



Valley of the Moon Fire Protection District

Special Board of Directors Meeting



April 11, 2017



Valley of the Moon Fire Protection District Special Board of Directors Meeting

April 11, 2017

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

Tuesday, April 11, 2017 at 5:00 P.M.
Location: Sonoma Valley Fire & Rescue Authority Station #1
630 2nd Street West, Sonoma, California 95476

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

1. CALL TO ORDER

2. ROLL CALL & DETERMINATION OF A QUORUM

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

3. PLEDGE OF ALLEGIANCE

4. CONFIRMATION OF AGENDA

Opportunity for the Board to reorder agenda items

5. COMMENTS FROM THE PUBLIC

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

6. PRESENTATIONS

District auditor Sheldon Chavan will present the 2015/16 financial audit.

7. CONSENT CALENDAR

Approval of minutes for regular meeting of March 14, 2017. **Action Item**

8. FIRE CHIEF'S MONTHLY REPORT

Chief's activity report for March 2017

9. OLD BUSINESS

Contract for services with the Glen Ellen Fire Protection District. **Action Item**

10. NEW BUSINESS

- a) Accept 2015/16 VOM District financial audit. **Action Item**
- b) Resolution 2016/2017-08 accepting the mid-year financial report and approving amendments to the 2016/2017 SVFRA and District budgets. **Action Item with Roll Call Vote**
- c) Approve purchase of Zone 3 Class "A" fire training burn trailer. **Action Item**

d) Vote for 4 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2017. **Action Item**

11. OTHER BUSINESS TO COME BEFORE THE BOARD

Russian River FPD will host the SCFDA meeting on April 27th at Agriculture Public House at Dawn Ranch in Guerneville. Please RSVP to Georgette by April 17th.

12. COMMENTS FROM THE FLOOR

13. COMMENTS FROM THE BOARD

14. CLOSED SESSION

15. ADJOURNMENT

This meeting will be adjourned to a regular meeting on May 9, 2017 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

April 11, 2017



Agenda Item No.		Staff Contact	
7		Georgette Darcy, Admin. Analyst/Secretary to Board	
Agenda Item Title			
Approval of minutes for regular meeting of March 14, 2017			
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 16/17			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.		Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Not required			
Attachments			
Minutes for March 14, 2017 regular meeting			

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS MEETING MINUTES

March 14, 2017

1. CALL TO ORDER

President Norton called the meeting to order at 6:00 p.m.

2. ROLL CALL & DETERMINATION OF A QUORUM

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

3. PLEDGE OF ALLEGIANCE

Director Leen led the Pledge of Allegiance.

4. CONFIRMATION OF AGENDA

Item 6. was moved to the end of the meeting.

5. COMMENTS FROM THE PUBLIC

None

6. PRESENTATIONS

None

7. CONSENT CALENDAR

Approval of minutes for regular meeting of February 14, 2017

M/S/P Brady/Greben to approve minutes for February 14, 2017. Passed 4 ayes

8. FIRE CHIEFS' MONTHLY REPORT

Fire Chief Akre gave his activity report for February 2017.

9. OLD BUSINESS

Authorize release of RFP for replacement of Station 2 parking lot

M/S/P Leen/Greben to authorize release of RFP for Station 2 parking lot replacement. Passed 4 ayes

10. NEW BUSINESS

None

11. OTHER BUSINESS TO COME BEFORE THE BOARD

None

12. COMMENTS FROM THE FLOOR

None

13. COMMENTS FROM THE BOARD

None

14. CLOSED SESSION

None

15. ADJOURNMENT

The meeting was adjourned at 6:35 p.m. to a regular meeting on April 11, 2017 at 6:00 p.m. in the Training Room at Station 1, located at 630 2nd Street West in Sonoma.

Respectfully submitted,

Georgette Darcy

President Norton

Director Brunton

Director Greben

Director Brady

Director Leen



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 11, 2017



Agenda Item No.		Staff Contact	
9		Steve Akre, Fire Chief	
Agenda Item Title			
Contract for services with the Glen Ellen Fire Protection District			
Recommended Actions			
Approve contract and submit to the Glen Ellen Fire Protection District Board of Directors for its consideration			
Executive Summary			
Representative Board and staff members from the VOM District and GLE District have met in ad-hoc committee to create the contract for services that is being presented to the Board for approval. If approved, the contract will then be submitted to the Glen Ellen Fire Protection District Board of Directors for consideration and approval. If the GLE Board accepts the contract, execution is scheduled to begin on July 1, 2017 for a term of five (5) years.			
Alternative Actions			
Decline to approve contract or propose additional revisions to contract before approval			
Strategic Plan Alignment			
This agreement is in alignment with Goal 5, Objective 5A: Identify the benefits of shared services, and Objective 5C: Incrementally implement changes that enhance delivery of service throughout the region.			
Fiscal Summary – FY 16/17			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
		Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
<ol style="list-style-type: none"> 1. Contract for services supplemental staff report 2. Joint Mutual Fire Protection and Emergency Medical Services Agreement between Valley of the Moon Fire Protection District and Glen Ellen Fire Protection District 			



SUPPLEMENTAL STAFF REPORT



Discussion, Consideration, and Potential Approval of Issuing a Contract for Fire Services to the Glen Ellen Fire Protection District

For the meeting of April 11, 2017

SVFRA and Glen Ellen Fire Protection District (GLE) staff began discussions in early 2016 on the possibility of GLE contracting for services with the VOM District. These discussions were based on how GLE could best provide service to its District given current challenges, and many factors were considered including service levels, costs, and cooperative benefits.

An ad-hoc committee was formed with staff and Board representatives from each District. VOM Board members Brady and Greben represented VOM/SVFRA, and Board members Weise and Perry represented GLE. The ad-hoc committee has held frequent meetings and continued discussions to explore various possibilities. Out of these discussions, a service model was selected and a contract for services between GLE and VOM was drafted. This draft was based on the existing contract for services between the City of Sonoma and VOM. This Joint and Mutual Fire Protection and Emergency Medical Services Agreement is a model based on the premise of a partnership between member agencies where they agree that the separate management and administration of each jurisdictional area, using separate equipment, resources, and personnel, will result in duplication of effort, inefficiencies in administration, and excessive costs. All of these factors, in the judgement of the parties, could be eliminated, to the substantial advantage and benefit of the citizens and taxpayers, by employing common equipment, resources, and personnel under common management, administration, and operations.

SVFRA Staff has provided regular updates to the Board on the progress of the discussions on the proposed Contract for Services.

The proposed contract for services is in alignment with the Sonoma Valley Fire & Rescue Authority's 2015-2020 Strategic Plan, specifically, Goal 5: "Pursue additional partnerships with neighboring agencies to enhance services."

The proposed contract has been evaluated and approved by legal counsels of both VOM and GLE.

SUMMARY OF CONTRACT PROVISIONS:

- The VOM shall provide an emergency response system that includes: Emergency Medical Response (EMS), Structural Firefighting, Wildland Firefighting, Public Education, Hazardous Material Response, Fire Prevention Inspections, and managerial and administrative services.
- The SVFRA will hire the one full-time GLE employee and an additional 5 apprentice firefighter paramedics to provide the level of staffing to GLE specified in the contract. Additionally, 3 Captains and 3 Engineers will be promoted.

- Maintain continuous (twenty-four [24] hours per day, seven [7] days per week) and uninterrupted fire and emergency medical services.
- A VOM/GLE Oversight Committee will be formed to discuss and make recommendations regarding any issues that may arise from this Agreement.
- All current GLE employees will become employees of the VOM (SVFRA) effective July 1, 2017.
- Term of the Agreement is established as five continuous years and is thereafter renewable in five-year-increment periods (unless otherwise terminated in accordance with contract provisions).
- VOM shall lease from GLE the facility located at 13445 Arnold Dr. for the sum of \$1.00 per year; and all vehicles and equipment used for Fire and Emergency Service for an additional sum of \$1.00 per year. Ownership, however, of all GLE facilities and equipment will remain with GLE.
- VOM shall provide GLE with services for the enforcement of the rules, regulations, resolutions, and ordinances of the GLE.
- VOM shall be responsible for maintaining a program of insurance or self-insurance or any combination thereof.

BENEFITS

The benefits of this agreement are in the increased level of service to the Glen Ellen Fire District and the increased capacity to the SVFRA response system. The SVFRA will have a fourth staffed ALS engine company 24/7. This resource will add much-needed capacity to our response system. Other benefits include additional clerical support and the opportunity to explore the addition of a part-time fire inspector.

FINANCIAL IMPACT

The budget for the contract projects that there will be no financial impact to the VOM Fire District or SVFRA funds. The contract has built in all personnel costs associated with providing this level of service. Additionally, the included administrative services fee will cover any unanticipated costs. There will be a separate accounting of the GLE Contract that will ensure that this contract does not financially burden either the VOM or SVFRA. This will also allow for accurate reporting on the performance to the contract. Specific costs for each year of the 5-year contract are in the attached Proposed Contract.

IMPLEMENTATION

If approved, the projected beginning date for the contract is July 1, 2017, pending approval from both the GLE and VOM Fire District Boards, LAFCO, and the County Advisory Council.

**JOINT AND MUTUAL FIRE PROTECTION AND EMERGENCY MEDICAL
SERVICES AGREEMENT BETWEEN
VALLEY OF THE MOON FIRE PROTECTION DISTRICT
AND
GLEN ELLEN FIRE PROTECTION DISTRICT**

THIS AGREEMENT, effective (Insert effective date when known) by and between the Valley of the Moon Fire Protection District, a California special district, hereinafter referred to as "VOM," and the Glen Ellen Fire Protection District, a California special district, hereinafter referred to as "GLE," and jointly referred to as "Parties", the promises and agreements of each being in consideration of the promises and agreements of the other for provision of all-risk emergency services inclusive of fire and emergency medical.

WITNESSETH

WHEREAS, both VOM and GLE have authority to provide fire protection, emergency medical, and related services within their respective jurisdictions with all powers attendant thereto; are contiguous to each other; and are susceptible to being provided with fire protection services and facilities under common management, administration and operations and with the same equipment, resources and personnel; and

WHEREAS, VOM and GLE are authorized to contract with each other for the joint exercise of any common power pursuant to Government Code Sections 6500, et seq. (the "Joint Exercise of Powers Act"); and

WHEREAS, GLE desires to contract with VOM for performance of all-risk fire and emergency medical services within the territorial boundaries of GLE through the vehicle of an agreement to exercise common powers as said services are set forth and governed through the terms and conditions of this Agreement; and

WHEREAS, VOM is willing and able to perform such all-risk services in a joint and mutual manner under the terms and conditions set forth in this Agreement; and

WHEREAS, after study, analysis and direction by each agency's governing body, it is the desire of both VOM and GLE to provide the provision of Joint and Mutual Fire Protection and Emergency Medical Services; and

WHEREAS, VOM and GLE agree that the intent of this Agreement is to enhance the current service levels to the citizens and businesses within both VOM and GLE's jurisdictional boundaries in a manner that provides a joint and mutual relationship enjoyed by VOM and GLE; and

WHEREAS, this Agreement shall serve as the "Master Agreement" for all-risk fire and emergency medical services. Upon execution, the parties agree that this Agreement, as may be amended in the future by mutual agreement of VOM and GLE, shall supersede and terminate all other agreements between the Parties with respect to said services.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. IDENTIFICATION OF ORGANIZATION

For continuity in identification for the community and the joint organization, VOM and GLE agree that the designation "Sonoma Valley Fire and Rescue Authority" and its abbreviation "SVFRA" shall be used as identification for the agencies' combined efforts under this Agreement to provide joint and mutual services.

2. SCOPE AND LEVEL OF SERVICES

The scope and level of services, hereinafter referred to as "Services," are hereby defined in this Section 2. For the consideration outlined in this Agreement, VOM shall provide an all risk based emergency response system and service that includes: Emergency Medical Response (EMS), Structural Firefighting, Wildland Firefighting, Public Education, Hazardous Material Response, Trench Rescue, Confined Space Rescue, Fire Prevention Inspections well as related public safety, managerial and administrative services within the jurisdictional boundaries of GLE, to the extent and in the manner set forth herein. These services shall encompass duties and functions of the type falling under the jurisdiction of and customarily rendered by VOM. VOM shall provide services in accordance with State and Federal laws consistent with the service level criteria described in this Agreement. To ensure a consistent standard of performance and equal service level, VOM shall treat demands for service in GLE jurisdiction with the same priority and equality. VOM shall:

- 2.1. Provide fire protection and emergency medical services within the staffing guidelines established by and otherwise in accordance with EXHIBIT "A" which is incorporated and made a part of this Agreement. Such service shall be provided using both GLE and VOM owned vehicles, equipment, and apparatus, as well as sufficient personnel to operate the vehicles, equipment, and apparatus. These services shall be provided with the understanding that reasonably sufficient vehicles, equipment, apparatus, and personnel shall remain within GLE to insure coverage for fire protection and emergency medical services within GLE jurisdiction. If the demands of GLE exceed the services which the VOM can provide, the VOM agrees to use mutual aid agreements as may be necessary to supplement the SVFRA vehicles, equipment, apparatus, and personnel.
- 2.2. Maintain continuous (twenty-four (24) hours per day, seven (7) days per week) and uninterrupted fire and emergency medical services consistent with the service level criteria described in this EXHIBIT "A".
- 2.3. Provide the services described in the first paragraph of this Section 2, with the following provisos:
 - 2.3.1. Investigate fire cause and origin within the GLE.
 - 2.3.2. Upon request of GLE, review and propose fire codes, cost recovery, and ordinances for adoption by GLE.
 - 2.3.3. Develop and maintain fire prevention and education programs within the GLE, including materials for use and dissemination of this information.

- 2.3.4. Maintain for GLE adequate records of activities performed by SVFRA under this Agreement. GLE will maintain all records related to activities not covered by this Agreement, such as documents related to typical Board of Directors activities.
 - 2.3.5. Participate in mutual aid agreements with fire protection providers that are contiguous with the GLE and establish and maintain automatic aid agreements in areas in which service might be improved by such agreements so long as it is in the best interests of GLE and VOM to do so.
 - 2.3.6. Take all reasonable steps to maintain all VOM and GLE facilities, apparatus, equipment, and its entire system in a good state of repair and at all times conduct its operations under this Agreement in a safe and professional manner.
- 2.4 Provide administrative, bookkeeping and accounting support as described in EXHIBIT“ A”. Said support shall be performed in accordance with established GLE guidelines and policies as well as generally accepted accounting principles and Governmental Accounting Standards Board (GASB) guidelines.

