



Valley of the Moon Fire Protection District



Board of Directors Meeting

April 14, 2020



Valley of the Moon Fire Protection District

Board of Directors Meeting

April 14, 2020

TABLE OF CONTENTS



Regular Meeting Agenda	Page 2
Item 7 Agenda Summary – Approval of regular meeting minutes of 3/10/20.....	Page 4
Item 7 – 3/10/20 regular meeting minutes	Page 5
Item 9a Agenda Summary – Board member selection for reorganization.....	Page 8
Item 10a Agenda Summary – VOM District Financial Audit FY 2018/19.....	Page 9
Item 10a – Annual Financial Audit Report June 30, 2019.....	Page 10
Item 10b Agenda Summary – RFP for ambulance billing	Page 65
Item 10c Agenda Summary – FASIS election	Page 66
Item 10c – Election letter.....	Page 67
Item 10c – FASIS election ballot	Page 68

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

Tuesday, April 14, 2020 at 6:00 P.M.
Location: Sonoma Valley Fire & Rescue Authority Station 1
630 2nd Street West, Sonoma, California 95476

Due to COVID-19 precautions, board meetings will be open to the public via phone-in conference calls only. No public gatherings will be held at this site until further notice. Agendas and board packets are available at our website: <http://svfra.org>

Join by phone: 1-669-900-9128

Meeting ID: 706 761 480

Password: 244464

1. CALL TO ORDER

2. ROLL CALL & DETERMINATION OF A QUORUM

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

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 2018/19 Valley of the Moon Fire Protection District Financial Audit.

7. CONSENT CALENDAR

Approval of minutes for regular meeting of March 10, 2020. **Action Item**

8. FIRE CHIEF'S MONTHLY REPORT

Chief's activity report for March 2020

9. OLD BUSINESS

a) Decide which four (4) board members will continue to the reorganized board for the Sonoma Valley Fire District. **Action Item**

- b) Appointment of an ad hoc committee to participate in managing reorganization for the Sonoma Valley Fire District.

10. NEW BUSINESS

- a) Accept 2018/19 VOM District financial audit. **Action Item**
- b) Board direction to Fire Chief for developing an RFP for ambulance billing services. **Action Item**
- c) Vote for 4 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2020. **Action Item**

11. OTHER BUSINESS TO COME BEFORE THE BOARD

12. COMMENTS FROM THE FLOOR

13. COMMENTS/REPORTS FROM THE BOARD

14. CLOSED SESSION

15. ADJOURNMENT

This meeting will be adjourned to a regular meeting on May 12, 2020 at 6:00 p.m. Meeting access will be determined based on COVID-19 restrictions in place at that time.

Copies of all staff reports and documents subject to disclosure that relate to any item of business referred to on the agenda are available on our website at <http://svfra.org>.



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 14, 2020



Agenda Item No.		Staff Contact	
7		Georgette Darcy, Finance Officer/Secretary to Board	
Agenda Item Title			
Approval of minutes for regular meeting of March 10, 2020			
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 19/20			
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 10, 2020 regular meeting			

VALLEY OF THE MOON FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS MEETING MINUTES

March 10, 2020

1. CALL TO ORDER

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

2. ROLL CALL & DETERMINATION OF A QUORUM

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

3. PLEDGE OF ALLEGIANCE

President Norton led the Pledge of Allegiance.

4. CONFIRMATION OF AGENDA

Item 9 was moved to follow Item 5.

5. COMMENTS FROM THE PUBLIC

None

6. PRESENTATIONS

None

7. CONSENT CALENDAR

Approval of minutes for regular meeting of February 11, 2020

M/S/P Brady/Greben to approve minutes for regular meeting of February 11, 2020. Passed 3 ayes

8. FIRE CHIEF'S MONTHLY REPORT

Chief Akre gave his activity report for February 2020.

9. OLD BUSINESS

Discussion on the next steps to be taken in the reorganization leading to the formation of the Sonoma Valley Fire District.

VOM District attorney Bill Adams detailed the timeline for reorganization.

- The regular meeting in July should be changed to a special meeting to take place on 7/1/2020.
- New parcel charges will need to be submitted to the Assessor's office by 8/1/2020.
- The application for the new District must be submitted by December of 2020.

10. NEW BUSINESS

- a) Appointment of an ad hoc committee to participate in managing reorganization for the Sonoma Valley Fire District.

