ -	$ 42,437	$ 268,328	$ 43,073
Total OPEB Liabilities	781,193	6,539,470	898,579	6,422,084	-
Net Pension Liabilities	5,754,104	-	3,803,914	1,950,190	-
Compensated Absences	197,006	64,017	-	261,023	65,256
Total Long-term Obligations	$ 7,043,068	$ 6,603,487	$ 4,744,930	$ 8,901,625	$ 108,329

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS

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 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, 2018, 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

Employees Covered - At June 30, 2018, the District had the following employees covered by the benefit terms under the Plan:

	Participants
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, 2018 were based on the Plan's valuation dated December 31, 2017.

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, 2018, the District's contributions were $1,543,092.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
General	$ (53,076)
Safety	2,003,266
Total Net Pension Liability	$ 1,950,190

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, 2017, 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, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

	General	Safety
Proportion - June 30, 2017	0.0548%	5.6233%
Proportion - June 30, 2018	-0.0412%	5.0064%
Change	-0.0960%	-0.6169%

For the year ended June 30, 2018, the District recognized pension expense of $586,952 for the Plan.

At June 30, 2018, 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	$ 1,543,092	$ -
Changes of assumptions	356,294	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	342,899	101,115
Net differences between projected and actual earnings on plan investments	-	1,912,547
Difference between expected and actual experience	173,467	35,324
Total	$ 2,415,752	$ 2,048,986

The District reported $1,543,092 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, 2019.

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	$ 314,522
2019	(215,005)
2020	(676,308)
2021	(599,535)
Total	$ (1,176,326)

Actuarial Assumptions - The total pension liabilities in the December 31, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	December 31, 2017
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
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, 2017 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 7.25% as of December 31, 2017 and December 31, 2016. 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, 2017 and December 31, 2016.

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.

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	$	5,777,046
Current Discount Rate		7.25%
Net Pension Liability	$	1,950,190
1% Increase		8.25%
Net Pension Liability (asset)	$	(1,247,909)

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.

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical, dental, and vision benefits for the below groups of employees.

Benefits - 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.

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total benefit payments during the year were $177,762. Total benefit payments included in the measurement period were $117,250. The District's contributions were 7.6% of payroll during the measurement period June 30, 2017 (reporting period June 30, 2018). Employees are not required to contribute to the plan.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Actuarial Assumptions:	
Inflation	2.75%
Payroll Increases	3.00%
Municipal Bond Rate	3.56%
Mortality	2014 CalPERS Active Mortality for Miscellaneous employees
Retirement	2014 CalPERS 2% @ 55 Rates for Miscelleaneous Employees

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2017 (measurement date) and was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date).

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2018:

Fiscal Year Ended June 30, 2018 (Measurement Date June 30, 2017)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30,2017	$ 7,079,728	$ -	$ 7,079,728
Service cost	35,919	-	35,919
Interest in Total OPEB Liability	205,016	-	205,016
Employer contributions	-	117,250	(117,250)
Balance of changes in assumptions	(781,329)	-	(781,329)
Benefit payments	(117,250)	(117,250)	-
Net changes	(657,644)	-	(657,644)
Balance at June 30, 2018	$ 6,422,084	$ -	$ 6,422,084

Covered Payroll at Measurement Date	$ 1,505,887
Total OPEB Liability as a % of covered payroll	426.47%
Service cost as a % of covered payroll	2.39%

Deferred Inflows and Outflows of Resources - At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ -
Difference between actual and expected earnings	-	-
Change in assumptions	-	692,542
OPEB contribution subsequent to measurement date	177,762	-
Totals	$ 177,762	$ 692,542

Of the total amount reported as deferred outflows of resources related to OPEB, $177,762 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2019.

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2018:

Service cost	$	35,919
Interest in TOL		205,016
Change in assumptions		(88,787)
OPEB Expense	**$**	**152,148**

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018:

Total OPEB liability ending	$	6,422,084
Total OPEB liability beginning		(7,079,728)
Change in total OPEB liability		(657,644)
Changes in deferred inflows		692,542
Employer contributions		117,250
OPEB Expense	**$**	**152,148**

Sensitivity to Changes in the Discount Rate - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Municipal Bond Rate		
	2.56% (1% Decrease)	**3.56% (Current Rate)**	**4.56% (1% Increase)**
Total OPEB Liability	$ 7,705,071	$ 6,422,084	$ 5,431,462

Sensitivity to Changes in the Healthcare Cost Trend Rates - The total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	4.0% to 4.5% (1% Decrease)	**5.0% to 5.5% (Current Rate)**	**6.0% to 6.5% (1% Increase)**
Total OPEB Liability	$ 5,589,911	$ 6,422,084	$ 7,481,449

NOTE 7 - 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. 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, 2018:

	FASIS	FAIRA
Total Assets	$ 53,650,885	$ 3,112,062
Total Liabilities	39,107,348	16,777
Total Equity	14,543,537	3,095,285
Total Revenues	15,671,950	2,684,285
Total Expenditures	17,514,225	2,739,602

NOTE 8 - COMMITMENTS AND CONTINGENCIES

<u>Litigation</u>

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, 2018.