2.5 Changes in Service Level

- 2.5.1 If during the term of this Agreement the taxing ability or fees-setting authority of the VOM and/or GLE is limited or restricted by a State-wide or municipal ballot measure, proposition, initiative, referendum, constitutional amendment, Legislative action, a Court decision, or any other legal restriction, and if, as a result of the tax limitation, VOM is unable to provide the level of service described in Section 2, or if GLE is unable to pay VOM for the established levels of service. The party subject to such limitation or restriction shall notify the other party, thus mandating the Oversight Committee (defined in Section 4) to negotiate the necessary changes to this Agreement in good faith within ninety (90) days.
- 2.5.2 GLE shall have the right at any time during the term of this Agreement to request a change in the level of fire protection and emergency medical services provided for herein ("Service Request Changes"). VOM shall have up to ninety (90) days to respond to service request changes made by GLE and such response shall include any costs (or cost savings) resulting from those Service Request Changes and any service level amendments necessary to satisfy GLE's Service Request Change. Final Service Level Changes shall go into effect at a mutually agreed upon date following Party's agreement to service level amendments in accordance with the provisions of this paragraph.

3. FINANCE

3.1. Budget & Compensation for Services:

3.1.0 VOM and GLE agree to a first year annual fee for service of \$721,768.00. VOM and GLE agree to the following fee schedule for Agreement years two (2), three (3), four (4) and five (5):

YEAR 2	\$767,762.00
YEAR 3	\$825,734.00
YEAR 4	\$904,837.00
YEAR 5	\$988,204.00

Annual service fees for Years 3, 4 and 5, depicted above, incorporate scheduled minimum wage increases for SVFRA's Apprentice employees

3.1.2. GLE shall pay to the VOM, an initial lump-sum amount equal to ten percent (10%) of total Agreement cost by July 1 of each year. Thereafter, monthly installments equal to one eleventh of the remaining annual fee shall be remitted monthly by the GLE to the VOM.

3.1.4. VOM and GLE shall participate in any periodic reporting (such as, but not limited to mid-year budget) reasonably required for either agency.

3.1.5. As a part of the budget process, Parties may meet to discuss changes to the Agreement such as staffing levels or SVFRA's Deployment Plan and the cost (or savings) impacts of those proposed changes.

3.1.6. In the event that the Parties cannot come to a mutual agreement on the cost (or savings) arising from changes to the Agreement contemplated in Section 3.1.5, the budget(s) shall be forwarded to the VOM/GLE Oversight Committee defined in Section 4. In the event that disagreements cannot be resolved by the Oversight Committee and either VOM or GLE opt to terminate the Agreement under Section 8, the charge to GLE for the subsequent provision of services by VOM shall be prorated on the prior year cost plus six and one half percent (6.5%).

3.2. Purchasing: Where possible, GLE and VOM shall collaborate on purchasing to achieve economies of scale. Both Parties shall collaborate to assure that the specifications for specialized equipment are met to the benefit of both parties. Both Parties shall comply with any purchasing approvals for the Party that will be charged for the purchase.

3.3. Accounting/Audit

3.3.1. Funds paid to VOM by GLE under the terms of this Agreement shall be dedicated to the operation, maintenance, equipping, and administration in support of the services provided pursuant to this Agreement and shall be held in the SVFRA Fund Account. Fees paid by any third party for services provided by the SVFRA shall be collected by VOM and shall be distributed to VOM, GLE, or SVFRA as defined during the annual budget process for each type of revenue.

3.4. Fees:

3.4.1. VOM shall maintain a Fee Schedule for all service that may be charged to others including, but not limited to: EMS, Fire Marshal Services, Fire Inspection Services, Fire Plan Check Services. Such fees shall be calculated based on the cost of providing services as required by Government Code. Such fee schedule shall incorporate the GLE Fee Schedule by reference and the GLE fee schedule shall incorporate the VOM Fee Schedule by reference. A copy of the VOM Fee Schedule shall be made available at Station 5.

3.4.2. At the request of GLE, or at the request of community organizations or private individuals, the Fire Chief or designee may agree to provide extra fire services for special events and functions occurring within the geographic boundaries of GLE.

3.4.2.1. For Special Services requested by GLE that are not included in the annual budget, such costs may be charged to GLE as agreed to between GLE and VOM.

3.4.2.2. For Special services requested by parties other than GLE, VOM shall bill the requesting party directly for services performed.

3.5. VOM and GLE agree that GLE may have business costs unique to the entity which will not become a part of the Agreement. As such, GLE shall account for those costs separately and will establish funding sources from other normal revenues [such as Ad Valorem Taxes, Capital Funds and Reserves].

4. VOM/GLE OVERSIGHT COMMITTEE

4.1. A VOM/GLE Oversight Committee shall be created. The mission of this committee is to discuss and make recommendations regarding any issues arising from this Agreement. While it is anticipated that most policy and budget decisions can be addressed at the staff level and through each Party's annual budget process, the VOM/GLE Oversight Committee may convene in the event that the Parties are unable to come to agreement on budget, service level, or other issues that cannot be resolved at the staff level.

4.2. The VOM/GLE Oversight Committee shall include the following members:

4.2.1. Two (2) members of the Valley of the Moon Fire District Board of Directors appointed by the Valley of the Moon Fire District Board of Directors.

4.2.2. Two (2) members of the Glen Ellen Fire District Board of Directors appointed by the Glen Ellen Fire District Board of Directors.

4.2.3. SVFRA Fire Chief

4.2.4. SVFRA Division Chief (position created to serve GLE division, previously the GLE Chief of Department)

5. REPORTING

5.1. VOM shall keep GLE informed of all new developments, issues, or concerns related to the efficient delivery of fire, EMS, or any related services of VOM. GLE shall keep the VOM

informed of all new developments, issues, or concerns related to the efficient delivery of fire, EMS, or any related services in GLE.

- 5.2. VOM and GLE shall mutually cooperate to provide regular operational, financial, and informational reports. VOM shall provide written supplemental reports at any time that the GLE Board requests additional information within thirty (30) days of request, including but not limited to major incidents or other significant emergency services issues affecting GLE.
- 5.3. Audit: GLE or any authorized representative shall have access to any books, documents, and records of VOM which are pertinent to this Agreement for the purposes of making an audit or examination. All books, records and supporting detail shall be retained for a period of five (5) years after the term of this Agreement. VOM agrees that in the event audit exceptions are determined by appropriate audit agencies, compliance shall be the responsibility of VOM. VOM shall provide GLE with a copy of its annual financial audit (including the management letter and findings if any) within sixty (60) days of the completion of the audit and no later than March 31 of the year following the most recent year end close unless agreed to by GLE.

6. PERSONNEL

- 6.1. The responsibility for supervision of Fire and Emergency services, hiring of personnel, establishing standards of performance, assignment of personnel, determining and effecting discipline, determining training required, maintaining personnel files, and other matters relating to the performance of services and control of personnel, shall rest with VOM. VOM is bound to abide by bargaining agreements and Memoranda of Understanding covering VOM employees in accordance with the Meyers-Milias-Brown Act and all other State and Federal laws and regulations.
 - 6.1.1 With respect to the selection and retention of the GLE Division Chief, he or she will require approval of the GLE Board of Directors.
- 6.2. All persons employed by VOM to perform services pursuant to this Agreement shall be and remain VOM employees and shall, at all times, be under the sole direction and control of VOM. No GLE employee shall perform services that VOM is obligated to provide under this Agreement, except as may be otherwise expressly provided herein or as may be agreed upon in a Letter of Understanding pursuant to Section 13 of this Agreement. All persons employed by VOM to perform the services pursuant to this Agreement shall be entitled solely to the rights and privileges given to VOM employees and shall not be entitled, as a result of providing services required hereunder, to any additional rights and privileges given to GLE employees.
- 6.3. Personnel assigned to provide services are required to abide by all rules, regulations, policies, and procedures (hereinafter referred to as procedures) applicable to VOM employees, except where such procedures may conflict with a requirement of this Agreement.
- 6.4. The GLE Board may request that VOM personnel abide by GLE procedures. Personnel will comply with such GLE procedures, except where such procedures may conflict with

procedures applicable to VOM employees and/or the requirements of this Agreement.

6.5. For the purpose of performing the services under this Agreement, and for the purpose of giving official status to the performance thereof where necessary, every VOM supervisor and employee engaged in the performance of any service hereunder shall be deemed to be an agent of GLE while performing services for GLE, which services are within the scope of this Agreement and are purely GLE functions. Notwithstanding the agency relationship created by this provision, GLE shall not be liable for any act or omission of any VOM supervisor or employee and shall not be responsible to indemnify, defend, or hold harmless any VOM supervisor, employee, volunteer or agent unless otherwise specifically provided elsewhere in this Agreement.

6.6. GLE shall not be liable for the direct payment of any salaries, wages, employment benefits, or other compensation of any form whatsoever to any VOM personnel performing services hereunder for VOM or any liability other than that provided for in this Agreement.

7. TERM OF AGREEMENT

7.1. This Agreement shall go into effect at 7:30 a.m. on _____

7.2. This Agreement shall be effective for a period of five (5) years. This Agreement is thereafter renewable in five (5) year increment periods unless otherwise terminated earlier in accordance with Section 8 Termination.

7.3. With formal action by the VOM Board of Directors and GLE Board of Directors, this Agreement may be extended for successive periods not to exceed five (5) years each. In the event GLE desires to renew this Agreement for any succeeding periods, the GLE Board of Directors, not later than six (6) months preceding the expiration date of this Agreement, shall notify the VOM Board of Directors in writing that it wishes to renew the Agreement. The VOM Board of Directors, within thirty 30 days after receipt of such notification, shall provide the GLE Board of Directors with written notification of acceptance of such renewal for an additional five (5) year period, or such other term as is mutually agreeable.

8. TERMINATION

8.1 VOM or GLE may terminate this Agreement by giving written notice to the other of not less than one (1) year. Whichever agency initiates early termination of this Agreement prior to the end of the term of the Agreement, shall bear the responsibility of payment of any unemployment costs for up to six (6) Apprentice Firefighter positions. If the early termination of this Agreement is mutual, then VOM and GLE shall each bear 50% of the payment of any unemployment costs for up to six (6) Apprentice Firefighter positions.

8.2 Following any notice of Agreement termination, VOM and GLE agree to cooperate in the restoration of equipment and facilities belonging to GLE and to the transition of provision of services from VOM to GLE. The charge to GLE for the provision of services following any notice of termination shall be prorated on the Agreement charges established in Section 3.1.6.

8.3 Within thirty (30) days of any notice of Agreement termination, GLE and VOM agree

to develop a Letter of Understanding as defined in Section 13 regarding a transition of service.

- 8.4 If GLE adopts a final budget that fails to appropriate the funds necessary for this Agreement, notice of Agreement termination shall be given by GLE to VOM within thirty (30) calendar days of such adoption and both parties shall immediately negotiate a service transition with notice as provided in Section 8.1.

9. LEASE OF GLE FACILITIES, VEHICLES AND EQUIPMENT

- 9.1. Lease of GLE Premises: GLE hereby leases to VOM and VOM leases from GLE, on the terms and conditions hereinafter set forth in this Agreement, those certain premises as described as follows:

Land and Improvements situated in GLEN ELLEN, State of California, commonly known as Glen Ellen Station No. 1, located at 13445 Arnold Dr., Glen Ellen, which is more particularly described by the Deed of Trust dated August 8, 1963.

9.1.1. Term of Lease

The term of the lease of the Premises shall be the same term as that set forth by Section 7 of this Agreement; provided that the term shall not extend for more than fifty-five (55) years in total, except in accordance with Government Code Section 37380 and/or Civil Code Section 718, as they may be amended from time to time. Termination of this Agreement in accordance with the provisions of Section 8 shall serve to terminate this Lease, which termination shall take effect on the same date as the termination of this Agreement. Upon termination, VOM shall return Premises to GLE in the same condition as the Premises were delivered, with the exception of ordinary wear and tear.

- 9.1.2. Landlord Tenant Relationship: VOM shall be the Tenant and GLE shall be the Landlord. VOM shall be given non-exclusive possession of the Premises at all times that this Agreement is in effect.

- 9.1.3. Rent: VOM shall pay rent to the GLE in the sum of \$1.00 each year, payable initially upon mutual execution of the Agreement and then by July 1 of each succeeding year, as consideration for the use of the Premises

- 9.1.4. Use of the Premises: Premises are hereby leased to VOM for the purpose of all-risk fire and emergency medical services to be provided in accordance with the terms of this Agreement. Other uses customarily associated with emergency services are also permitted. VOM shall not use or permit the Premises, or any part thereof, to be used, for any purpose or purposes other than the purpose or purposes for which the Premises are hereby leased. Maintenance, repairs, improvements, alterations, and additions to the Premises shall be performed as set forth by Sections 11 and 12 of this Agreement. During the term of the Agreement, VOM shall maintain insurance coverage as stated in Section 16.

- 9.1.5. Memorandum of Lease. No later than the Effective Date of this Agreement, GLE shall prepare, execute and record a Memorandum of Lease in the office of the Sonoma County Recorder.

9.1.6. Other Terms. This Lease shall be subject to all other terms and conditions of this Agreement except as they may conflict with the terms of this Section 9.

9.2. Lease of Vehicles and Equipment: GLE hereby leases to VOM and VOM leases from GLE, on the terms and conditions hereinafter set forth in this Agreement, all Fire and Emergency Medical Response vehicles including command vehicles registered to the GLE, as shown on the GLE's Capital Asset Schedule as updated and maintained by GLE. The list of vehicles as of the effective date of this Agreement is attached hereto as EXHIBIT "B" and incorporated by this reference herein. VOM shall provide updates to GLE annually to update GLE's Capital Asset Schedule.

9.2.1. The vehicles and equipment are hereby leased to VOM for the purpose of all-risk fire and emergency medical services to be provided to GLE in accordance with the terms and conditions of this Agreement. Other uses customarily associated with emergency services are also permitted. VOM shall not use, or permit the vehicles and equipment or any part thereof to be used, for any purpose or purposes other than the purpose or purposes for which the vehicles and equipment are hereby leased.

9.2.2. VOM shall pay rent to GLE in the sum of \$1.00 each year, payable initially upon mutual execution of the Agreement and by July 1 of each succeeding year, as consideration for the use of the vehicles and equipment herein described. This lease shall have the same term as Section 7 of this Agreement and be subject to the same termination provisions as Section 8 of this Agreement.

9.2.3. Maintenance, repairs, alterations and substitutions of the vehicles and equipment leased by GLE to VOM shall be subject to the provisions of Section 10 of this Agreement. This Lease shall be subject to all other terms and conditions of this Agreement except as they may conflict with the terms of this Section 9. During the term of the Agreement, VOM shall maintain insurance coverage as defined in Section 16.