Item tabled to next regular meeting.

- b) Approve initiation of contract for purchase of new Type 6 engine for Station 4

M/S/P Brunton/Greben to approve initiation of contract for purchase of Type 6. Passed 4 ayes

- c) Resolution 2019/2020-13 approving the creation of Human Resources/Payroll Technician position and pay schedule

M/S/P Greben/Brady to approve Resolution 2019/2020-13. Passed 4 ayes

- d) Authorize the Fire Chief to approve payment for paramedic school tuition and books for newly-hired, limited-term Firefighter EMTs at a cost of approximately \$6,000 per student

M/S/P Greben/Brunton to authorize Fire Chief to approve paramedic school expenses. Passed 3 ayes (Norton, Brunton, Greben) and 1 abstention (Brady for conflict of interest)

11. OTHER BUSINESS TO COME BEFORE THE BOARD

The Sonoma County Fire Districts' Association meeting will be hosted by Sonoma County Fire on April 23rd.

12. COMMENTS FROM THE FLOOR

None

13. COMMENTS/REPORTS FROM THE BOARD

None

14. CLOSED SESSION

None

15. ADJOURNMENT

The meeting was adjourned at 7:15 p.m. to a regular meeting on April 14, 2020, at 6:00 p.m., in the Training Room of Station 1, located at 630 2nd Street West in Sonoma.

Respectfully submitted,

Georgette Darcy

President Norton

Director Brunton

Director Greben

Director Brady

Director Leen



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 14, 2020



Agenda Item No.	Staff Contact
9A	Stephen Akre, Fire Chief

Agenda Item Title
Decide which four (4) board members will continue to the reorganized board for the Sonoma Valley Fire District

Recommended Actions
Decide which four Directors will continue to the reorganized fire district

Executive Summary
The reorganized Sonoma Valley Fire District Board will have seven (7) members: four (4) from the current Valley of the Moon Fire Protection District Board and three (3) from the current Glen Ellen Fire Protection District Board. The VOM District Board will need to decide which of its members will move forward to take positions on the reorganized Board.

Alternative Actions
There is no feasible alternative to the recommended action.

Strategic Plan Alignment
This reorganization is in alignment with Goal 5: Pursue additional partnerships with neighboring agencies to enhance services.

Fiscal Summary – FY 19/20			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$

Narrative Explanation of Fiscal Impacts (if required)

Attachments



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 14, 2020



Agenda Item No.		Staff Contact	
10A		Steve Akre, Fire Chief	
Agenda Item Title			
Accept 2018/19 VOM District financial audit			
Recommended Actions			
Accept audit			
Executive Summary			
Audit firm Chavan & Associates, LLP completed the fiscal year 2018/19 financial audit for the District. The Board is now asked to accept the document.			
Alternative Actions			
Decline to accept or request more information prior to accepting audit			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 19/20			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
Valley of the Moon Fire Protection District Annual Financial Audit Report June 30, 2019			

**VALLEY OF THE MOON
FIRE PROTECTION DISTRICT**

ANNUAL FINANCIAL AUDIT REPORT

JUNE 30, 2019



Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

This Page Intentionally Left Blank

Valley of the Moon Fire Protection District

Sonoma County

Table of Contents

TITLE	PAGE
FINANCIAL SECTION:	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	17
Notes to the Basic Financial Statements	18
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP) General Fund.....	42
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP) Sonoma Valley Fire and Rescue Authority Fund	43
Schedule of Pension Plan Contributions.....	44
Schedule of Proportionate Share of Net Pension Liability	45
Schedule of Changes in Total OPEB Liability	46
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	48

This Page Intentionally Left Blank

**FINANCIAL
SECTION**

This Page Intentionally Left Blank



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, 2019, 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, 2019, 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

Deficit Net Position

As of June 30, 2019, the District's net position in its Government-wide financial statements was at a deficit mostly because of the deferrals as reported in Note 5 and Note 6. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2020 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.