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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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Property taxes	$ 4,169,564	$ 4,169,564	$ 4,293,645	$ 124,081
Special taxes	324,311	324,311	327,525	3,214
Investment earnings	3,000	3,000	38,561	35,561
Other revenue	-	-	52,902	52,902
Total revenues	4,496,875	4,496,875	5,434,401	937,526
Expenditures:				
Current				
Salaries and employee benefits	717,082	717,082	830,934	(113,852)
Services and supplies	176,828	176,828	122,596	54,232
Capital outlay	175,000	175,000	581,541	(406,541)
Debt service - Principal	42,437	42,437	42,437	-
Debt service - Interest	4,662	4,662	4,661	1
Total expenditures	1,116,009	1,116,009	1,582,169	(466,160)
Excess (deficiency) of revenues over (under) expenditures	3,380,866	3,380,866	3,852,232	471,366
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(3,851,443)	(3,851,443)	(3,899,879)	(48,436)
Total other financing sources (uses)	(3,851,443)	(3,851,443)	(3,899,879)	(48,436)
Net change in fund balance	(470,577)	(470,577)	(47,647)	422,930
Fund balance beginning	3,401,318	3,401,318	3,401,318	-
Fund balance ending	$ 2,930,741	$ 2,930,741	$ 3,353,671	$ 422,930

The budgetary control level is by fund on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by fund.

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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Intergovernmental	$ 7,500	$ 7,500	$ 1,856,662	$ 1,849,162
Charges for services	5,468,298	5,420,798	5,240,290	(180,508)
Investment earnings	-	-	7,335	7,335
Other revenue	40,000	451,584	455,260	3,676
Total revenues	5,515,798	5,879,882	7,559,547	1,679,665
Expenditures:				
Current				
Salaries and employee benefits	8,159,158	8,159,158	9,367,744	(1,208,586)
Services and supplies	920,828	920,828	1,364,831	(444,003)
Capital outlay	37,000	37,000	67,376	(30,376)
Total expenditures	9,116,986	9,116,986	10,799,951	(1,682,965)
Excess (deficiency) of revenues over (under) expenditures	(3,601,188)	(3,237,104)	(3,240,404)	(3,300)
Other financing sources (uses):				
Transfers in	3,648,688	3,648,688	3,899,879	251,191
Transfers out	-	-	-	-
Total other financing sources (uses)	3,648,688	3,648,688	3,899,879	251,191
Net change in fund balance	47,500	411,584	659,475	247,891
Fund balance beginning	389,003	389,003	389,003	-
Fund balance ending	$ 436,503	$ 800,587	$ 1,048,478	$ 247,891

The budgetary control level is by fund on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by fund.

Valley of the Moon Fire Protection District

Schedule of Pension Plan Contributions

For the Fiscal Year Ended June 30, 2018

Sonoma County Employees' Retirement Association	2018	2017	2016	2015
Contractually Required Contributions (Actuarially Determined)	$ 1,543,092	$ 1,368,336	$ 1,310,219	$ 1,321,245
Contributions in Relation to Actuarially Determined Contributions	1,543,092	1,368,336	1,310,219	1,321,245
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Employee Payroll	**$ 4,598,112**	**$ 4,118,844**	**$ 3,974,135**	**$ 3,922,995**
Contributions as a Percentage of Covered Payroll	**33.56%**	**33.22%**	**32.97%**	**33.68%**

Notes to Schedule:

Valuation Date:	December 31, 2017
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 four years are shown.
There were no changes in benefit terms
The discount rate was reduced from 7.5 to 7.25 in 2016

Valley of the Moon Fire Protection District

Schedule of Proportionate Share
Of Net Pension Liability
For the Fiscal Year Ended June 30, 2018

Sonoma County Employees' Retirement Association	2018	2017	2016	2015
District's Proportion of Net Pension Liability	1.15522%	1.46575%	1.47142%	1.16589%
District's Proportionate Share of Net Pension Liability	$ 1,950,190	$ 5,754,104	$ 6,074,799	$ 2,527,396
District's Covered Employee Payroll	$ 4,118,844	$ 3,974,135	$ 3,922,995	$ 3,726,695
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**47.35%**	**144.79%**	**154.85%**	**67.82%**
Plan Fiduciary's Net Position as a % of the Total Pension Liability	**86.28%**	**84.83%**	**92.81%**	**91.21%**