10. VEHICLES & EQUIPMENT

10.1. For purposes of ownership, GLE shall remain the registered owner of its respective vehicles

10.2. During the term of this Agreement, VOM shall be responsible for the performance of ordinary and day-to-day maintenance, service and repairs. GLE will be responsible for the cost of the materials utilized in such service and repairs, including preventative and day-to-day maintenance and annual service. The vehicles and equipment shall be maintained in good repair.

10.3. GLE shall be fully responsible for all major repair costs, including, but not limited to, parts, materials and labor, with the exception that VOM shall pay for up to the first hour of maintenance and repair by a VOM mechanic in VOM shop. As part of the annual budget process, VOM shall notify GLE of anticipated capital repair costs. In the event of an unanticipated capital repair, VOM shall notify the GLE Board President or designee and seek approval prior to initiating repairs, or upgrade of vehicles owned by GLE.

- 10.4. GLE shall provide for equipment replacements in their annual budget either via an internal service fund, fund balance policy, or via funding of full capital replacement as scheduled. In the event of a failure of GLE to replace equipment on schedule, GLE may be direct charged for excess maintenance or repairs related to the age of the vehicle.
- 10.5. Notwithstanding any of the above, VOM shall be responsible for any damage or destruction to any vehicle used by the VOM in the performance of services under this Agreement (whether owned by GLE or VOM) arising out of, connected with, or caused by the negligence or intentional acts or omissions of VOM employees, officers or agents.
- 10.6. Should GLE elect to divest itself of fire equipment or apparatus, and subject to any statutory obligations, VOM shall have the right of first offer to acquire same. If GLE transitions ownership of equipment and apparatus to VOM, VOM and GLE shall establish an equitable and legal formula for establishing true value.
- 10.7 Upon termination, VOM shall return the vehicles and equipment leased by GLE to VOM in the same condition as they were delivered, less ordinary wear and tear.

11. USE OF GLE FACILITIES

- 11.1.1 During the term of this Agreement, GLE shall make available use of Fire Station No 1, hereinafter (Station 5)] located at 13445 Arnold Drive, Glen Ellen, CA 95442 to VOM.
- 11.1.2 During the term of this Agreement, GLE shall make available use of Fire Station No.2, hereinafter (Station 6) located at 730 Sonoma Mountain Rd., Glen Ellen, CA 95442 to VOM as GLE's agent.
- 11.2. VOM agrees to provide on-site management of Station 5 and Station 6 including scheduling and ensuring that agreed upon staffing is maintained.
- 11.3. GLE retains the ability to schedule use of the station(s) for GLE business activities, meetings and public functions at no cost to GLE provided that scheduling of said activities does not conflict with regular VOM business.
- 11.4. Station 5, including basic workstations (containing furniture, office equipment, and supplies), shall be sufficiently equipped to allow VOM employees to perform the services required under this Agreement in a safe, effective, and efficient manner. VOM shall be responsible for daily maintenance and upkeep of non-capital equipment and may recommend to budget ongoing upgrades and maintenance through the annual budget process as defined in Section 3 herein.
- 11.5. VOM shall maintain the security of the work areas.
- 11.6. Utilities and Maintenance of Facility
 - 11.6.1. Facility and Grounds: VOM shall maintain Station 5 and Station 6 in the performance of this Agreement in a state of good repair.
 - 11.6.2. Utilities and Maintenance: GLE shall be responsible for all utility and maintenance costs (including, but not necessarily limited to, charges for electricity,

gas, telephone, water, internet, refuse disposal.). Janitorial services shall be the responsibility of VOM. A program for repair or replacement of office equipment and other furnishings shall be the responsibility of GLE and shall be included in the annual GLE budget as defined in Section 3 herein.

11.6.3. GLE shall retain financial responsibility for capital repairs. This includes maintenance and repairs that are on a non-regular, non-recurring, or as-needed basis, such as interior and exterior painting and flooring, landscaping, and the replacement of major building equipment, in accordance with the provisions of GLE's Long-term Building Maintenance Fund. As part of the annual budget process, VOM shall notify GLE of anticipated capital repair costs. In the event of an unanticipated capital repair, VOM shall notify the GLE Board President or designee and seek approval prior to initiating repairs.

11.6.4. Notwithstanding Section 11.6.3 above, VOM shall be responsible for any damage to the facility or furnishings arising out of, connected with, or caused by the negligence, intentional acts or omissions of VOM's employees, officers or agents.

11.7. Approvals: GLE shall approve all operating costs related to the use of Station 5 in advance. Such approval may take place through the Annual Budget process or through approval by the Board. Capital costs related to the operation of Station 5, even if budgeted, require specific approval of the GLE Board or a GLE approved project based completed Authorization for Expenditure document should GLE wish to develop such an approval process.

12. GLE POWERS AND ENFORCEMENT OF GLE ORDINANCES_

12.1. VOM shall provide services for the enforcement of the rules, regulations, resolutions, and ordinances of GLE. GLE shall not be required by this Agreement to commence any legal proceedings or administrative actions to enforce any of its rules, regulations, resolutions, and ordinances under this Agreement. It is agreed that in performing the Services pursuant to this Agreement, VOM shall have all the powers of GLE and shall receive all cooperation reasonably practicable from GLE to enable efficient enforcement of such rules, regulations, resolutions, and/or ordinances of GLE that are enforced by VOM pursuant to this Agreement. In the event that VOM believes that a GLE ordinance is invalid, VOM shall not be obligated to enforce such ordinance until such ordinance is reviewed and determined to be acceptable by VOM Counsel. Nothing in this Agreement shall bar or prohibit GLE from taking any action to enforce any of its rules, regulations, resolutions, and/or ordinances in the event that VOM is unable or unwilling to take enforcement action. It shall be within the sole discretion of GLE to choose whether to take enforcement action if VOM fails to do so for any reason whatsoever.

12.2. GLE shall be responsible for the validity of its rules, regulations, resolutions, and ordinances, including any ordinances or codes incorporated by reference in GLE's ordinances, and GLE shall defend, hold harmless, and indemnify VOM, its officers, agents, and employees, with respect to any lawsuit or action challenging the validity of a GLE ordinance.

12.3. With respect to the laws of the United States and the State of California and the ordinances and resolutions of the GLE which confer certain authorities, obligations and enforcement powers upon the GLE's Fire Chief and Fire Marshal, the VOM's Fire Chief and Fire Marshal shall act in the capacity of the GLE's Fire Chief and Fire Marshal.

13. LETTERS OF UNDERSTANDING

If requested by the Fire Chief or GLE Board President, Letters of Understanding may be signed by Fire Chief and GLE Board President with respect to questions relating to the provision of service under this Agreement. Letters of Understanding will set forth the question raised and the agreements reached. The intent and purpose of each such Letter of Understanding shall be to administratively implement, interpret, or clarify one or more provisions of this Agreement. No such Letter of Understanding shall have the effect of amending this Agreement unless an amendment to this Agreement is approved in writing by the Glen Ellen Fire District Board of Directors and the Valley of the Moon Fire District Board of Directors. In the event of any inconsistency or ambiguity between the terms of such Letter of Understanding and the terms of this Agreement, the terms of this Agreement shall prevail.

14. PLANNING, COORDINATION, SERVICE AGREEMENT, AND BOUNDARY CHANGE

VOM and GLE agree to cooperate in good faith and participate in all planning as it relates to the provision of fire and emergency medical services affecting GLE. GLE shall notify VOM of all General and Specific plan amendments, periodic review, and amendments to land-use regulations affecting GLE. VOM shall receive the same notice and review and comment rights as granted GLE's other interested parties. Upon VOM's request, VOM staff shall be included in public facility planning in the same manner as GLE. VOM shall notify GLE of any General and Specific Plan amendments, periodic review, and amendments to land-use regulations affecting the VOM. GLE shall receive the same notice and review and comment rights as granted VOM's other interested parties. Upon GLE's request, GLE shall be included in public facility planning in the same manner as VOM staff.

15. LEGAL

The Fire Chief shall consult with the GLE Board President or his/her designee who may authorize contact with the GLE Legal Counsel when VOM actions are within the GLE's boundaries and involve GLE ordinances, policies, or related issues. For actions involving both VOM and GLE jurisdictions, both attorneys may collaborate as appropriate. Cost of attorney services shall be borne by the respective agency.

16. MUTUAL INDEMNIFICATION

VOM shall defend, indemnify, protect, and hold GLE and its agents, officers, and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to VOM's employees, agents, or officers which arise from or are connected with or are caused or claimed to be caused by the acts or omissions of VOM, and its agents, officers, or employees, in performing this Agreement and the services herein; provided, however, that VOM's duty to indemnify and hold harmless shall not include any claims or liability arising from the negligence or intentional acts or omissions of GLE, its agents, officers, or employees.

GLE shall defend, indemnify, protect, and hold VOM and its agents, officers, and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to GLE's agents, officers, or employees which arise from or are connected with or are caused or claimed to be caused by the acts or omissions of GLE, and its agents, officers, or employees, in performing this Agreement; provided, however, that GLE's duty to indemnify and hold harmless shall not include any claims or liability arising from the gross negligence or intentional acts or omissions of VOM, its agents, officers, or employees.

These mutual indemnification obligations shall continue after termination of the Agreement for all claims or liability in which the alleged action or inaction occurred during the time the Agreement was in effect.

17. INSURANCE

VOM shall be responsible for maintaining a program of insurance or self-insurance, or any combination thereof that shall cover each party's indemnification obligations. Without in any way affecting the indemnity herein provided and in addition thereto, VOM shall secure and maintain throughout the term of the Agreement the following types of insurance or self-insurance with limits as shown. VOM shall, prior to the date the Agreement goes into effect, deliver to GLE copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after thirty (30) days prior written notice to GLE. VOM shall, at least ten (10) days prior to the expiration of such policies, furnish GLE with evidence of renewals or "insurance binders" evidencing renewal thereof.

17.1. Workers' Compensation: A program of Workers' Compensation Insurance or a state-approved self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$1,000,000.00 limits covering all persons providing services on behalf of VOM and all risks to such persons under this Agreement.

17.1.1 Without affecting any other rights or remedies, VOM shall have its insurance policies issued in such form as to waive any right of subrogation that might exist otherwise, and shall provide written evidence thereof to GLE upon written request.

17.1.2 In the event that any full time employee from GLE as of the effective date of this Agreement is awarded long-term disability or disability retirement within the first five (5) years of this Agreement, VOM and GLE shall allocate between them any increased costs, including personnel backfill costs (rank for rank) in the following percentages:

	<u>GLE / VOM</u>
Year 1	80% / 20%
Year 2	75% / 25%
Year 3	50% / 50%

Year 4	25% / 75%
Year 5	20% / 80%

17.2. Comprehensive General Liability Insurance or Self-Insurance: VOM shall be responsible for maintaining General Liability insurance. The policy or self-insurance shall have combined single limits for bodily injury and property damage of not less than ten million dollars (\$10,000,000.00).

17.3 Automobile, Equipment and Vehicle Liability Insurance or Self-Insurance: VOM shall be responsible for maintaining Automobile, Equipment and Vehicle Liability insurance. This coverage is to include contractual coverage and automobile, equipment and vehicle liability coverage for owned, hired, and non-owned vehicles including those vehicles leased from GLE. The policy or self-insurance shall have combined single limits for bodily injury and property damage of not less than ten million dollars (\$10,000,000.00). This policy shall provide for full replacement cost

17.4. Comprehensive Property Insurance or Self-Insurance: VOM shall be responsible for maintaining Comprehensive Liability insurance. This coverage is to include contractual coverage and property liability coverage for all property and premises leased from GLE. The policy or self-insurance shall have combined single limits for bodily injury and property damage of not less than two million dollars (\$2,000,000.00). The policy shall provide for full replacement cost.

17.5. Additional Named Insured: All policies or self-insurance, except Workers' Compensation, shall contain additional endorsements naming the GLE and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of VOM's performance of service hereunder. GLE shall be listed as a Loss Payee on the Comprehensive Property Liability insurance.

17.6. Policies Primary and non-Contributory: All policies required above are to be primary and non-contributory with any insurance or self-insurance carried or administered by GLE.

17.7 The insurance coverages provided for under Section 17 shall be subject to increase not more than once every five (5) years during the term of the Agreement. GLE shall give no less than ninety (90) days prior written notice to VOM of a request for any increased coverage.

18. ADDITIONAL DOCUMENTS AND AGREEMENTS

VOM and GLE agree to cooperate to execute additional documents or agreements that may be required to carry out the terms of this Agreement.

19. SUCCESSORS AND ASSIGNS

This Agreement shall bind and inure to the benefit of all successors and assigns of the parties and any associates in interest, and their respective directors, officers, agents, servants, and employees, and the successors and assigns of each of them, separately and collectively.

20. CONSTRUCTION OF AGREEMENT

This Agreement shall be construed and enforced pursuant to the laws of the State of California.

21. AGREEMENT CONTROLLING

In the event of a conflict between the provisions of the text of this Agreement and the Exhibits, the provisions of the text shall prevail.

22. NOTICES

Whenever notice is required hereunder, it shall be given to the parties as follows:

Glen Ellen Fire Protection District:	Board President Glen Ellen Fire Protection District 13445 Arnold Drive Glen Ellen CA 95442
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Valley of the Moon Fire Protection District	Fire Chief Valley of the Moon Fire Protection District 630 Second Street West Sonoma, CA 95476
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When so addressed, notices shall be deemed given upon being placed in the United States Mail, postage prepaid. In all other instances, notices shall be deemed given at the time of actual personal delivery. Changes may be made in addresses to where notices are to be delivered by giving notice pursuant to this provision.

23. GENERAL PROVISIONS

Unless otherwise specifically prescribed in this Agreement, the following provisions shall govern its interpretation and construction. Time is of the essence of this Agreement. Neither VOM nor GLE shall be relieved of its obligation to comply promptly with any provisions of this Agreement by any failure of the other party to enforce prompt compliance with any of its provisions.

Unless otherwise specified in this Agreement, any action authorized or required to be taken by GLE shall be taken by the GLE Board in conformance with GLE policies.

This Agreement is subject to any applicable constitutional and GLE taxing or debt limitations and is contingent upon GLE appropriating the necessary funds under the applicable annual budget.

24. ASSIGNMENT/DELEGATION

Neither party shall assign, sublet, or transfer any interest in this Agreement or any duty hereunder without written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented.

25. NONDISCRIMINATION

VOM and GLE shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition (including an AIDS or HIV condition), handicap, or other prohibited basis. All nondiscrimination rules or regulations required by law to be

included in this Agreement are deemed incorporated by this reference.