March 15, 2020
San Jose, California

Management's Discussion and Analysis

Valley of the Moon Fire Protection District

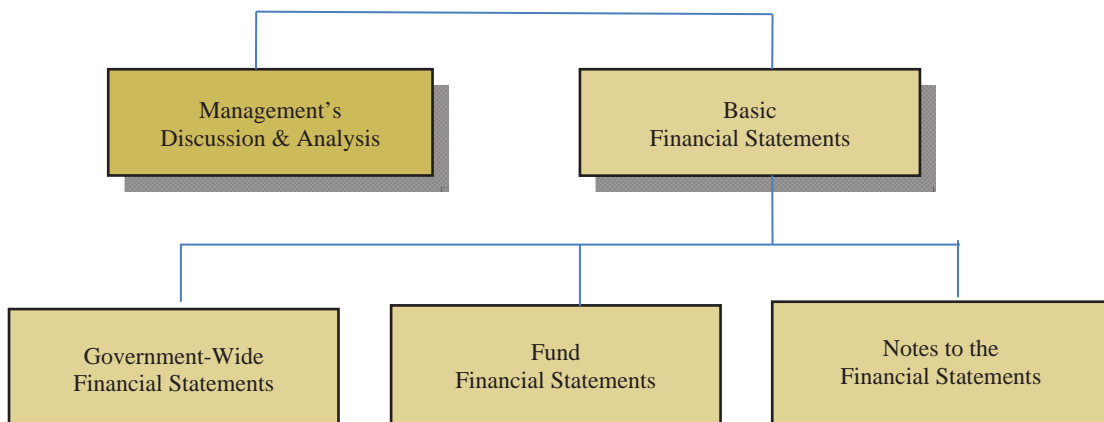
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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, 2019. 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, 2019 were as follows:

- Total net position increased by \$608,592 (23%), which included an increase in unrestricted net position of \$382,101 (9%) from June 30, 2018 to June 30, 2019.
- The District recorded deferred outflows of resources of \$5,011,514 and deferred inflows of resources of \$729,996 in order to record the different components required by GASB 68 and GASB 75 for benefit plan accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- General revenues accounted for \$5,363,487 which is 43% of all revenues. Program specific revenues in the form of charges for services accounted for \$7,015,479, or 57%, of total revenues of \$12,378,966.
- The District had \$12,085,687 in expenses, which was directly supported by program specific revenues as noted above.
- Total fund balances of governmental funds increased by \$1,147,101, or 26%, from June 30, 2018 to June 30, 2019.

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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 2018 - 2019?" 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, 2019

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, 2019 as compared to June 30, 2018:

Table 1 - Summary Statement of Net Position				
	2019	2018	Change	Percentage Change
Assets				
Current Assets	\$ 5,969,954	\$ 4,824,648	\$ 1,145,306	23.74%
Capital Assets	2,160,798	1,977,380	183,418	9.28%
Total Assets	\$ 8,130,752	\$ 6,802,028	\$ 1,328,724	19.53%
Deferred Outflows				
	\$ 5,011,514	\$ 2,593,514	\$ 2,418,000	93.23%
Liabilities				
Current Liabilities	\$ 420,704	\$ 422,499	\$ (1,795)	-0.42%
Noncurrent Liabilities	14,053,084	8,901,625	5,151,459	57.87%
Total Liabilities	\$ 14,473,788	\$ 9,324,124	\$ 5,149,664	55.23%
Deferred Inflows				
	\$ 729,996	\$ 2,741,528	\$ (2,011,532)	-73.37%
Net Position				
Net Investment in Capital Assets	\$ 1,935,543	\$ 1,709,052	\$ 226,491	13.25%
Unrestricted	(3,997,061)	(4,379,162)	382,101	8.73%
Total Net Position	\$ (2,061,518)	\$ (2,670,110)	\$ 608,592	22.79%

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Table 2 shows the changes in net position for fiscal year 2019 as compared to 2018.

Table 2 - Summary of Changes in Statement of Activities				
	2019	2018	Change	Percentage Change
Revenues				
Program revenues	\$ 7,015,479	\$ 7,818,720	\$ (803,241)	-10.27%
General revenues:				
Property taxes	4,885,579	4,293,645	591,934	13.79%
Special taxes	324,721	327,525	(2,804)	-0.86%
Miscellaneous	153,187	554,058	(400,871)	-72.35%
Total Revenues	12,378,966	12,993,948	(614,982)	-4.73%
Program Expenses				
Public safety - fire protection	12,085,687	11,386,379	699,308	6.14%
Total Expenses	12,085,687	11,386,379	699,308	6.14%
Change in Net Position	293,279	1,607,569	(1,314,290)	81.76%
Beginning Net Position	(2,670,110)	1,903,606	(4,573,716)	-240.27%
Prior Period Adjustments	315,313	(6,181,285)	6,496,598	105.10%
Ending Net Position	\$ (2,061,518)	\$ (2,670,110)	\$ 608,592	22.79%

Total program revenues decreased by \$803,241 (10%), mainly due to a decrease in state reimbursements for special fire services of \$926,346. The District increased beginning net position by \$330,384 to record pooled cash corrections made by City of Sonoma.