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
The discount rate was reduced from 7.5 to 7.25 in 2016

Valley of the Moon Fire Protection District

Schedule of Changes in Total OPEB Liability

For the Fiscal Year Ended June 30, 2018

Total OPEB liability	Fiscal Year Ended June 30, 2018
Service cost	$ 35,919
Interest	205,016
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(781,329)
Benefit payments	(117,250)
Net change in Total OPEB Liability	(657,644)
Total OPEB Liability - beginning	7,079,728
Total OPEB Liability - ending	$ 6,422,084
Plan fiduciary net position	
Employer contributions	$ 117,250
Employer implict subsidy	-
Employee contributions	-
Net investment income	-
Difference between estimated and actual earnings	-
Benefit payments	(117,250)
Other	-
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	$ -
Total OPEB liability	$ 6,422,084
Covered employee payroll	$ 1,505,887
Total OPEB Liability as a percentage of covered payroll	426.47%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

This plan is nontrusted, the amount shown above as contributions is actually benefit payments during the fiscal year.

OTHER INDEPENDENT AUDITOR’S REPORTS

Chavan & Associates, LLP
Certified Public Accountants

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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2019.

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

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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

February 5, 2018
San Jose, California

Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

-

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

Agenda Item Title

Resolution 2018/2019-09 approving amendments to the 2018/19 SVFRA budget

Recommended Actions

Approve amendments

Executive Summary

Since the adoption of the SVFRA budget in June of 2018, issues have arisen that require amendments to the budget: specifically, costs for reimbursable strike team activity; increased legal, insurance, and vehicle repair expenses; paying for the previously approved true shop vehicle for the apparatus mechanic; and the need to replace various department safety clothing, equipment, and supplies.

Alternative Actions

Deny approval or request more information or alternate amendments

Strategic Plan Alignment

Not applicable

Fiscal Summary – FY 18/19

Expenditures		Funding Source(s)	
Budgeted Amount	$9,266,872	District General Fund	$
Add. Appropriations Reqd.	$833,246	Fees/Other	$833,246
	$	Use of Fund Balance	$
		Contingencies	$
		Grants	$
Total Expenditure	**$10,100,118**	**Total Sources**	**$833,246**

Narrative Explanation of Fiscal Impacts (if required)

Attachments

1. SVFRA 2018/19 budget update
2. Resolution 2018/2019-09

Sonoma Valley Fire and Rescue Authority

Proposed Mid-Year Budget Fiscal Year 2018 - 2019

Account Number	Description	Approved Budget 2018 - 2019	Recommended Mid-year Budget 2018 - 2019	Increase (Decrease)
Revenue Budget				
798-00000-000-31407	SVFRA Mechanic Services	7,500.00	7,500.00	0.00
798-00000-000-31409	SVFRA Contract For Fire Services (City & VOM)	9,219,372.00	9,219,372.00	0.00
798-00000-000-37201	SVFRA Transfer from Fund Balance	0.00	0.00	0.00
798-00000-000-35004	Reimbursement	0.00	0.00	0.00
798-00000-000-31514	Grant Revenue	0.00	0.00	0.00
798-00000-000-30116	Fire Inspection & Processing Fee	40,000.00	40,000.00	0.00
798-00000-000-31108	Special Fire Svs-State Reimbursement	0.00	833,246.00	833,246.00
Charges for Services		**9,266,872.00**	**10,100,118.00**	**833,246.00**
Revenue Totals		**9,266,872.00**	**10,100,118.00**	**833,246.00**
Expense Budget				
798-68901-110-40110	Regular Employee	4,531,861.00	4,531,861.00	0.00
798-68901-120-40120	Part Time Worker Salary	251,326.00	365,297.00	113,971.00
798-68901-130-40130	Overtime	650,000.00	1,187,275.00	537,275.00
Salary and Wages		**5,433,187.00**	**6,084,433.00**	**651,246.00**
798-68901-115-40115	Retirement	1,572,142.00	1,572,142.00	0.00
798-68901-117-40117	Medicare -	79,351.00	79,351.00	0.00
798-68901-118-40118	Income Protection	4,300.00	4,300.00	0.00
798-68901-201-40201	Employee Insurance	766,908.00	766,908.00	0.00
798-68901-202-40202	Workers Compensation	452,313.00	452,313.00	0.00
798-68901-223-40223	Unemployment	1,000.00	1,000.00	0.00
Employee Benefits		**2,876,014.00**	**2,876,014.00**	**0.00**