26. AMENDMENT

This Agreement may only be amended in writing by an amendment authorized by the Glen Ellen Fire District Board of Directors and the Valley of the Moon Fire District Board of Directors.

27. WARRANTY OF LEGAL AUTHORITY

Each party warrants and covenants that it has the present legal authority to enter into this Agreement and to perform the acts required of it hereunder. If any party is found to lack the authority to perform the acts required of it hereunder or is prevented from performing the acts by a court of competent jurisdiction, this Agreement shall be void.

28. ENTIRE AGREEMENT

This document is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement. This Agreement may be executed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated.

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

Dated: _____

By:
Board President

ATTEST:

Clerk of the Board

Reviewed as to form by District:

Dated: _____

By: _ District Counsel

GLEN ELLEN FIRE PROTECTION DISTRICT

Dated: _____

By: _ Board President

ATTEST:

Clerk of the Board

Reviewed as to form by District:

Dated: _____

By: _ District Counsel

EXHIBIT "A"

Staffing

Fire stations will be staffed with a minimum of 2 full-time personnel per shift in the following ranks and certifications:

Fire Station	Location	Staffed Apparatus	Captain	Engineer Medic
No. 5	13445 Arnold Dr.	Engine	1	1

Daily Executive Staff Access

The Fire Chief and Chief Officers will be assigned for daily executive staff access to the GLE. This will provide contact, on a daily basis, of a senior chief officer to the GLE Board of Directors. The secretary/clerical personnel will also provide receptionist services and assist with coordination of GLE Business—

IN ADDITION TO THE FOREGOING, ADMINISTRATIVE SERVICES SHALL INCLUDE THE FOLLOWING:

General Office Tasks:

- Complete and file annual compensation report with State Controller.
- Schedule and support Financial Audit.
- Monitor and/or file State reports prepared by Auditor.
- Prepare ad hoc QuickBooks and/or Excel based reports including, but not limited to, monthly Actual v Budget Revenue & Expense Statement for GLE's Board of Directors.

Account Reconciliation and Analysis:

- Reconcile all bank accounts and investment accounts on a monthly basis for submission to GLE's Board.
- Reconcile all credit card accounts on a monthly basis for submission to GLE's Board.

Accounts Payable:

- Enter approved bills and invoices.
- Process bills and create payment checks in a timely manner.
- Enter and maintain accounting systems Vendor records, including Form W-9 when needed.
- Create and issue Forms 1099 and any associated reports at year end.

Bank Deposits:

- Analyze, replenish and deposit funds to the Department's payroll account.
- Prepare deposit documents for all funds received by the Department on a timely basis.
- Cause funds to be deposited either personally, by mail or by a Department representative.

Accounts Receivable:

- Prepare A/R invoices.
- Prepare A/R Statements.
- Age A/R at least monthly.
- Apply A/R-related payments based on open invoices.
- Prepare monthly Revenue and Expense Statement (P&L) for Board meeting.
- Prepare monthly Statement of Net Position (Balance Sheet) for Board meeting.
- Prepare monthly listing of payroll transactions and transfers for Board meeting.
- Prepare monthly listing of non-payroll checks and transfers for Board meeting.

Budgeting:

- Maintain Excel budgeting model from year to year.
- Work with GLE representative to produce Preliminary Budget.
- Record budgeting line item rationales.
- Work with GLE representative to produce Final Budget.
- Prepare all Budget documents for Board approval.

Reserves:

- Maintain Excel reserve model based on Preliminary Budget, Final Budget, QB Year End results and audited Year End results.
- In conjunction with the Chief GLE representative, maintain Reserve Target criteria for Designated Reserves, including but not limited to:
Rolling Stock,
Buildings and Grounds,
PPE/Turn Outs,
Unfunded Pension Liabilities.
- Prepare Reserve documents for Board approval.

Inventory Related Tasks:

- Physical inventory of capital items:
Maintain capital items Asset & Depreciation records.
Monitor capital items inventory tagging records.

- Physical inventory of non-capital items:
Monitor non-capital items inventory tagging records

EMS Level

Staff and equip staffed fire engine at Station 5 as a priority to the advanced life-support level (ALS).

Fire Inspections and Investigations

The VOM will establish fire inspection zones for each fire station and establish fire code prescribed frequencies for required inspections. Inspections in general business occupancies such as office complexes and retail outlets will be inspected every two years. Fire investigators will be available to fire scenes for fire cause determination 24 hours per day.

Fire Marshal Services

GLE desires to provide Fire Marshal Services. VOM will provide staff for these services and agrees to provide work space for staff performing these duties. The VOM has adopted ordinance number 2015/2016-01 dated December 8, 2015 establishing a schedule of fees to cover the costs of providing services, issuing permits and enforcing regulations within the VOM. VOM will recommend to the GLE, and GLE will approve, no more than the fees established by VOM to cover the costs of providing services, issuing permits, and enforcing regulations within GLE. VOM shall indemnify, defend, and hold GLE harmless from any claims, damages, fees, costs, and losses of any nature whatsoever in any action challenging fee(s) for services, permits, or enforcement activities established or imposed pursuant to this paragraph. The VOM will amend this ordinance to include all functions associated with fire and life safety plan review and inspections services for the GLE and incorporate the GLE fee schedule by reference into the VOM fee schedule for services to properties within the GLE jurisdictional boundaries. VOM will provide planning services for GLE projects and special events. The function of VOM fire prevention shall be the implementation, administration and enforcement of the provisions of applicable codes.

Grants

VOM will work proactively with GLE in seeking grant opportunities that are mutually beneficial. VOM will apply on behalf of the GLE for grants, reimbursements, and other forms of funding.

Other Services

Along with Services outlined previously herein, other emergency services to be provided include: hazardous materials, water rescue, technical rescue, wildland fire suppression, confined space rescue, urban search and rescue, and those other activities associated with the emergency services. The VOM shall continue to maintain cooperative efforts with a regional approach with other providers of specialized services.

Community Liaison/Community Involvement

The GLE will have access to the VOM public information officer (PIO) for incident coverage. VOM PIO will act on behalf of the GLE during emergency incidents. In addition, the GLE Board will be provided copies of announcements and other information relevant to the GLE. Fire prevention

educational materials will be provided for use and dissemination within the GLE. The GLE Division Chief, or designee, will provide community liaison/community involvement duties for the GLE, consistent with the current level of service. Community involvement will include participation and involvement in key organizations as defined by the GLE. They may include but are not limited to: Schools and civic organizations.

EXHIBIT “B”

10/3/2016 12:00 PM

Glen Ellen Fire Protection District
Inventory of Capitalized Rolling Stock

Inv. #	Make	Model	Serial No.	Description	Acq. Date	Cost	Location	License
3200	GMC	2007 Chevy	1GCEK19047Z599337	1/2-Ton Pickup Truck - 4WD	2/28/2007	34,805	Sta. 1	1198313
3231	GMC	2003 Sierra	1GDJK33193F237944	WestMark/ Rescue	2/23/2004	100,256	Sta. 1	1133834
3232	Interstate	2017 Trailer	4RALS1420HK058793	Large Animal Rescue Trailer	7/8/2016	7,500	Atwood Ranch	
3241	GMC	2002 Sierra	1GTEK19T62Z258329	1/2-Ton Pickup Truck	3/11/2002	27,503	Sta. 1	1198313
3271	International	2003 / 7400	1HTWCADN43J072401	WestMark/Type 3 Engine	5/1/2003	227,968	Sta. 1	1126274
3272	International	2002 / 4900	1HTSDADB2H413723	WestMark/Type 2-3 Engine	11/9/2001	209,445	SVFRA	1104654
3281	HME	2001 / SFO	44KFT42851VV.Z19528	Gi-Tech/Type 1 Engine	9/28/2001	286,829	Sta. 1	1098128
3295	International	2006 / 7400 DT	1HTWCAZR065289282	Water Tender	6/30/2006	237,570	Sta. 1	1139054

GEFD currently insures the GEFA’s Dodge, will SVFRA take over coverage or will GEFA need to obtain their own insurance?



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 11, 2017



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

Agenda Item Title
Accept 2015/16 VOM District financial audit

Recommended Actions
Accept audit

Executive Summary
Audit firm Chavan & Associates, LLP has completed the fiscal year 2015/16 financial audit for the District. Auditor Sheldon Chavan has presented the audit to the Board, who are now asked to accept the document.

Alternative Actions
Deny acceptance or request more information prior to accepting audit

Strategic Plan Alignment
Not applicable

Fiscal Summary – FY 16/17

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

Narrative Explanation of Fiscal Impacts (if required)

Attachments
<ol style="list-style-type: none"> 1. Management Letter from auditor 2. Valley of the Moon Fire Protection District Annual Financial Audit Report June 30, 2016



To the Board of Directors
Valley of the Moon Fire Protection District

We have audited the basic financial statements of the Valley of the Moon Fire Protection District as of and for the year ended June 30, 2016, and have issued our report thereon dated March 21, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Valley of the Moon Fire Protection District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Valley of the Moon Fire Protection District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated.



Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Valley of the Moon Fire Protection District is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include accumulated depreciation related to capital assets, and unfunded liabilities and expenses based on assumptions in actuarial studies performed on defined benefit pension plans.

We evaluated the key factors and assumptions used to develop the identified estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Valley of the Moon Fire Protection District's financial statements relate to: cash and investments, capital assets, long-term obligations and defined benefit pension plans.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and



communicate them to the appropriate level of management. There were no misstatements identified by us as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material corrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Valley of the Moon Fire Protection District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 21, 2017

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Valley of the Moon Fire Protection District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Valley of the Moon Fire Protection District's auditors.

This report is intended solely for the information and use of the Board and management of the Valley of the Moon Fire Protection District and is not intended to be and should not be used by anyone other than these specified parties.

C & A LLP

April 6, 2017
San Jose, California

**VALLEY OF THE MOON
FIRE PROTECTION DISTRICT**
ANNUAL FINANCIAL AUDIT REPORT
JUNE 30, 2016



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

Valley of the Moon Fire Protection District

Sonoma County

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FINANCIAL
SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Valley of the Moon Fire Protection District (the District), as of and for the year ended June 30, 2016, 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, 2016, 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.



Emphasis of a Matter

New Accounting Pronouncements

As discussed in Note 1 to the financial statements, the District adopted the provisions GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective June 30, 2016. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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



section of the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017 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

March 21, 2017
San Jose, California

Management's Discussion and Analysis

Valley of the Moon Fire Protection District

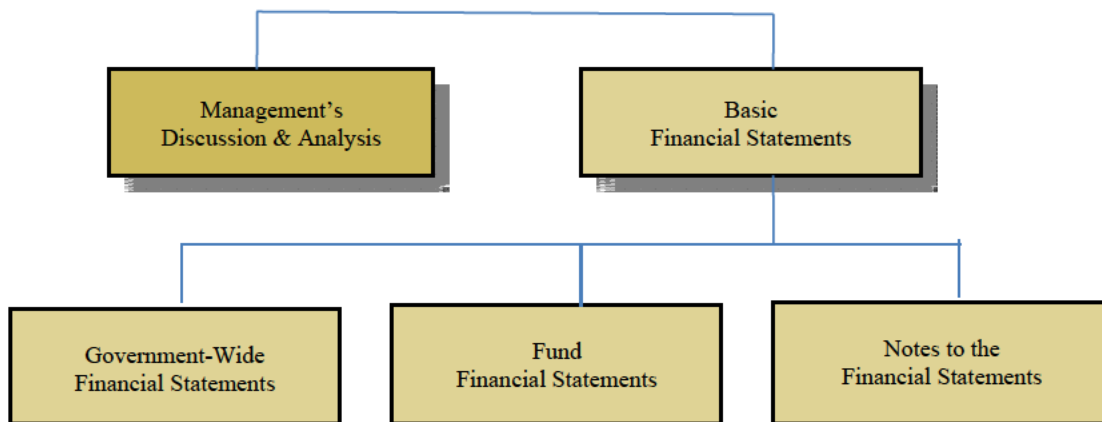
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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, 2016. 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, 2016 were as follows:

- Total net position increased by \$552,540 (31.6%), which included an increase in unrestricted net position of \$590,472 (90.7%), from June 30, 2015 to June 30, 2016.
- The District recorded deferred outflows of resources of \$5,112,121 and deferred inflows of resources of \$706,643 in order to record the different components required by GASB 68 for pension accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- General revenues accounted for \$4,202,403 which is 43% of all revenues. Program specific revenues in the form of charges for services accounted for \$5,530,574, or 57%, of total revenues of \$9,732,977.
- The District had \$9,180,117 in expenses, which was directly supported by program specific revenues as noted above.
- Total fund balances of governmental funds increased by \$507,893, or 16%, from June 30, 2015 to June 30, 2016.

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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 2015 - 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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, 2016 as compared to June 30, 2015:

Table 1 - Summary Statement of Net Position				
	2016	2015	Change	Percentage Change
Assets				
Current Assets	\$ 3,803,935	\$ 3,243,095	\$ 560,840	17.29%
Noncurrent Assets	1,412,803	1,491,927	(79,124)	-5.30%
Total Assets	\$ 5,216,738	\$ 4,735,022	\$ 481,716	10.17%
Deferred Outflows				
	\$ 5,112,121	\$ 1,440,359	\$ 3,671,762	254.92%
Liabilities				
Current Liabilities	\$ 112,371	\$ 59,104	\$ 53,267	90.12%
Noncurrent Liabilities	7,207,993	3,524,274	3,683,719	104.52%
Total Liabilities	\$ 7,320,364	\$ 3,583,378	\$ 3,736,986	104.29%
Deferred Inflows				
	\$ 706,643	\$ 842,691	\$ (136,048)	-16.14%
Net Position				
Net Investment in Capital Assets	\$ 1,060,228	\$ 1,098,160	\$ (37,932)	-3.45%
Unrestricted	1,241,624	651,152	590,472	90.68%
Total Net Position	\$ 2,301,852	\$ 1,749,312	\$ 552,540	31.59%

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

Table 2 shows the changes in net position for fiscal year 2016 as compared to 2015.