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				
	2019	2018	Change	Percentage Change
Committed for capital equipment	\$ 842,797	\$ 1,017,785	\$ (174,988)	-17%
Committed for buildings and improvements	608,432	562,793	45,639	8%
Committed for other postemployment benefits	460,306	448,380	11,926	3%
Committed for compensated absences	272,722	261,023	11,699	4%
Committed for emergency and other contingencies	465,709	439,543	26,166	6%
Assigned for SVFRA Emergency Funds	1,220,106	1,048,478	171,628	16%
Unassigned	1,679,178	624,147	1,055,031	169%
Total Fund Balance	\$ 5,549,250	\$ 4,402,149	\$ 1,147,101	26%

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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 2018-19 fiscal year, the District's original budgeted revenue and other financing sources were estimated at \$4,657,095. The original budget remained unchanged during the fiscal year.

CAPITAL ASSETS

Table 4 shows June 30, 2019 capital asset balances as compared to June 30, 2018.

Table 4 - Summary of Capital Assets Net of Depreciation					
	2019	2018	Change	Percentage Change	
Land	\$ 131,472	\$ 131,472	\$ -	0.00%	
Buildings and Improvements	862,772	671,750	191,022	28.44%	
Equipment	1,166,554	1,174,158	(7,604)	-0.65%	
Total Capital Assets - Net	\$ 2,160,798	\$ 1,977,380	\$ 183,418	9.28%	

NONCURRENT LIABILITIES

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

Table 5 - Summary of Noncurrent Liabilities					
	2019	2018	Change	Percentage Change	
Capital Leases	\$ 225,255	\$ 268,328	\$ (43,073)	-16.05%	
Total OPEB Liability	6,433,086	6,422,084	11,002	0.17%	
Net Pension Liabilities	7,122,021	1,950,190	5,171,831	265.20%	
Compensated Absences	272,722	261,023	11,699	4.48%	
Total Noncurrent Liabilities	\$ 14,053,084	\$ 8,901,625	\$ 5,151,459	57.87%	

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Valley of the Moon Fire Protection District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

This Page Intentionally Left Blank

Basic Financial Statements

Valley of the Moon Fire Protection District

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and investments	\$ 5,638,103
Accounts receivable	331,851
Total current assets	<u>5,969,954</u>
Noncurrent assets:	
Non-depreciable capital assets	131,472
Capital assets, net of depreciation	<u>2,029,326</u>
Total noncurrent assets	<u>2,160,798</u>
Total Assets	<u><u>\$ 8,130,752</u></u>
Deferred Outflows of Resources	
Pension adjustments	\$ 4,787,239
OPEB Adjustments	<u>224,275</u>
Total Deferred Outflows of Resources	<u><u>\$ 5,011,514</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 348,014
Payroll and other liabilities	<u>72,690</u>
Total current liabilities	<u>420,704</u>
Noncurrent liabilities:	
Due within one year	111,901
Due after one year	<u>13,941,183</u>
Total noncurrent liabilities	<u>14,053,084</u>
Total Liabilities	<u><u>\$ 14,473,788</u></u>
Deferred Inflows of Resources	
Pension adjustments	\$ 67,718
OPEB Adjustments	<u>662,278</u>
Total Deferred Inflows of Resources	<u><u>\$ 729,996</u></u>
Net Position	
Net Investment in Capital Assets	\$ 1,935,543
Unrestricted	<u>(3,997,061)</u>
Total Net Position	<u><u>\$ (2,061,518)</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, 2019

	Program Revenues	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services
Governmental activities:		
Public safety - fire protection	\$ 12,085,687	\$ 7,015,479
General revenues:		
Property taxes		4,885,579
Special taxes		324,721
Interest and investment earnings		33,325
Miscellaneous		119,862
Total general revenues		5,363,487
Change in net position		293,279
Net position beginning		(2,670,110)
Prior period adjustments		315,313
Net position beginning as adjusted		(2,354,797)
Net position ending		\$ (2,061,518)