Sonoma Valley Fire and Rescue Authority

Proposed Mid-Year Budget Fiscal Year 2018 - 2019

Account Number	Description	Approved Budget 2018 - 2019	Recommended Mid-year Budget 2018 - 2019	Increase (Decrease)
798-68901-310-50310	Legal	5,000.00	20,000.00	15,000.00
798-68901-311-50311	Acctng/Audit	2,000.00	2,000.00	0.00
798-68901-312-50312	Recruitment	10,000.00	10,000.00	0.00
798-68901-313-50313	Consulting	2,500.00	2,500.00	0.00
798-68901-347-60347	Professional Contract Services	264,056.00	264,056.00	0.00
798-68901-350-50350	Other-Prof/Tech	9,500.00	9,500.00	0.00
Professional Services		**293,056.00**	**308,056.00**	**15,000.00**
798-68901-401-60401	Utilities	65,900.00	65,900.00	0.00
798-68901-403-60403	Custodial	15,000.00	15,000.00	0.00
798-68901-404-60404	Repair & Mainte	60,000.00	130,000.00	70,000.00
798-68901-406-60406	Rental-Equipmen	4,000.00	4,000.00	0.00
798-68901-407-60407	Contract Services / Property Related	33,680.00	33,680.00	0.00
798-68901-420-60420	Building Maintenance	30,000.00	30,000.00	0.00
Property Services		**208,580.00**	**278,580.00**	**70,000.00**
798-68901-451-60451	Insurance Property / Liability	50,000.00	65,000.00	15,000.00
798-68901-452-60452	Communications	27,500.00	35,000.00	7,500.00
798-68901-453-60453	Publications and Notices	1,500.00	1,500.00	0.00
798-68901-454-60454	Printing & Bind	1,500.00	1,500.00	0.00
798-68901-456-60456	Memberships	5,000.00	5,000.00	0.00
798-68901-457-60457	Training/Conferences	55,000.00	55,000.00	0.00
798-68901-460-60460	Permit/Fees/Tax	3,035.00	3,035.00	0.00
Operations		**143,535.00**	**166,035.00**	**22,500.00**
798-68901-501-70501	Minor Supplies / Equipment	25,500.00	35,000.00	9,500.00
798-68901-505-70505	Fuel	60,000.00	65,000.00	5,000.00

Sonoma Valley Fire and Rescue Authority

Proposed Mid-Year Budget Fiscal Year 2018 - 2019

Account Number	Description	Approved Budget 2018 - 2019	Recommended Mid-year Budget 2018 - 2019	Increase (Decrease)
798-68901-507-70507	Books & Periodicals	3,500.00	3,500.00	0.00
798-68901-508-70508	Safety Clothing / Uniforms	55,000.00	65,000.00	10,000.00
798-68901-540-70540	Rents / Leases	1,500.00	1,500.00	0.00
798-68901-550-70550	Major Equipment / EMS Supplies	90,000.00	120,000.00	30,000.00
798-68901-551-70551	Major Equipment / Fire Supplies	40,000.00	60,000.00	20,000.00
Supplies		**275,500.00**	**350,000.00**	**74,500.00**
798-68901-606-70606	Software	15,000.00	15,000.00	0.00
798-68901-607-70607	Computer Equipment / Maintenance	22,000.00	22,000.00	0.00
Software & Computer Equipment		**37,000.00**	**37,000.00**	**0.00**
Expense Totals		**9,266,872.00**	**10,100,118.00**	**833,246.00**

Resolution No: 2018/2019-09
Dated: May 14, 2019

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 2018/19 SVFRA BUDGET

WHEREAS, the 2018/19 SVFRA budget was approved by the Board of Directors of the Valley of the Moon Fire Protection District of Sonoma County on June 12, 2018; and

WHEREAS, subsequent to the adoption of the 2018/19 budget, issues have arisen that require amendments to the budget; and

WHEREAS, the Board of Directors, following review of the 2019 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 $833,246 (from $0 to $833,246)
798-68901-130-40120	Increase budgeted appropriations by $113,971 (from $251,326 to $365,297)
798-68901-130-40130	Increase budgeted appropriations by $537,275 (from $650,000 to $1,187,275)
798-68901-310-50310	Increase budgeted appropriations by $15,000 (from $5,000 to $20,000)
798-68901-404-60404	Increase budgeted appropriations by $70,000 (from $60,000 to $130,000)
798-68901-451-60451	Increase budgeted appropriations by $15,000 (from $50,000 to $65,000)
798-68901-452-60452	Increase budgeted appropriations by $7,500 (from $27,500 to $35,000)
798-68901-501-70501	Increase budgeted appropriations by $9,500 (from $25,500 to $35,000)
798-68901-505-70505	Increase budgeted appropriations by $5,000 (from $60,000 to $65,000).
798-68901-508-70508	Increase budgeted appropriations by $10,000 (from $55,000 to $65,000).
798-68901-550-70550	Increase budgeted appropriations by $30,000 (from $90,000 to $120,000).
798-68901-551-70551	Increase budgeted appropriations by $20,000 (from $40,000 to $60,000).