Table 2 - Summary of Changes in Statement of Activities				
	2016	2015	Change	Percentage Change
Revenues				
Program revenues	\$ 5,530,574	\$ 5,088,102	\$ 442,472	8.70%
General revenues:				
Property taxes	3,736,945	3,558,083	178,862	5.03%
Special taxes	325,664	322,290	3,374	1.05%
Miscellaneous	139,794	17,690	122,104	690.24%
Total Revenues	9,732,977	8,986,165	746,812	8.31%
Program Expenses				
Public safety - fire protection	9,180,117	8,806,428	373,689	4.24%
Total Expenses	9,180,117	8,806,428	373,689	4.24%
Change in Net Position	552,860	179,737	373,123	207.59%
Beginning Net Position	1,749,312	3,352,791	(1,603,479)	-47.83%
Prior Period Adjustments	(320)	(1,783,216)	1,782,896	99.98%
Ending Net Position	\$ 2,301,852	\$ 1,749,312	\$ 552,540	31.59%

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				
	2016	2015	Change	Percentage Change
Nonspendable	\$ 64,269	\$ 70,508	\$ (6,239)	-9%
Committed for capital equipment	777,731	882,447	(104,716)	-12%
Committed for buildings and improvements	471,515	433,000	38,515	9%
Committed for other postemployment benefits	396,579	165,175	231,404	140%
Committed for compensated absences	206,532	215,000	(8,468)	-4%
Committed for emergency and other contingencies	393,973	377,563	16,410	4%
Unassigned	1,380,965	1,039,978	340,987	33%
Total Fund Balance	\$ 3,691,564	\$ 3,183,671	\$ 507,893	16%

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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 2015-16 fiscal year, the District revised its budget one time for the General Fund, with the final budgeted revenue and other financing sources estimate set at \$3,939,734. The original budgeted estimates were \$3,805,574.

CAPITAL ASSETS

Table 4 shows June 30, 2016 capital asset balances as compared to June 30, 2015.

Table 4 - Summary of Capital Assets Net of Depreciation				
	2016	2015	Change	Percentage Change
Land	\$ 131,472	\$ 131,472	\$ -	0.00%
Work-in-Progress	3,700	-	3,700	100.00%
Buildings and Improvements	448,582	470,280	(21,698)	-4.61%
Equipment	829,049	890,175	(61,126)	-6.87%
Total Capital Assets - Net	\$ 1,412,803	\$ 1,491,927	\$ (79,124)	-5.30%

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				
	2016	2015	Change	Percentage Change
Capital Leases	\$ 352,575	\$ 393,767	\$ (41,192)	-10.46%
Annual Net OPEB Obligation	580,374	396,579	183,795	46.35%
Net Pension Liabilities	6,074,799	2,527,396	3,547,403	140.36%
Compensated Absences	200,245	206,532	(6,287)	-3.04%
Total Long-term Liabilities	\$ 7,207,993	\$ 3,524,274	\$ 3,683,719	104.52%

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 capital maintenance and replacement.

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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 of reduced property taxes, and 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 has been successful with grant acquisition in the past and will continue to pursue grants as a means of improving services and enhancing the safety of its personnel.
- The District and the City of Sonoma have negotiated sharing of costs and revenues for service provided by the District to the City or to City residents.
- The District has developed reserve policies to meet future financial needs such as Capital Replacement and Other Post Employment Benefit (OPEB) costs.
- The District is actively involved in a countywide project to improve Fire Services and has received reimbursements from the County for lost historical revenue and services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Valley of the Moon Fire Protection District

Statement of Net Position

June 30, 2016

	Governmental Activities
Assets	
Current assets:	
Cash and investments	\$ 3,389,805
Accounts receivable	349,861
Other current assets	64,269
Total current assets	<u>3,803,935</u>
Noncurrent assets:	
Non-depreciable capital assets	135,172
Capital assets, net of depreciation	1,277,631
Total noncurrent assets	<u>1,412,803</u>
Total Assets	<u><u>\$ 5,216,738</u></u>
Deferred Outflows of Resources	
Pension adjustments	\$ 5,112,121
Total Deferred Outflows of Resources	<u><u>\$ 5,112,121</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 100,629
Payroll and other liabilities	11,742
Total current liabilities	<u>112,371</u>
Noncurrent liabilities:	
Due within one year	169,030
Due after one year	7,038,963
Total noncurrent liabilities	<u>7,207,993</u>
Total Liabilities	<u><u>\$ 7,320,364</u></u>
Deferred Inflows of Resources	
Pension adjustments	\$ 706,643
Total Deferred Inflows of Resources	<u><u>\$ 706,643</u></u>
Net Position	
Net Investment in Capital Assets	\$ 1,060,228
Unrestricted	1,241,624
Total Net Position	<u><u>\$ 2,301,852</u></u>

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

Valley of the Moon Fire Protection District

Statement of Activities

For the Fiscal Year Ended June 30, 2016

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety - fire protection	\$ 9,091,196	\$5,530,574	\$ (3,560,622)
Depreciation	88,921	-	(88,921)
Total governmental activities	\$ 9,180,117	\$5,530,574	(3,649,543)
General revenues:			
Property taxes			3,736,945
Special taxes			325,664
Interest and investment earnings			21,600
Miscellaneous			118,194
Total general revenues			4,202,403
Change in net position			552,860
Net position beginning			1,749,312
Prior period adjustment			(320)
Net position beginning as adjusted			1,748,992
Net position ending			\$ 2,301,852

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, 2016

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 2,847,831	\$ 541,974	\$ 3,389,805
Accounts receivable	349,289	572	349,861
Other current assets	6,509	57,760	64,269
Total Assets	\$ 3,203,629	\$ 600,306	\$ 3,803,935
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 2,702	\$ 97,927	\$ 100,629
Payroll and other liabilities	-	11,742	11,742
Total Liabilities	2,702	109,669	112,371
Fund balance:			
Nonspendable:			
Prepaid expenditures	6,509	57,760	64,269
Committed for:			
Capital Equipment	777,731	-	777,731
Buildings and improvements	471,515	-	471,515
Other postemployment benefits	396,579	-	396,579
Compensated absences	206,532	-	206,532
Emergencies and other contingencies	393,973	-	393,973
Unassigned	948,088	432,877	1,380,965
Total Fund Balance	3,200,927	490,637	3,691,564
Total Liabilities and Fund Balance	\$ 3,203,629	\$ 600,306	\$ 3,803,935

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, 2016

Total fund balance - governmental funds \$ 3,691,564

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	\$ 2,766,828	
Accumulated depreciation	<u>(1,354,025)</u>	1,412,803

Contributions and other adjustments made to pension plans will not be included in the calculation of the District's net pension liability of the plan year included in this report and have been deferred and reported as deferred outflows of resources. 5,112,121

The differences from expected and actual experience in the pension plan is not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the statement of net position. (706,643)

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	\$ 352,575	
Annual net OPEB obligation	580,374	
Net pension liabilities	6,074,799	
Compensated absences	<u>200,245</u>	<u>(7,207,993)</u>

Total net position - governmental activities \$ 2,301,852

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, 2016

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 3,736,945	\$ -	\$ 3,736,945
Special taxes	325,664	-	325,664
Intergovernmental	-	635,370	635,370
Charges for services	-	4,895,204	4,895,204
Investment earnings	18,286	3,314	21,600
Other revenues	88,712	29,482	118,194
Total revenues	4,169,607	5,563,370	9,732,977
Expenditures:			
Current			
Salaries and employee benefits	81,448	8,090,907	8,172,355
Services and supplies	28,899	909,265	938,164
Capital outlay	29,155	38,311	67,466
Debt service - Principle	41,192	-	41,192
Debt service - Interest	5,907	-	5,907
Total expenditures	186,601	9,038,483	9,225,084
Excess (deficiency) of revenues over (under) expenditures	3,983,006	(3,475,113)	507,893
Other financing sources (uses):			
Transfers in	-	3,648,688	3,648,688
Transfers out	(3,648,688)	-	(3,648,688)
Total other financing sources (uses)	(3,648,688)	3,648,688	-
Net changes in fund balance	334,318	173,575	507,893
Fund balance beginning	2,866,902	317,089	3,183,991
Adjustment to beginning fund balance	(293)	(27)	(320)
Fund balance beginning as adjusted	2,866,609	317,062	3,183,671
Fund balance ending	\$ 3,200,927	\$ 490,637	\$ 3,691,564

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, 2016

Total net change in fund balance - governmental funds \$ 507,893

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	\$ 9,797	
Depreciation expense	<u>(88,921)</u>	(79,124)

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

Repayment of lease obligations		41,192
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In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year compensated absences increased by: 6,287

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. 260,407

In the Statement of Activities, the net postemployment benefit obligation is the amount by which the contributions toward the OPEB plan were less than the annual required contribution as actuarially determined. The net postemployment benefit obligation is not recorded in the governmental fund statements. The change in the net OPEB obligation was recorded in the Statement of Activities in the amount of: (183,795)

Changes in net position of governmental activities \$ 552,860

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The Valley of the Moon Fire Protection District was formed by resolution of the Board of Supervisors of the County of Sonoma as a fire protection district under and pursuant to provisions of the Health and Safety Code of the State of California and is governed by a five-member board of directors. The District provides coordinated fire protection services, rescue services, emergency medical services, and hazardous material response services to taxpayers and residents in a specific unincorporated area in Sonoma County.

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

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

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

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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, 2016, the District does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Deferred Outflows/Deferred Inflows:

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

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

Unearned Revenue:

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

Expenses/Expenditures:

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016, actual expenditures exceeded appropriations in the Sonoma Valley Fire and Rescue Authority Fund by \$505,661. However, transfers in were sufficient to cover the overage.

G. Encumbrances

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

H. Pensions

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

I. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

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

2. Fair Value Measurements

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

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

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

3. Prepaid Expenditures

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

4. Capital Assets

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

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

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

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

5. Compensated Absences

All vacation and sick leave plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Because compensated absences are typically paid out upon termination (such as retirement or resignation) of the employee, they are included in annual operating costs for SVFRA. As such, the City pays a share of these costs through their service agreement with Valley of the Moon by payment of a share of operating costs. Based on this current practice, a share of the outstanding balance of compensated absences is allocated to Valley of the Moon based on the share of costs for the SVFRA operation for fiscal year 2016. As of June 30, 2016, Valley of the Moon's share of the compensated absences balance was \$200,245.

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.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

13. Implemented New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The provisions of GASB Statement No. 72 (GASB 72) are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

GASB 72 provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The statement generally requires state and local governments to measure investments at fair value. The statement defines an *investment* as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. *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 between participants at the measurement date.

The statement requires that acquisition value (an entry price) be used to measure the following assets:

- a. donated capital assets;
- b. donated works of art, historical treasures, and other similar assets; and
- c. capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

GASB 72 requires that sound and consistent valuation techniques be used to determine fair value. The valuation techniques should maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique used should be consistent with one or more of three approaches that are appropriate in the circumstances: the market approach, cost approach, and income approach. Valuation techniques should be applied consistently from period to period. A change in valuation technique or its application is appropriate if it achieves a measurement that is equally or more representative of an asset's fair value under the circumstances.

Inputs to valuation techniques used to measure fair value are categorized into three levels as noted in the investments disclosure section.

The implementation of GASB 72 did not have a significant impact on the District's financial statements and did not result in any prior period restatements or adjustments.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

The purpose of GASB Statement No. 76 (GASB 76) is to identify the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 76 supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

GASB 76 reduces the authoritative sources of GAAP from four categories to two. According to the statement, "The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A).
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B)."

Sources of nonauthoritative accounting literature are identified in paragraph 7 of GASB 76, and includes GASB Concepts Statements.

The implementation of GASB 76 did not have a significant impact on the District's financial statements and did not result in any prior period restatements or adjustments.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in GASB 79. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in GASB 79 and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in GASB 79, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

GASB 79 establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The requirements of GASB 79 are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The implementation of GASB 79 did not have a significant impact on the District's financial statements and did not result in any prior period restatements or adjustments.

14. Upcoming Accounting and Reporting Changes

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—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, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

Management anticipates that this statement will not have a direct impact on the District's financial statements.

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 District provides financial support for OPEB of employees of another District.

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

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

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

GASB Statement No. 77, *Tax Abatement Disclosures*

GASB Statement No. 77, *Tax Abatement Disclosures*, addresses financial reporting about the nature and magnitude of tax abatements of governmental entities. The statement requires that governments that enter into tax abatements disclose more comprehensive information about the agreements, including the following:

- a. Brief descriptive information including what tax is being abated, the authority under which the abatement is provided, and the eligibility criteria
- b. The gross dollar amount of taxes abated during the period
- c. Other commitments made by a government as part of the agreement

The complete disclosure requirements are provided in paragraphs 7 and 8 of GASB 77

GASB 77 is effective for periods beginning after December 15, 2015.

The District does not anticipate a material impact on its financial statements from the implementation of this standard.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

The District does not anticipate a material impact on its financial statements from the implementation of this standard.

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2016, is as follows:

<u>Cash and Investments</u>	<u>Available for Operations</u>	<u>Fair Value June 30, 2016</u>
Cash On Hand and in Banks	\$ 182,342	\$ 182,342
Cash in City Treasury	3,207,463	3,207,463
Total Cash Deposits	<u>\$ 3,389,805</u>	<u>\$ 3,389,805</u>

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, 2016, the District's bank balance was \$205,364 which was covered by the FDIC.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

the City Investment Pool is governed by the City's general investment policy. The City's investments in fiscal year ended June 30, 2016, 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, 2016, is shown below:

Capital Assets	Balance July 01, 2015	Additions	Deletions/ Adjustments	Balance June 30, 2016
Non-depreciable:				
Land	\$ 131,472	\$ -	\$ -	\$ 131,472
Construction in Progress	-	3,700	-	3,700
Total Non-Depreciable	131,472	3,700	-	135,172
Depreciable:				
Buildings and improvements	819,874	-	-	819,874
Equipment	1,819,398	6,097	(13,713)	1,811,782
Total Depreciable	2,639,272	6,097	(13,713)	2,631,656
Less Accumulated Depreciation for:				
Buildings and improvements	349,593	21,698	-	371,291
Equipment	929,224	67,223	(13,713)	982,734
Total Accumulated Depreciation	1,278,817	88,921	(13,713)	1,354,025
Total Depreciable PPE - Net	1,360,455	(82,824)	-	1,277,631
Total PPE - Net	\$ 1,491,927	\$ (79,124)	\$ -	\$ 1,412,803

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, 2016:

Long-term Obligations	Balance			Balance	
	July 01, 2015	Additions	Deductions	June 30, 2016	Due Within One Year
Capital Lease	\$ 393,767	\$ -	\$ 41,192	\$ 352,575	\$ 41,810
Net OPEB Obligation	396,579	319,173	135,378	580,374	77,159
Net Pension Liabilities	2,527,396	3,547,403	-	6,074,799	-
Compensated Absences	206,532	45,429	51,716	200,245	50,061
Total Long-term Obligations	<u>\$ 3,524,274</u>	<u>\$ 3,912,005</u>	<u>\$ 228,286</u>	<u>\$ 7,207,993</u>	<u>\$ 169,030</u>

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS

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

General Information about the Pension Plan

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	General Plan A	General Plan B	Safety Plan A	Safety Plan B
	Before January 1, 2014	After January 1, 2014	Before January 1, 2014	After January 1, 2014
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⁾	7.40%	10.30% ⁽⁷⁾	10.04%
Employer contribution rates	18.34%	12.28%	35.33%	22.76%

(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, 2016, the District had the following employees covered by the benefit terms under the Plan:

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

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, 2016 were based on the Plan's valuation dated December 31, 2015.