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, 2019

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 4,145,731	\$ 1,492,372	\$ 5,638,103
Accounts receivable	218,791	113,060	331,851
Total Assets	<u>\$ 4,364,522</u>	<u>\$ 1,605,432</u>	<u>\$ 5,969,954</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 10,493	\$ 337,521	\$ 348,014
Payroll and other liabilities	24,885	47,805	72,690
Total Liabilities	<u>35,378</u>	<u>385,326</u>	<u>420,704</u>
Fund balance:			
Committed for:			
Capital Equipment	842,797	-	842,797
Buildings and improvements	608,432	-	608,432
Other postemployment benefits	460,306	-	460,306
Compensated absences	272,722	-	272,722
Emergencies and other contingencies	465,709	-	465,709
Assigned for:			
SVFRA Emergency Funds	-	1,220,106	1,220,106
Unassigned	1,679,178	-	1,679,178
Total Fund Balance	<u>4,329,144</u>	<u>1,220,106</u>	<u>5,549,250</u>
Total Liabilities and Fund Balance	<u>\$ 4,364,522</u>	<u>\$ 1,605,432</u>	<u>\$ 5,969,954</u>

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

Valley of the Moon Fire Protection District

Reconciliation of the Governmental Funds

Balance Sheet to the Statement of Net Position

June 30, 2019

Total fund balance - governmental funds	\$	5,549,250
---	----	-----------

Amounts reported in the Statement of Net Position are different because:

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

Capital assets at cost	\$	3,669,045	
Accumulated depreciation		(1,508,247)	2,160,798

Differences from accrual basis deferrals of benefit plan balances in the government-wide Financial statements were as follows

OPEB adjustments:			
Change in assumptions			(662,278)
Contribution subsequent to measurement date			224,275
Pension adjustments:			
Difference between actual and expected experience			156,680
Difference between actual and expected earnings			1,703,226
Change in assumptions			290,252
Changes in employer's proportionate shares			981,490
Contribution subsequent to measurement date			1,587,873

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	\$	225,255	
Total OPEB liability		6,433,086	
Net pension obligations		7,122,021	
Compensated absences		272,722	(14,053,084)

Total net position - governmental activities	\$	(2,061,518)
--	----	-------------

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, 2019

	General Fund	Sonoma Valley Fire and Rescue Authority Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 4,885,579	\$ -	\$ 4,885,579
Special taxes	324,721	-	324,721
Intergovernmental	-	930,316	930,316
Charges for services	767,762	5,317,401	6,085,163
Investment earnings	33,325	-	33,325
Other revenues	3,880	115,982	119,862
Total revenues	6,015,267	6,363,699	12,378,966
Expenditures:			
Current			
Salaries and employee benefits	883,846	9,097,095	9,980,941
Services and supplies	129,038	1,034,500	1,163,538
Capital outlay	315,842	39,759	355,601
Debt service:			
Principal	43,073	-	43,073
Interest	4,025	-	4,025
Total expenditures	1,375,824	10,171,354	11,547,178
Excess (deficiency) of revenues over (under) expenditures	4,639,443	(3,807,655)	831,788
Other financing sources (uses):			
Transfers in	-	3,995,302	3,995,302
Transfers out	(3,995,302)	-	(3,995,302)
Total other financing sources (uses)	(3,995,302)	3,995,302	-
Net changes in fund balance	644,141	187,647	831,788
Fund balance beginning	3,353,671	1,048,478	4,402,149
Adjustments to beginning fund balance:			
Pooled cash corrections from the city of Sonoma	331,332	(948)	330,384
Unavailable revenue reported as revenue	-	(15,071)	(15,071)
Fund balance beginning as adjusted	3,685,003	1,032,459	4,717,462
Fund balance ending	\$ 4,329,144	\$ 1,220,106	\$ 5,549,250

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, 2019

Total net change in fund balance - governmental funds	\$	831,788
---	----	---------

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	\$	315,843
Depreciation expense		<u>(132,425)</u>
		183,418

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		43,073
--------------------------------	--	--------

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:

		(11,699)
--	--	----------

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.