NOW, THEREFORE, BE IT RESOLVED that the Budget for the Sonoma Valley Fire & Rescue Authority in the amount of $9,266,872 shall be amended to $10,100,118.

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 14th day of May 2019, 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:

____
William Norton, President

ATTEST:

____
Brian Brady, Clerk

Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

-

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

Agenda Item Title

FY 2018/19 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 18/19

Expenditures		Funding Source(s)	
Budgeted Amount	$	District General Fund	$
Add. Appropriations Reqd.	$	Fees/Other	$
	$	Use of Fund Balance	$
		Contingencies	$
		Grants	$
Total Expenditure	**$**	**Total Sources**	**$**

Narrative Explanation of Fiscal Impacts (if required)

Attachments

Recommended fund balance allocations May 2019

Recommended Fund Balance Allocations May 2019

Account	Basis of Allocation	Allocation as of 6/13/2017	Allocation as of 4/10/2018	Recommended Allocation
Unassigned	2 months of operating expenses (Annual Budget / 6). Updated to reflect FY 2018 Operating Budget.	$ 711,670	$ 732,572	$ 776,182
Committed for Emergency / Contingency	10% of Annual Operating Budget. Updated to reflect FY 2018 Operating Budget.	$ 427,002	$ 439,543	$ 465,709
Committed for Compensated Absences	Estimated District Share of Compensated Absence liablity for employees. Updated based on FY 2018 Annual Financial Audit Report	$ 200,245	$ 200,245	$ 200,245
Committed for Other Post-Employment Benefits Liablity	Based on current GASB 45 Report and 2018 Annual Financial Audit Report	$ 447,098	$ 448,380	$ 460,306
Committed for Buildings and Improvements	Based on schedule of maintence with estimated costs and timeline	$ 517,154	$ 562,793	$ 608,432
Committed for Capital Equipment	Based on depreciation schedule	$ 897,758	$ 1,017,785	$ 842,797
		$ 3,200,927	$ 3,401,318	$ 3,353,671

Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

-

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

Agenda Item Title

Resolution 2018/2019-10 instituting a revised procurement policy for the District's purchasing program

Recommended Actions

Institute policy

Executive Summary

The Board is asked to institute a revised Procurement Policy in observance of current purchasing standards established by law and District best practices.

Alternative Actions

Request information or changes to policy before approval

Strategic Plan Alignment

Not applicable

Fiscal Summary – FY 18/19

Expenditures		Funding Source(s)	
Budgeted Amount	$	District General Fund	$
Add. Appropriations Reqd.	$	Fees/Other	$
	$	Use of Fund Balance	$
		Contingencies	$
		Grants	$
Total Expenditure	**$**	**Total Sources**	**$**

Narrative Explanation of Fiscal Impacts (if required)

Attachments

1. Procurement Policy
2. Resolution 2018/2019-10

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

PROCUREMENT POLICY Adopted:

I. **PURPOSE AND SCOPE**

This policy is provided to establish purchasing guidelines and applies to all District purchases.

II. **POLICY STATEMENT**

District purchases and contracts (including rentals and leases) will be made pursuant to these guidelines. Applicable competitive bidding categories, authorization limits, or contract award procedures will be based on unit cost, total purchase cost for consolidated bid items, or fiscal year aggregates in the case of blanket purchase orders or similar ongoing purchase arrangements. This policy shall adhere to 2 CFR 200.318-326

III. **DEFINITIONS**

The Fire Chief or designee/s has purchase authority under this policy.

IV. **PROVISIONS / PROCEDURES**

A. GENERAL PURCHASING PROCEDURES

<u>Credit Card</u>

District credit cards, issued through the CAL-Card program, are to be tracked and maintained by the District Administrative Analyst. Cards will be issued to the Fire Chief, Battalion Chiefs, the Training Officer, and Captains, or other such managers as directed by the Fire Chief or the District Board. Credit cards should never be used to circumvent established competitive purchasing procedures; i.e., no purchases for goods or services should be made in excess of $5,000 that would otherwise require competitive bidding. Purchases must not be split to circumvent purchasing regulations. The card is issued for official District business and may not be used for personal purchases.