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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, 2016, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$	1,310,219
Contributions - employee		467,826
Total contributions	\$	1,778,045

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

As of June 30, 2016, 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	\$	172,456
Safety		5,902,343
Total Net Pension Liability	\$	6,074,799

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, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The District's proportion of the net pension liability 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, 2015 and 2016 was as follows:

	General	Safety
Proportion - June 30, 2015	0.0096%	5.5500%
Proportion - June 30, 2016	0.0560%	5.6358%
Change	0.0464%	0.0859%

For the year ended June 30, 2016, the District recognized pension expense of \$260,407 for the Plan.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

At June 30, 2016, 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	\$ 1,310,219	\$ -
Changes of assumptions	1,401,974	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	386,897	-
Net differences between projected and actual earnings on plan investments	2,013,031	-
Difference between expected and actual experience	-	706,643
Total	\$ 5,112,121	\$ 706,643

The District reported \$5,112,121 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, 2016.

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
2017	\$ 831,694
2018	878,559
2019	992,236
2020	392,770
Total	\$ 3,095,259

Actuarial Assumptions - The total pension liabilities in the December 31, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	December 31, 2015
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
Projected Salary Increase	4.0% - 9.5% ⁽¹⁾
Investment Rate of Return	7.25% ⁽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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

The underlying mortality assumptions and all other actuarial assumptions used in the December 31, 2015 valuation were based on a review of the mortality experience in the January 1, 2009 – December 31, 2011 Actuarial Experience Study.

Discount Rate - The discount rate used to measure the Total Pension Liability was 7.50% as of December 31, 2015 and December 31, 2014. 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, 2015 and December 31, 2014.

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	<u>100.0%</u>	

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

1% Decrease	6.25%
Net Pension Liability	\$ 10,630,968
Current Discount Rate	7.25%
Net Pension Liability	\$ 6,074,799
1% Increase	8.25%
Net Pension Liability	\$ 2,267,232

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.

B. Postemployment Healthcare Plan

Plan Description

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

Funding Policy

The amount paid for Plan benefits during the year ended June 30, 2016 was \$77,159, which included a \$13,801 subsidized premiums adjustment. Plan members receiving benefits contribute 40% of their premium costs. In order to fully fund the Plan, the District would be required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's policy is to pay the benefits as a cash outlay after retirement (the pay-as-you-go method).

Annual OPEB Cost and Net OPEB Obligation

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

Annual required contribution	\$	326,212
Interest on net OPEB obligation		15,792
Adjustment to annual required contribution		<u>(22,831)</u>
Annual OPEB cost (expense)		319,173
Contributions made		(135,378)
Subsidized premiums adjustment		<u>-</u>
Increase in net OPEB obligation		183,795
Net OPEB obligation (asset) - beginning		<u>396,579</u>
Net OPEB obligation (asset) - ending	\$	<u>580,374</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
June 30, 2013	\$ 91,937	89%	\$ 165,175
June 30, 2014	315,569	27%	396,579
June 30, 2015	319,173	42%	580,374

Funded Status and Funding Progress

The most recent actuarial valuation date was July 1, 2015. The following summarizes the funded status of the plan as of June 30, 2016:

Actuarial accrued liability (AAL)	\$	4,981,372
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)		<u>4,981,372</u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Projected covered payroll (active Plan members)		1,061,100
UAAL as a percentage of covered payroll		469%

Actuarial Methods and Assumptions

The actuarial present value of the benefits which are allocated to the current year is called the Normal Cost. The actuarial present value of the benefits which are allocated to past years, including the full value of benefits for all former employees, is called the Actuarial Accrued Liability, and is amortized over a period of future years. The ARC is the sum of that amortization and the Normal Cost. Under the entry age normal funding method, normal costs are computed as a level percentage of salary. Amortization of unfunded liability is being made as a level percentage of payroll over the 30-year period beginning July 1, 2015. The remaining amortization period at June 30, 2016, was 25 years.

In the July 1, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 4 percent per year and an annual healthcare cost trend rate of

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

6.5 percent initially, decreased to an ultimate rate of 5.0 percent. The discount rate is the interest rate at which future benefit obligations are discounted back to the present time. GASB 45 requires that the discount rate reflect the expected investment return on the District's investments.

NOTE 6 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District is covered through its participation in the Fire Agencies Insurance Risk Authority (FAIRA) joint powers agreement. As a member of this public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and FAIRA, implementing all policies of FAIRA, promptly paying all contributions, and cooperating with FAIRA and any insurer of FAIRA. FAIRA is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against the District.

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, 2016:

	FASIS	FAIRA
Total Assets	\$ 50,044,626	\$ 3,140,861
Total Liabilities	31,976,928	26,501
Total Equity	18,067,698	3,114,360
Total Revenues	11,252,483	2,732,887
Total Expenditures	10,568,124	2,730,601

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2016.

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, 2016

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive - (Negative)
Revenues:				
Property taxes	\$ 3,477,834	\$ 3,611,454	\$ 3,736,945	\$ 125,491
Special taxes	324,740	325,280	325,664	384
Charges for services	-	-	-	-
Investment earnings	3,000	3,000	18,286	15,286
Other revenue	-	-	88,712	88,712
	<u>3,805,574</u>	<u>3,939,734</u>	<u>4,169,607</u>	<u>229,873</u>
Expenditures:				
Current				
Salaries and employee benefits	84,039	84,039	81,448	2,591
Services and supplies	40,050	40,050	28,899	11,151
Capital outlay	27,000	27,000	29,155	(2,155)
Debt service - Principle	41,191	41,191	41,192	(1)
Debt service - Interest	5,907	5,907	5,907	-
	<u>198,187</u>	<u>198,187</u>	<u>186,601</u>	<u>11,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,607,387</u>	<u>3,741,547</u>	<u>3,983,006</u>	<u>241,459</u>
Other financing sources (uses):				
Transfers in	41,301	-	-	-
Transfers out	<u>(3,648,688)</u>	<u>(3,648,688)</u>	<u>(3,648,688)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,607,387)</u>	<u>(3,648,688)</u>	<u>(3,648,688)</u>	<u>-</u>
Net change in fund balance	-	92,859	334,318	241,459
Fund balance beginning	2,866,902	2,866,902	2,866,902	-
Restatements to beginning fund balance	<u>(293)</u>	<u>(293)</u>	<u>(293)</u>	<u>-</u>
Fund balance beginning - as adjusted	<u>2,866,609</u>	<u>2,866,609</u>	<u>2,866,609</u>	<u>-</u>
Fund balance ending	<u>\$ 2,866,609</u>	<u>\$ 2,959,468</u>	<u>\$ 3,200,927</u>	<u>\$ 241,459</u>

Valley of the Moon Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Sonoma Valley Fire and Rescue Authority Fund
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive - (Negative)
Revenues:				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 635,370	\$ 627,870
Charges for services	40,000	40,000	4,895,204	4,855,204
Investment earnings	-	-	3,314	3,314
Other revenue	-	-	29,482	29,482
	<u>47,500</u>	<u>47,500</u>	<u>5,563,370</u>	<u>5,515,870</u>
Expenditures:				
Current				
Salaries and employee benefits	7,591,250	7,591,250	8,090,907	(499,657)
Services and supplies	909,572	909,572	909,265	307
Capital outlay	32,000	32,000	38,311	(6,311)
	<u>8,532,822</u>	<u>8,532,822</u>	<u>9,038,483</u>	<u>(505,661)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,485,322)</u>	<u>(8,485,322)</u>	<u>(3,475,113)</u>	<u>5,010,209</u>
Other financing sources (uses):				
Transfers in	8,485,322	8,485,322	3,648,688	(4,836,634)
Transfers out	-	-	-	-
	<u>8,485,322</u>	<u>8,485,322</u>	<u>3,648,688</u>	<u>(4,836,634)</u>
Total other financing sources (uses)	<u>8,485,322</u>	<u>8,485,322</u>	<u>3,648,688</u>	<u>(4,836,634)</u>
Net change in fund balance	-	-	173,575	173,575
Fund balance beginning	317,089	317,089	317,089	-
Restatements to beginning fund balance	(27)	(27)	(27)	-
Fund balance beginning - as adjusted	<u>317,062</u>	<u>317,062</u>	<u>317,062</u>	<u>-</u>
Fund balance ending	<u>\$ 317,062</u>	<u>\$ 317,062</u>	<u>\$ 490,637</u>	<u>\$ 173,575</u>

Valley of the Moon Fire Protection District

Schedule of Pension Plan Contributions

For the Fiscal Year Ended June 30, 2016

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

Notes to Schedule:

Valuation Date: December 31, 2015

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 7.25%
 Based on RP-2000 Combined Healthy Mortality Table projected with Scale AA

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

Valley of the Moon Fire Protection District

Schedule of Proportionate Share

Of Net Pension Liability

For the Fiscal Year Ended June 30, 2016

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

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

Valley of the Moon Fire Protection District

Schedule of Funding Progress

Other Postemployment Benefits

For the Fiscal Year Ended June 30, 2016

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

OTHER INDEPENDENT
AUDITOR'S REPORTS



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 21, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not



express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

March 21, 2017
San Jose, California



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 11, 2017



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

Agenda Item Title
 Resolution 2016/2017-08 accepting the mid-year financial report and approving amendments to the 2016/2017 SVFRA and District budgets

Recommended Actions
 Accept financial report and approve amendments

Executive Summary
 Since the adoption of the SVFRA budget in June of 2016 and the adoption of the VOM District Final Budget in September of 2016, issues have arisen that require amendments to the budget, specifically, costs for reimbursable strike team activity, shared burn trailer purchase, new labor agreements not included in the adopted budget, and long-term employee injury.

Alternative Actions
 Deny approval or request more information or alternate amendments

Strategic Plan Alignment
 Not applicable

Fiscal Summary – FY 16/17 Sonoma Valley Fire & Rescue Budget 798

Expenditures		Funding Source(s)	
Budgeted Amount	\$8,697,159	District General Fund	\$
Add. Appropriations Req'd.	\$709,852	Fees/Other	\$707,285
	\$	Use of Fund Balance	\$2,567
		Contingencies	\$
		Grants	\$
Total Expenditure	\$9,407,011	Total Sources	\$709,852

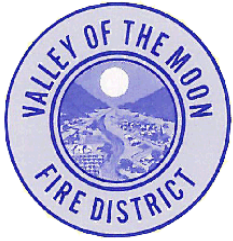
Fiscal Summary – FY 16/17 Valley of the Moon District Budget 799

Expenditures		Funding Source(s)	
Budgeted Amount	\$4,265,094	District General Fund	\$
Add. Appropriations Req'd.	\$4,927	Fees/Other	\$4,927
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$4,270,021	Total Sources	\$4,927

Narrative Explanation of Fiscal Impacts (if required)

Attachments

1. Mid-year Financial Report for Fiscal Year 2016/2017 – Executive Summary
2. SVFRA 2016/2017 budget update
3. VOM 2016/2017 budget mid-year summary
4. Resolution 2016/2017-08



VALLEY OF THE MOON FIRE DISTRICT

1 West Agua Caliente Road
Sonoma, CA 95476

April 11, 2017

EXECUTIVE SUMMARY

TO: Board of Directors
FROM: Richard Arrow,
Interim Treasurer, Valley of the Moon Fire District / Finance Director, City of Sonoma

SUBJECT: MID YEAR FINANCIAL REPORT FOR FISCAL YEAR 2016-2017

Presented for information is a snapshot of revenues and expenses at Mid-Year for the Sonoma Valley Fire and Rescue Authority (SVFRA) and the Valley of the Moon Fire District. The report is divided into two sections. Section 1 reports on the financial status of the Sonoma Valley Fire & Rescue Authority (SVFRA). Section 2 reports on the financial status of the Valley of the Moon Fire District for the period July 1, 2016 through April 3, 2017. These reports are intended to provide the public and the Board of Directors with a financial picture of the agencies for Fiscal 2016-2017 budget and are not inclusive of all transactions.

SECTION 1. SONOMA VALLEY FIRE & RESCUE AUTHORITY (SVFRA)

REVENUE: The primary budgeted revenue is derived through the transfer of funds from the City of Sonoma and the District to fund operations. The SVFRA fund will also receive additional contract revenue from both City and VOM District that reflect the additional cost (\$213,546) of the new Labor Agreements that were signed in December and were not included in the approved 2016-17 budget. There will also be a small increase in the Transfer in from SVFRA fund balance to cover the additional costs for a long term injured employee as a result of the Labor Agreements. Additional revenue in the amount of \$493,739 is also anticipated as reimbursement for strike team activities. The SVFRA will be awarded approximately \$20,000 through the California State Firefighters' Association (CSFA) Safer Grant program for reimbursement of personal protective equipment purchases and an additional \$10,000 toward the joint purchase of the Burn Trailer.

EXPENDITURES: With 75% of the fiscal year completed, expenditures are at 68% of budget.

\$24,951 is recommended to be appropriated for the cost of the shared purchase burn trailer.

FUND STATUS: For SVFRA, additional revenues of \$493,739 are anticipated as well as additional personnel costs. This is primarily a result of costs incurred for strike team participation on wildland fire events, which are reimbursed by the State at a later date. Because participation in strike team is unknown at budget time, both the overtime expense and the reimbursement are unbudgeted.

RECOMMENDED AMENDMENT: The SVFRA will also receive additional contract revenue from both City and VOM District that reflect the additional cost (\$213,546) of the new Labor Agreements that were signed in December and were not included in the approved 2016-17 budget. There will also be a small increase in the Transfer in from SVFRA fund balance to cover the additional costs for the long term injured employee. Each year District Staff (via the SVFRA) participate as strike team members in wildland fire events. The costs of overtime required for this participation is reimbursed by the State of California Office of Emergency Services. Because the number of events and participation of the District staff on strike teams are unknown at the time of budget submittal, these costs are unbudgeted. Staff recommends the following amendment to the SFVRA budget. This proposed amendment has a net cost impact to the District or to the City, of \$213,546 to be shared proportionately and a \$2,567 transfer from our SVFRA Fund Balance. The remaining costs are covered by reimbursements from the State of California.

Account	Amendment
798-00000-000-31108	Increase budgeted revenues by \$493,739 (from \$0 to \$493,739).
798-00000-000-31409	Increase budgeted revenues by \$213,546 (from \$0 to \$213,546)
798-00000-000-37201	Increase budgeted by \$2,567 (from \$0 to \$2,567).

Account	Amendment
798-68901-110-40110	Increase budgeted appropriations by \$174,584 (from \$4,217,163 to \$4,391,747)
798-68901-120-40120	Increase budgeted appropriations \$27,431 (from \$300,649 to \$328,080)
798-68901-130-40130	Increase budgeted appropriations by \$374,497 (from \$650,000 to \$1,024,497)
798-68901-115-40115	Increase budgeted appropriations by \$84,835 (from \$1,396,207 to \$1,481,042)
798-68901-117-40117	Increase budgeted appropriations by \$2,639 (from \$74,881 to \$77,520)
798-68901-201-40201	Increase budgeted appropriations by \$20,915 (from \$688,578 to \$709,493)
798-68901-551-70551	Increase budgeted appropriations by \$24,951 (from \$40,000 to \$64,951).

SECTION 2. VALLEY OF THE MOON FIRE DISTRICT

REVENUE: Revenue is at 56% of budget. This is primarily related to increase in property tax collections. In prior years, the first property tax installment had reached 53-55% of the total property tax collected in the year. Therefore, staff does not recommend making any budgetary changes based on the current amounts received.

EXPENDITURES: As of April 3, 2017, District Expenses are at an expected level for this time of year.

FUND STATUS: As of April 3, 2017, VOM revenues exceed budget by \$274,540. In addition to the property tax timing addressed under Revenue above, some of this difference is related to timing of invoices for expenses as many vendors submit invoices after the month is complete.

RECOMMENDED AMENDMENT: Staff recommends the following amendment to the VOM District budget. This proposed amendment has a net cost impact to the District of \$4,927. The VOM District share of the increased costs of the labor agreements that were signed in December and were not included in the approved 2016-17 budget are \$91,825. The VOM District will also see an increase in Employee insurance as two employees have retired. This increase over approved budget is \$4,927. In order to account for these increases, staff recommends that \$91,280 be transferred from the Equipment Reserve Fund in this year's budget to the SVFRA Contract and a one-time Operating Transfer in from unassigned reserves of \$4,927 be completed.

Account	Amendment
799-00000-000-37200	Increase Transfer In by \$4,927 (from \$0 to \$4,927).
799-68900-201-40201	Increase budget appropriations by \$4,382 (from \$96,057 to \$100,439)
799-68900-354-50354	Increase budget appropriations by \$91,825 (from \$3,682,241 to \$3,774,066)
799-68900-760-70760	Reduce budget appropriation by \$91,280 (from \$211,307 to \$120,027).

ACTIONS REQUESTED AT MID-YEAR:

- 1) Accept Mid-Year Report
- 2) Adopt Resolution Accepting Mid-Year Financial Report and Approving Amendments to the 2016/2017 Operating Budget.

ATTACHMENTS TO THIS REPORT:

1. *SVFRA Mid-Year Budget*
2. *VOM Fire Mid-Year Budget*

Sonoma Valley Fire and Rescue Authority
Mid-Year Budget FY 2016 - 2017



Account Number	Description	Final Budget 2015 - 2016	Approved Budget 2016 - 2017	Recommended Mid-Year Adjusted Budget 2016 - 2017	Increase (Decrease)
Revenue Budget					
798-00000-000-31407	SVFRA Mechanic Services	7,500.00	7,500.00	7,500.00	0.00
798-00000-000-31409	SVFRA Contract For Fire Services (City & VOM)	8,485,322.00	8,563,350.00	8,776,896.00	213,546.00
798-00000-000-37201	SVFRA Transfer from Fund Balance	0.00	86,309.00	88,876.00	2,567.00
798-00000-000-35004	Reimbursement	28,407.00	0.00	0.00	0.00
798-00000-000-31514	Grant Revenue	13,000.00	0.00	0.00	0.00
798-00000-000-30116	Fire Inspection & Processing Fee	40,000.00	40,000.00	40,000.00	0.00
798-00000-000-31108	Special Fire Svs-State Reimbursement	633,465.00	0.00	493,739.00	493,739.00
Charges for Services		9,207,694.00	8,697,159.00	9,407,011.00	709,852.00
Revenue Totals		9,207,694.00	8,697,159.00	9,407,011.00	709,852.00
Expense Budget					
798-68901-110-40110	Regular Employee	4,091,575.00	4,217,163.00	4,391,747.00	174,584.00
798-68901-120-40120	Part Time Worker Salary	277,213.00	300,649.00	328,080.00	27,431.00
798-68901-130-40130	Overtime	1,273,465.00	650,000.00	1,024,497.00	374,497.00
Salary and Wages		5,642,253.00	5,167,812.00	5,744,324.00	576,512.00
798-68901-115-40115	Retirement	1,406,270.00	1,396,207.00	1,481,042.00	84,835.00
798-68901-117-40117	Medicare -	72,629.00	74,881.00	77,520.00	2,639.00
798-68901-118-40118	Income Protection	4,300.00	4,300.00	4,300.00	0.00
798-68901-201-40201	Employee Insurance	753,471.00	688,578.00	709,493.00	20,915.00
798-68901-202-40202	Workers Compensation	325,792.00	368,697.00	368,697.00	0.00
798-68901-223-40223	Unemployment	10,000.00	1,000.00	1,000.00	0.00
Employee Benefits		2,572,462.00	2,533,663.00	2,642,052.00	108,389.00
798-68901-310-50310	Legal	10,000.00	5,000.00	5,000.00	0.00
798-68901-311-50311	Acctng/Audit	3,000.00	2,000.00	2,000.00	0.00
798-68901-312-50312	Recruitment	10,000.00	35,000.00	35,000.00	0.00
798-68901-313-50313	Consulting	5,000.00	2,500.00	2,500.00	0.00
798-68901-347-60347	Professional Contract Services	252,187.00	257,819.00	257,819.00	0.00
798-68901-350-50350	Other-Prof/Tech	15,000.00	21,000.00	21,000.00	0.00

Sonoma Valley Fire and Rescue Authority
Mid-Year Budget FY 2016 - 2017



Account Number	Description	Final Budget 2015 - 2016	Approved Budget 2016 - 2017	Recommended Mid-Year Adjusted Budget 2016 - 2017	Increase (Decrease)
Professional Services		295,187.00	323,319.00	323,319.00	0.00
798-68901-401-60401	Utilities	63,000.00	65,900.00	65,900.00	0.00
798-68901-403-60403	Custodial	15,000.00	15,000.00	15,000.00	0.00
798-68901-404-60404	Repair & Mainte	70,000.00	70,000.00	70,000.00	0.00
798-68901-406-60406	Rental-Equipmen	6,000.00	4,000.00	4,000.00	0.00
798-68901-407-60407	Contract Services / Property Related	26,970.00	31,430.00	31,430.00	0.00
798-68901-420-60420	Building Maintenance	35,000.00	35,000.00	35,000.00	0.00
Property Services		215,970.00	221,330.00	221,330.00	0.00
798-68901-451-60451	Insurance Property / Liability	60,000.00	62,000.00	62,000.00	0.00
798-68901-452-60452	Communications	27,500.00	27,500.00	27,500.00	0.00
798-68901-453-60453	Publications and Notices	2,500.00	1,500.00	1,500.00	0.00
798-68901-454-60454	Printing & Bind	2,500.00	1,500.00	1,500.00	0.00
798-68901-456-60456	Memberships	7,000.00	5,000.00	5,000.00	0.00
798-68901-457-60457	Training/Conferences	45,000.00	45,000.00	45,000.00	0.00
798-68901-460-60460	Permit/Fees/Tax	11,415.00	11,035.00	11,035.00	0.00
Operations		155,915.00	153,535.00	153,535.00	0.00
798-68901-501-70501	Minor Supplies / Equipment	27,500.00	25,500.00	25,500.00	0.00
798-68901-505-70505	Fuel	70,000.00	55,000.00	55,000.00	0.00
798-68901-507-70507	Books & Periodicals	3,500.00	3,500.00	3,500.00	0.00
798-68901-508-70508	Safety Clothing / Uniforms	58,000.00	45,000.00	45,000.00	0.00
798-68901-540-70540	Rents / Leases	1,500.00	1,500.00	1,500.00	0.00
798-68901-550-70550	Major Equipment / EMS Supplies	125,575.00	90,000.00	90,000.00	0.00
798-68901-551-70551	Major Equipment / Fire Supplies	0.00	40,000.00	64,951.00	24,951.00
Supplies		286,075.00	260,500.00	285,451.00	24,951.00
798-68901-606-70606	Software	17,900.00	15,000.00	15,000.00	0.00
798-68901-607-70607	Computer Equipment / Maintenance	21,932.00	22,000.00	22,000.00	0.00
Software & Computer Equipment		39,832.00	37,000.00	37,000.00	0.00
Expense Totals		9,207,694.00	8,697,159.00	9,407,011.00	709,852.00

Valley of the Moon Fire District
 Mid-Year Budget FY 2016 - 2017



Account Number	Description	Final Budget 2015 - 2016	Approved Budget 2016 - 2017	Recommended Mid- Year Adjusted Budget 2016 - 2017	Increase (Decrease)
Revenue Budget					
799-00000-000-30010	Property Taxes - Secured	3,620,156.00	3,973,017.00	3,973,017.00	0.00
799-00000-000-30011	Property Taxes - Unsecured	120,783.00	132,530.00	132,530.00	0.00
799-00000-000-30012	RDA Pass Through (AB 1290 / RPTTF)	121,740.00	42,446.00	42,446.00	0.00
799-00000-000-30014	Property Taxes-Supplemental	66,616.00	78,380.00	78,380.00	0.00
799-00000-000-30015	Property Tax - HOPTR	30,522.00	30,110.00	30,110.00	0.00
799-00000-000-30016	County Collection Fee	-45,537.00	-47,291.00	-47,291.00	0.00
799-00000-000-30017	Redevelopment Increment	-300,649.00	-340,487.00	-340,487.00	0.00
799-00000-000-30018	Direct Charges	325,280.00	325,600.00	325,600.00	0.00
799-00000-000-30019	Cost Reimbursement Coll	-2,177.00	-2,132.00	-2,132.00	0.00
799-00000-000-31514	Grant Revenue	20,000.00			
799-00000-000-35004	Reimbursement	12,500.00	69,921.00	69,921.00	0.00
Taxes		3,969,234.00	4,262,094.00	4,262,094.00	0.00
799-00000-000-37200	Operating Transfers In	0.00	0.00	4,927.00	4,927.00
Transfers		0.00	0.00	4,927.00	4,927.00
799-00000-000-30600	Interest Income on Pooled Investments	3,000.00	3,000.00	3,000.00	0.00
Interest and Rents		3,000.00	3,000.00	3,000.00	0.00
Revenue Totals		3,972,234.00	4,265,094.00	4,270,021.00	4,927.00
Expense Budget					
799-68900-110-40110	Regular Employees	0.00	0.00	0.00	0.00
799-68900-119-40119	District Board	5,000.00	5,000.00	5,000.00	0.00
Salary and Wages		5,000.00	5,000.00	5,000.00	0.00
799-68900-201-40201	Emply Insurance - District Share	78,845.00	96,057.00	100,439.00	4,382.00
799-68900-202-40202	Workers Compensation	194.00	202.00	202.00	0.00
799-68900-117-40417	Medicare (District Share)	0.00	0.00	0.00	0.00
Employee Benefits		79,039.00	96,259.00	100,641.00	4,382.00

Valley of the Moon Fire District
 Mid-Year Budget FY 2016 - 2017



Account Number	Description	Final Budget 2015 - 2016	Approved Budget 2016 - 2017	Recommended Mid- Year Adjusted Budget 2016 - 2017	Increase (Decrease)
799-68900-310-50310	Legal	10,000.00	10,000.00	10,000.00	0.00
799-68900-311-50311	Accounting / Audit	6,300.00	6,800.00	6,800.00	0.00
799-68900-321-50321	Elections	250.00	250.00	250.00	0.00
799-68900-351-50351	Special Accounting Services	21,000.00	21,000.00	21,000.00	0.00
799-68900-354-50354	SVFRA Contract	3,648,688.00	3,682,241.00	3,774,066.00	91,825.00
799-68900-480-60480	Special Consulting Projects	1,000.00	1,000.00	1,000.00	0.00
Professional Services		3,687,238.00	3,721,291.00	3,813,116.00	91,825.00
799-68900-453-60453	Publications and Notices	500.00	500.00	500.00	0.00
799-68900-455-60455	Travel & Mileage	1,000.00	1,000.00	1,000.00	0.00
Operations		1,500.00	1,500.00	1,500.00	0.00
799-68900-702-70702	Engineering Design	10,000.00	10,000.00	10,000.00	0.00
799-68900-703-70703	Construction/Materials	67,500.00	127,000.00	127,000.00	0.00
Capital Assets		77,500.00	137,000.00	137,000.00	0.00
799-68900-750-70750	Transfer to Long Term Building Reserve	38,515.00	45,639.00	45,639.00	0.00
799-68900-760-70760	Transfer to Equipment Reserve	36,344.00	211,307.00	120,027.00	-91,280.00
Transfers to Reserves		74,859.00	256,946.00	165,666.00	-91,280.00
799-68900-801-80801	Principal Lease Purchase	41,191.00	41,810.00	41,810.00	0.00
799-68900-802-80802	Interest Lease Purchase	5,907.00	5,288.00	5,288.00	0.00
Debt Service		47,098.00	47,098.00	47,098.00	0.00
Expense Totals		3,972,234.00	4,265,094.00	4,270,021.00	4,927.00

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY OF THE MOON FIRE PROTECTION DISTRICT, SONOMA COUNTY, STATE OF CALIFORNIA, ACCEPTING THE MID-YEAR FINANCIAL REPORT AND APPROVING AMENDMENTS TO THE 2016/2017 SVFRA AND DISTRICT BUDGETS

WHEREAS, the 2016/17 SVFRA budget was approved by the Board of Directors of the Valley of the Moon Fire Protection District of Sonoma County on June 7, 2016; and

WHEREAS, the 2016/17 Final District Budget was approved by the Board of Directors of the Valley of the Moon Fire Protection District of Sonoma County on September 13, 2016; and

WHEREAS, subsequent to the adoption of the 2016/2017 budgets, issues have arisen that require amendments to the budget; and

WHEREAS, the Board of Directors, following review of the 2017 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 \$493,739 (from \$0 to \$493,739)
798-00000-000-31409	Increase budgeted revenues by \$213,546 (from \$0 to \$213,546)
798-00000-000-37201	Increase budgeted by \$2,567 (from \$0 to \$2,567)
798-68901-110-40110	Increase budgeted appropriations by \$174,584 (from \$4,217,163 to \$4,391,747)
798-68901-120-40120	Increase budgeted appropriations \$27,431 (from \$300,649 to \$328,080)
798-68901-130-40130	Increase budgeted appropriations by \$374,497 (from \$650,000 to \$1,024,497)
798-68901-115-40115	Increase budgeted appropriations by \$84,835 (from \$1,396,207 to \$1,481,042)
798-68901-117-40117	Increase budgeted appropriations by \$2,639 (from \$74,881 to \$77,520)
798-68901-201-40201	Increase budgeted appropriations by \$20,915 (from \$688,578 to \$709,493)
798-68901-551-70551	Increase budgeted appropriations by \$24,951 (from \$40,000 to \$64,951).