B. COMPETITIVE BIDDING GUIDELINES FOR THE PURCHASE OF INVENTORY MATERIALS, SUPPLIES, EQUIPMENT, AND SERVICES

Guidelines shall be structured for the purchase of inventory materials, supplies, equipment, and services (refer to Section G for State purchasing or “piggyback” purchases). The guidelines stated herein shall be made in accordance with the adopted budget of the District. Any unbudgeted purchases must be approved by action of the Board of Directors prior to proceeding with any bidding structure. The following guidelines shall apply:

1. Purchases of five thousand dollars ($5,000.00) or less may be authorized by the Fire Chief or designee(s) and may be made based on informal quotes, either in writing or taken verbally.
2. When required by the Fire Chief or designee(s), purchases greater than five thousand dollars ($5,000.01) up to ten thousand dollars ($10,000.00) shall be made based on written quotations from vendors. The formal sealed bid procedures may be followed except that the award of contract or rejection of bids may be made by the Fire Chief or designee(s).
3. For purchases with an approved budget and cost estimate greater than ten thousand dollars ($10,000.01) up to fifty thousand dollars ($50,000.00), the Fire Chief is authorized to invite bids or request proposals, approve specifications, and award the contract or bid. This provision shall be under the exclusive authority of the Fire Chief.
4. For purchases greater than fifty thousand dollars ($50,000.01), the purchase shall be approved by the Board of Directors through a sealed, competitive bid process as outlined below:
   a) Notice inviting bids shall include a general description of the services and/or articles to be purchased or sold, where bid blanks and specifications may be obtained, the time and place for bid openings, and whether a bid deposit or bond will be required.
   b) Notice inviting bids shall be advertised in a newspaper of general circulation.
   c) The Fire Chief or designee(s) shall also directly solicit sealed bids from known responsible prospective suppliers whose names are on the bidders list or who have requested that their names be added thereto and may advertise the notice inviting bids in applicable publications.
   d) When deemed necessary by the Fire Chief or Board of Directors, any person or entity entering into a contract with the District may be required to furnish a faithful performance deposit bond in an amount determined by the Fire Chief or Board of Directors.
   e) Sealed bids shall be submitted to the District Clerk and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.
   f) At its discretion, the Board of Directors may reject all bids presented and re-advertise for bids.
   g) Contracts shall be awarded by the Board of Directors to the lowest responsible bidder, except as otherwise provided herein.
   h) If two (2) or more bids received from responsible bidders are for the same total amount or unit price, quality and service being

equal, the Board of Directors may accept the lowest bid made by negotiation with the tie bidders and the Fire Chief or designee(s) at the time of bid opening.

5. Guidelines for evaluating bids shall include:
   a) The ability and financial capacity of the bidder to complete the bid;
   b) The skill of the bidder to perform the contract or provide the service required;
   c) The ability of the bidder to perform the contract or provide the service promptly or within the time specified, without delay or interference;
   d) The reputation and experience of the bidder, including the District's previous experience with the bidder;
   e) The quality, availability, and adaptability of the supplies or contractual services to the particular use required;
   f) The ability and availability of the bidder to provide future maintenance and service for the use of the subject of the contract;
   g) The conditions attached to the bid by the bidder.

C. REQUEST FOR PROPOSALS AND PROFESSIONAL CONSULTANT SERVICES

Request for Proposals and Contracts for Professional Consultant Services will be awarded pursuant to the following guidelines:

1. Request for Proposals (RFPs) for consultant services estimated to be more than ten thousand dollars ($10,000.01) shall be approved by the Board of Directors before they are issued. The Board may authorize the Fire Chief to award the contract if it is less than or equal to the Board-approved budget cost estimate and there are no substantive changes to the approved work scope. This provision shall be under the exclusive authority of the Fire Chief.
2. In the event that the timely evaluation and selection of a consultant precludes the approval of the RFP before it is issued, the RFP may be approved and distributed by the Fire Chief; however, the award of the contract will be made by the District Board. This provision shall be under the exclusive authority of the Fire Chief.
3. Contracts for Professional Consultant Services estimated to cost less than ten thousand dollars ($9,999.99) may be awarded by the Fire Chief or designee(s). Although no specific purchasing requirements are established for this level of contract, proposals should be solicited whenever practical.
4. Cost shall not be the sole criteria in selecting the successful bidder. Consultant proposals will be evaluated based on a combination of

factors that result in the best value to the District, including but not limited to:

a) Understanding of the work required by the District;
b) Quality and responsiveness of the proposal;
c) Demonstrated competence and professional qualifications necessary for satisfactory performance of the work required by the District;
d) Recent experience in successfully performing similar services;
e) Proposed methodology for completing the work;
f) References;
g) Background and related experience of the specific individuals to be assigned to the project.

D. SERVICE CONTRACTS

1. For services which are purchased repeatedly throughout a year, the bidding procedures used shall be consistent with the estimated cumulative expenditures during a twelve (12) month period. All contracted services shall be formalized in a contract, signed by the Fire Chief or designee(s).
2. For the purchase of contracted services, the District's competitive Bidding Guidelines are applicable and shall be followed.

E. SOLE SOURCE PURCHASES

Commodities and services which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in this area, or a certain product that has been proven to be the only acceptable product. All sole source purchases shall be supported by written documentation signed by the Fire Chief or designee(s). An example of sole source is where equipment or supplies are required in order to be compatible with existing equipment or to perform a complex or unique function. Final determination that an item is a valid sole source purchase will be made by the Fire Chief. Final determination shall not be delegated.

F. COOPERATIVE PURCHASING

The District will utilize to the maximum extent possible State Department of General Services cooperative purchasing, the League of California Cities purchasing program, U.S. Communities, and other public agencies operating local pools or allowing piggy-back purchasing. When utilizing such pools, bidding requirements set forth herein shall be deemed to be met.

V. RESPONSIBILITIES AND REVIEW

A. Responsibility for Review: Fire Chief and District Treasurer

B. Review Period: 5 Years

Resolution No: 2018/2019-10
Dated: May 14, 2019

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON FIRE PROTECTION DISTRICT, SONOMA COUNTY, STATE OF CALIFORNIA, INSTITUTING A REVISED PROCUREMENT POLICY FOR THE DISTRICT'S PURCHASING PROGRAM

WHEREAS, California Government Code sections 54201 *et seq.* govern purchasing by local government bodies and require that every local agency adopt policies and procedures to govern their purchases of supplies; and

WHEREAS, the Procurement Policy was revised, in part, to bring it up to date with current purchasing standards established by law; and

WHEREAS, the Board of Directors now seeks to institute the revised Procurement Policy.

NOW, THEREFORE, BE IT RESOLVED that the Valley of the Moon Fire Protection District Board of Directors hereby approves the attached Procurement Policy as the policy that shall supersede all prior policies and shall govern the District's purchasing functions.

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 14th day of May 2019, 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:

____
William Norton, President

ATTEST:

____
Brian Brady, Clerk

Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

-

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

Agenda Item Title

Adopt inventory control policy

Recommended Actions

Adopt policy

Executive Summary

Staff has developed a policy to establish inventory control guidelines for non-EMS apparatus and equipment. The Board is asked to adopt the policy.

Alternative Actions

Request information or changes to policy before approval

Strategic Plan Alignment

Not applicable

Fiscal Summary – FY 18/19

Expenditures		**Funding Source(s)**	
Budgeted Amount	$	District General Fund	$
Add. Appropriations Reqd.	$	Fees/Other	$
	$	Use of Fund Balance	$
		Contingencies	$
		Grants	$
Total Expenditure	**$**	**Total Sources**	**$**

Narrative Explanation of Fiscal Impacts (if required)

Attachments

Inventory Control Policy

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

INVENTORY CONTROL POLICY Adopted:

I. PURPOSE AND SCOPE

This policy is provided to establish Inventory Control guidelines that apply to all District apparatus and equipment, including capital equipment items.

II. POLICY STATEMENT

District Apparatus and Equipment will be inventoried and maintained pursuant to these guidelines.

III. DEFINITIONS

ImageTrend is the cloud-based RMS where all inventory shall be recorded and maintained. Firehouse is also the RMS where we track the assigned inventory number for equipment. All line personnel shall comply with this policy.

IV. PROVISIONS / PROCEDURES

A. GENERAL INVENTORY CONTROL PROCEDURES

1. When you log onto ImageTrend you will find a menu of checklists available. Each sheet has been developed by the Inventory Control Officer. Any changes to that list shall be submitted to him or her via email.
2. All equipment assigned to a Fire Station shall have a distinctive color assigned to that Station and shall be indicated on all equipment. Additionally, the specific apparatus number will be indicated on the equipment with a sticker.
3. The equipment check and inventory must be completed on the day it is assigned. When complete the form is marked complete and any deficiencies indicated on the electronic form. In addition if there is something missing or non-serviceable an email will be sent to the individual responsible for that category and also copy the Battalion Chief.
4. Once a month a detailed inventory of all apparatus and equipment is completed, to include reserve apparatus and equipment.
5. When a new piece of equipment is purchased the description of the item is entered in via its category (hose, gurney, etc.) and assigned a number in Firehouse. That number is used to track it while in service as well as when it’s taken out of service.
6. Capital equipment items shall be identified by serial numbers on the inventory details forms in the RMS. Capital equipment items that are on frontline or reserve apparatus shall be inventoried on the schedule

noted above. Capital equipment items that are not on apparatus shall be inventoried at least once per year.