Valley of the Moon Fire Protection District Budget Accounts

Account	Amendment
799-00000-000-37200	Increase Transfer In by \$4,927 (from \$0 to \$4,927)
799-68900-201-40201	Increase budget appropriations by \$4,382 (from \$96,057 to \$100,439)
799-68900-354-50354	Increase budget appropriations by \$91,825 (from \$3,682,241 to \$3,774,066)
799-68900-760-70760	Reduce budget appropriation by \$91,280 (from \$211,307 to \$120,027)

NOW, THEREFORE, BE IT RESOLVED that the Budget for the Sonoma Valley Fire & Rescue Authority in the amount of \$8,697,159 shall be amended to \$9,407,011.

BE IT FURTHER RESOLVED that the Final Budget for the Valley of the Moon Fire Protection District in the amount of \$4,265,094 shall be amended to \$4,270,021.

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 11th day of April 2017, on regular roll call vote of the members of said Board:

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

WHEREUPON, the President declared the foregoing resolution adopted, and

SO ORDERED:

ATTEST:

William Norton, President

Brian Brady, Clerk



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 11, 2017



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

Agenda Item Title
Approve purchase of Zone 3 Class “A” fire training burn trailer

Recommended Actions
Approve purchase

Executive Summary
<p>In 2016, Zone 3 Fire Chiefs investigated the purchase of a fire training unit to train new Firefighters and further develop skills of experienced staff in structural firefighting. After researching options, it was decided to purchase a unit sold by Fire Training Structures, LLC at a cost of \$84,855, which includes construction, delivery, set up, as well as training on appropriate utilization.</p> <p>In June 2016, the County of Sonoma granted \$10,000 towards the purchase of the trailer. These funds must be used by June 30, 2017. Only Glen Ellen FPD and Kenwood FPD are able to join the SVFRA in the purchase of this equipment, which will cost approximately \$24,951 for each agency. Maintenance costs are negligible, and fuel for training will be scraps from the roof prop or free material from construction projects.</p> <p>The unit will be set up and utilized at Sonoma Developmental Center, behind the Fire Station. In return, Eldridge Fire will be able to participate in any training conducted on the site. Another site will need to be secured if there is complete closure of the SDC.</p>

Alternative Actions
Deny purchase

Strategic Plan Alignment
Not applicable

Fiscal Summary – FY 16/17			
Expenditures		Funding Source(s)	
Budgeted Amount	\$28,284	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$24,951
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$3,333
Total Expenditure	\$28,284	Total Sources	\$28,284

Narrative Explanation of Fiscal Impacts (if required)

Attachments
Sales quote from Fire Training Structures, LLC

Fire Training Structures, LLC

SALES QUOTE

3233 E. Corona Ave
Phoenix, AZ 85040
Tel: (602) 268-6156 Fax: (602) 268-6149
phil.b@mobilefireunits.com
damon@mobilefireunits.com

Date: 12-13-2016
Quote No.: OB5212 - 2

Mobile: (480) 760-3463 or (310) 497-6560

To: Chief Mark Freeman
Sonoma Valley Fire & Rescue Authority
630 2nd Street West
Sonoma, CA 95476
(707) 732-0162
markf@svfra.org

Ship To: same

SYSTEM DESCRIPTION:

(1) Complete New 40' Open Bay System.	\$47,900.00
(1) ISO Chassis with (2) exterior sets of stairs	\$19,550.00
Installed at Customer's prepared location. All Training Features listed on the Open Bay Spec Sheet are included and Ready to Use.	
Active Roof top (8ft x 20ft enclosed area adjacent to below stairway Hatch) including toe-kick, railing & exterior ladder. All components include a hot-dipped galvanized finish.	\$6,490.00
Interior Stairway with Hatch.	\$4,690.00
Interior 20' Reconfigurable Maze Panels	\$3,875.00
Delivery service to: 95476	\$2,350.00
Sales Taxes—Exempt, Out of State	\$0.00
Total Quote:	\$84,855.00

Continued on Page 2

ACCEPTANCE OF PROPOSED OFFER AND TERMS:

Printed Name: _____
Signature: _____
Title: _____
Date: _____

FTS Salesperson: _____
Signature: _____
Date: _____

PAYMENT, TITLE AND OWNERSHIP TERMS:

Quote good for 120 Days. Build Time is 90-120 Days upon receipt of Purchase Order and layout drawing approval from Customer.

Customer will be required to complete all site work prior to installation including any and all: soil reports, compacting at site, engineering and/or environmental reports, permits or licenses required by the respective city or municipality, pouring concrete pad, and providing accessible route for delivery of System.

FTS will provide Specification sheet of entire System and Props.

FTS may provide ancillary Structural and Civil engineering services at a rate of \$115 to \$150/hr.

Changes to the System must be made in writing via email or fax. FTS accepts no responsibility for changes requested until and unless such changes are agreed to and accepted by an officer of FTS. Change orders must be approved both by Customer and FTS.

FTS will deliver the System. Install time approx 1 working day.

Warranty on all workmanship and materials for 1 year from date of Install completion, provided that Customer shall have complied with all User Manual instructions, recommendations, and maintenance requirements.

Customer will be invoiced upon delivery or Installation of the System, amounts due in full within 10 days.

If the System is completed in one of the FTS shops, and the customer's site is not prepared for System delivery or installation, the Customer will be invoiced at 90% of the contracted amount, which will be due within 10 days. The remaining 10% will be due in full within 10 days of completion of System Installation. Customer agrees to pay 1.0% per month for all overdue balances unpaid from invoice date until paid in full.

Continued on Page 3

Notwithstanding transfer of possession of the System to Customer, possession shall be subject to the express condition that title and ownership thereto shall remain in Fire Training Structures until the purchase price is paid in full.

If the Customer is not ready to accept delivery of the System upon completion, FTS will store the System free for 30 days at its location. Storage fees will be charged at the rate of \$10/day/40' equivalent size for any System left at FTS after 30 days from completion of the System.

CUSTOMER IS RESPONSIBLE FOR ALL LICENSING, PERMITS, TITLING, AND ANY APPLICABLE SALES/USE TAX. This will include taxes assessed after the order has been signed.

If a Bid Bond is required, a .5% fee will be added to the above offered Quote.

If a Performance Bond is required, a 2.95% fee will be added to the above offered Quote.

If the Customer's municipal authority mandates a state certified contractor to perform the installation of the System, those costs will be added to the above offered Quote. If this requirement is brought forth after the contract has been executed, then Customer agrees to pay for the added costs.

This contract constitutes the entire agreement between the parties and may not be modified except in writing by authorized representatives. This contract shall be construed under the laws of the State of Arizona.



Valley of the Moon Fire Protection District

Special Board of Directors Meeting

Agenda Item Summary

April 11, 2017



Agenda Item No.		Staff Contact	
10D		Steve Akre, Fire Chief	
Agenda Item Title			
Vote for 4 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2017			
Recommended Actions			
Choose 4 candidates on the supplied ballot to fill the Board positions.			
Executive Summary			
Fire Agencies Self-Insurance System (FASIS) will hold an election to fill four (4) positions on the FASIS Board of Directors. Each position's new term will be from July 1, 2017 through June 30, 2020. The Board is asked to choose four candidates from the six that are listed on the ballot.			
Alternative Actions			
Decline to vote in election			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 16/17			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
FASIS official election ballot for 2017			

FASIS Board of Directors – Official Election Ballot

In response to a Call for Letters of Interest and Nomination Form, the FASIS Nominating Committee has received the following submissions for FOUR (4) Board of Directors’ positions that will expire on June 30, 2017. The Nominating Committee is recommending the following candidates for consideration by the full membership. A brief summary of each candidate’s related experience is included with this ballot.

OFFICIAL BALLOT – FASIS 2017 BOARD OF DIRECTORS’ ELECTION

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

Candidates for four (4) expiring positions on the FASIS Board of Directors Term of July 1, 2017, through June 30, 2020	VOTE (X)
*American Canyon Fire Protection District, Mr. Glen Weeks, Fire Chief	
*Cloverdale Fire Protection District, Ms. Carol Giovanatto, Director – Cloverdale FPD Board of Directors	
*Rincon Valley Fire Protection District, Mr. Jack Piccinini, Fire Chief	
Southern Marin Fire District, Mr. Thomas Perazzo, Director – Southern Marin Fire Protection District Board of Directors	
South Placer Fire Protection District, Mr. Gary Grenfell, President – South Placer Fire Protection District Board of Directors	
Waterloo Morada Fire District, Mr. Steve Henry, Fire Chief	

**Incumbent Board Member*

OR

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

Either mail this completed and signed ballot to: FASIS, c/o Bickmore, 1750 Creekside Oaks Drive, Suite #200, Sacramento, CA 95833, or fax it to (916) 244-1199, or scan the signed ballot and e-mail it to anunes@bickmore.net before May 12, 2017.

Your vote is very important. Please vote and return your official Ballot by May 12, 2017.

Please note: Any ballots received with a postmark, faxed, or emailed after May 12, 2017, will not be counted.

**CANDIDATES FOR THE FASIS BOARD OF DIRECTORS
TO FILL FOUR (4) EXPIRING POSITIONS
FOR A TERM OF JULY 1, 2017, THROUGH JUNE 30, 2020**

CANDIDATES' SUMMARY OF EXPERIENCE

District	Candidates' Name	Summary of Experience
*American Canyon Fire Protection District	*Mr. Glen Weeks, Fire Chief, American Canyon Fire Protection District	Fire Chief Glen Weeks is an incumbent Board Member, with several years of service, and wishes to remain on the FASIS Board of Directors. Chief Weeks has served in various capacities on the Board, including ad hoc committees, the FASIS representative to the LAWCCX Board of Directors, and currently serving as FASIS Board President.
*Cloverdale Fire Protection District	*Ms. Carol Giovanatto, Director - Cloverdale Fire Protection District Board of Directors	Director Carol Giovanatto is an incumbent Board Member, having served on the FASIS Board of Directors since 2010. Ms. Giovanatto additionally has served on the Cloverdale Fire Protection District Board of Directors since 2003 and chaired the District's Budget and Personnel/Negotiations Committees. Her experience spans over 40 years in municipal government and presents extensive knowledge of issues facing districts in the areas of cost-containment, workers' compensation and benefits.
*Rincon Valley Fire Protection District	*Mr. Jack Piccinini, Fire Chief - Rincon Valley Fire Protection District	As an incumbent to the position, the RVFPD has been a longstanding advocate and supporter of FASIS. The District's representative to the FASIS board (currently Chief Piccinini) has consistently attended all meetings and has diligently represented FASIS members to ensure Bickmore and Athens performs at a high level in the management of the budget, claims and the fund portfolios. Chief Piccinini currently serves on the Dividend Ad Hoc Committee. RVFPD and Chief Piccinini has also been a supporter of FASIS by advocating and promoting FASIS as an organization that delivers an excellent economy of scale for workers compensation insurance needs.
Southern Marin Fire Protection District	Mr. Thomas Perazzo, Director - Southern Marin Fire Protection District Board of Directors	Director Thomas Perazzo has served on the Southern Marin Fire Protection District Board of Directors since 2012. This experience extends to his service on various board and district committees including Personnel/Operation, Building, and Safety wherein Mr. Perazzo championed Workplace safety. He presents almost 50 years of experience in the insurance industry working with insureds, rating bureaus, risk control and underwriters, and OSHA to promote a safe workplace and lower workers' compensation insurance and claims costs. His professional designations include members of the American Society of Safety Engineers; National Safety Management Society; and the National Fire Protection Association.
South Placer Fire Protection District	Mr. Gary Grenfell, Director - South Placer Fire Protection District Board of Directors	After 30 years as Fire Captain, Director Gary Grenfell retired from the San Jose Fire Department. As a Director for the South Placer Fire District, Mr. Grenfell has served on the FASIS Board of Directors for multiple terms. Mr. Grenfell has the best interest of the fire services and the represented agencies in mind when he volunteers his services.
Waterloo Morada Fire District	Mr. Steve Henry, Fire Chief - Waterloo Morada Fire District	Chief Steve Henry expresses a strong desire to get involved and strives to improve the organization. Mr. Henry presents vast experience and employment with several cities and fire districts, and serves on several Associations/Boards, including serving as President and Past President, Vice President and Fresno County Operational Area CICC Committee Chair of the Central Valley Fire Chiefs Association; Associate member of the San Joaquin County Fire Chiefs Association; and California Fire Chiefs Association Representative to the Governor's Public Safety Medal of Valor Committee.

* Incumbent Member to the FASIS Board of Directors

Sonoma County Fire Districts Association

MEETING ANNOUNCEMENT

Thursday~ April 27, 2017

- Place:** Agriculture Public House at Dawn Ranch
16467 Hwy 116
Guerneville
- When:** Thursday, April 27, 2017
Social Hour/No Host Bar 6:00 pm
Dinner/Meeting 7:00 pm
- Hosted by:** Russian River Fire Protection District
- Program:** David Rabbit, Sonoma County Supervisor, 2nd District
- Dinner Menu:** First Course: Spring Mix Salad with fennel, walnuts, and honey champagne vinaigrette
- Second Course:
Niman Ranch Top Sirloin with delta drilled asparagus, little farm potatoes, bordelaise
Pan Roasted Cod with wild arugula, spring succotash and sauce gribiche
Green Farro- Romanesco, green garlic, peas, spinach and parmesan cheese (*Vegetarian Option*)
- Third Course: Chocolate mousse, strawberry & rhubarb coulis
- Cost:** \$40.00 per person
- Payable to:** Please make checks payable to:
Sonoma County Fire Districts Association
- RSVP:** Please RSVP to:
Jennifer Crayne jennifercrayne@goldridgefire.org
or call (707) 823-1084 Please no late adds or cancellations after 4/17/17. SCFDA is billed on the final head count we provide.
Deadline to RSVP Monday, April 17th