B. AMBULANCE INVENTORY

1. Similar to the procedure in Section A above. The major difference is the fact that the inventory is significantly more detailed as outlined in Lexipol Policy 501 (Medication Inventory and Restock) and Lexipol Policy 505 (Controlled Substance Accountability). The narcotics are signed on the paper form upon receiving them from the off-going crew. Then while on duty they must be looked at and documented every 24 hours.
2. Any discrepancy is to be immediately reported in accordance with Lexipol Policies 501 and 505.

C. COLOR CODING

- Fire Station 1: Green
- Fire Station 2: Blue
- Fire Station 3: Red
- Fire Station 4: None
- Fire Station 5: Orange

Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

May 14, 2019

Agenda Item No.	Staff Contact
10E	Stephen Akre, Fire Chief

Agenda Item Title

Vote for seven (7) candidates in the FAIRA Board of Directors election for positions effective on July 1, 2019

Recommended Actions

Vote for seven (7) candidates

Executive Summary

There will be seven vacancies on the Fire Agencies Insurance Risk Authority's (FAIRA) Board of Directors on July 1, 2019. The District Board is asked to vote for seven of the seven nominated candidates to fill these positions.

Alternative Actions

Decline to vote in this election

Strategic Plan Alignment

Not applicable

Fiscal Summary – FY 18/19

Expenditures		Funding Source(s)	
Budgeted Amount	$	Fees/Other	$
Add. Appropriations Reqd.	$	Use of Fund Balance	$
	$	Contingencies	$
		Grants	$
Total Expenditure	**$**	**Total Sources**	**$**

Narrative Explanation of Fiscal Impacts (if required)

Attachments

1. FAIRA election letter
2. FAIRA election ballot

Fire Agencies Insurance Risk Authority
Susan Blankenburg, General Manager
1255 Battery Street, Suite 450
San Francisco, CA 94111
Office 415.536.4005 Fax 415.536.8499

April 18, 2019

RE: NOTICE OF NOMINATION RESULTS AND VOTING PROCEDURE FOR THE FIRE AGENCIES INSURANCE RISK AUTHORITY - GOVERNING BOARD OF DIRECTORS POSITIONS

Dear FAIRA Member:

After receipt and completion of all nominations received by our office, we are pleased to announce the individuals representing their Member Districts have been nominated or required to stand for election to the Governing Board positions, as required by the Joint Powers of Authority Agreement. These individuals and the Districts they represent are listed below:

Chief Mark Johnson	Fresno County FPD
Chief Mark Pomi	Kentfield FPD
Chief Sean Bailey	Northstar CSD FD
Chief Criss Brainard	San Miguel Consolidated FPD
Chief Eric Walder	South Placer FPD
Chief Richard Pearce	Tiburon FPD
Chief Howard Wood	Vacaville FPD

A ballot form is enclosed to cast your District's votes for the seven (7) vacancies of the Authority Governing Board. The seven candidates receiving the highest number of votes (vote for no more than seven) will be elected. **Please return the ballot form by mail to this office, or email your ballot to Susan Blankenburg at** susan_blankenburg@faira.org **no later than June 1, 2019.**

Very truly yours,

Susan Blankenburg
General Manager

cc: FAIRA Board of Directors
Dale E. Bacigalupi, Authority Counsel

BALLOT

FAIRA MEMBER ELECTION BALLOT FOR GOVERNING BOARD OF DIRECTORS

The ______________________________ (Member Name), a member of FAIRA, hereby votes for the following seven (7) individuals listed below to represent the District, and to fill the seven (7) FAIRA Board of Directors positions effective June 1, 2019.

The ______________________________ (Member Name), has authorized the election by motion of the Board made and passed on ________________, 2019.

Mark the box for the candidate of choice.

Title/Name	Member Agency	
Chief Mark Johnson	Fresno County FPD	☐
Chief Mark Pomi	Kentfield FPD	☐
Chief Sean Bailey	Northstar CSD FD	☐
Chief Criss Brainard	San Miguel Consolidated FPD	☐
Chief Eric Walder	South Placer FPD	☐
Chief Richard Pearce	Tiburon FPD	☐
Chief Howard Wood	Vacaville FPD	☐

Dated: ________________, 2019 ______________________________

Chairman of District/ Authority Board or Designated Person

ATTEST:

____

District/ Authority Board Clerk or Designated Person