		(819,076)
--	--	-----------

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

		<u>65,775</u>
--	--	---------------

Changes in net position of governmental activities	\$	<u><u>293,279</u></u>
--	----	-----------------------

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

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

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

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

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

On July 1, 2017, the District entered into a joint powers agreement with the Glen Ellen Fire Protection District (GEFPD), a California special district. Both VOM and GEFPD have the authority to provide fire protection, emergency medical, and related services within their respective jurisdictions. The contract includes the provision that the identity for the community and the joint organization, VOM and GEFPD 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 their agreement to provide joint and mutual services. Services shall be provided using both GEFPD and VOM owned vehicles, equipment, and apparatus, as well as sufficient personnel to operate the vehicles, equipment, and apparatus. There were not separate entities created as a part of this agreement.

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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, 2019, the District does not have any component units, other than the SVFRA as previously noted which is included in these financial statements, and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Deferred Outflows/Deferred Inflows:

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

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

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unavailable resources. 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 unavailable resources.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Expenses/Expenditures:

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

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into two major funds as follows:

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

F. Budgets and Budgetary Accounting

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

The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. For the fiscal year ended June 30, 2019, actual expenditures exceeded appropriations in the general fund by \$292,549 and the Sonoma Valley Fire and Rescue Authority Fund by \$71,236. However, transfers in and fund balance were sufficient to cover the overages.

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances were liquidated on June 30.

H. Benefit Plans

Pensions

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB Statement No. 68) requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Other Postemployment Benefits Other Than Pensions (OPEB)

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

I. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

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

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

3. Prepaid Expenditures

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

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they recorded at acquisition value. 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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 2019. As of June 30, 2019, Valley of the Moon's share of the compensated absences balance was \$272,722.

6. Noncurrent Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the Statement of Net Position.

7. Fund Balance Classifications

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

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

8. Net Position

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

Unrestricted net position reflects 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.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

In August of 2019, the District receive a \$5.2 million check for the City of Sonoma related to polled cash accounts held by the City in the District's name. As of the date of issuance of this report, the District agreed to refund the entire amount to the City since a transfer was made as of June 30, 2019 in the same amount.

13. Implemented New Accounting Pronouncements

Statement No. 83, Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. As of June 30, 2019, this Statement did not have an impact on the District's financial statements.

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

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. As of June 30, 2019, this Statement did not have a significant impact on the District's financial statements.

14. Upcoming Accounting and Reporting Changes

GASB Statement No. 84, *Fiduciary Activities*

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

GASB issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

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

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2020. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2019, is as follows:

<u>Cash and Investments</u>	<u>Available for Operations</u>	<u>Fair Value June 30, 2019</u>
Cash on Hand and in Banks	1,922,596	\$ 1,922,596
Cash in City Treasury	3,715,507	3,715,507
Total Cash and investments	<u>\$ 5,638,103</u>	<u>\$ 5,638,103</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, 2019, the District's bank balances totaled \$1,934,061 which exceeded FDIC coverage by \$1,684,061.

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.

As of June 30, 2019, the District's cash and investments were exempt from classification by level.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Policies and Practices

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

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

a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the City Treasury.

b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the City Investment Pool is governed by the City's general investment policy. The City's investments in fiscal year ended June 30, 2019, included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The City's two other investment types, LAIF and money market mutual funds, are not rated.

c) Custodial Credit Risk – Deposits

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

d) Concentration of Credit Risk

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, is shown below:

Capital Assets	Balance July 01, 2018	Additions	Deletions/ Adjustments	Balance June 30, 2019
Non-depreciable:				
Land	\$ 131,472	\$ -	\$ -	\$ 131,472
Total Non-Depreciable	131,472	-	-	131,472
Depreciable:				
Buildings and improvements	1,409,948	227,174	(323,511)	1,313,611
Equipment	1,811,782	88,669	323,511	2,223,962
Total Depreciable	3,221,730	315,843	-	3,537,573
Less Accumulated Depreciation for:				
Buildings and improvements	414,687	36,152	-	450,839
Equipment	961,135	96,273	-	1,057,408
Total Accumulated Depreciation	1,375,822	132,425	-	1,508,247
Total Depreciable - Net	1,845,908	183,418	-	2,029,326
Total Capital Assets - Net	\$ 1,977,380	\$ 183,418	\$ -	\$ 2,160,798

During the year, depreciation expense of \$132,425 was charged to public safety, fire services.

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, 2019:

Long-term Liabilities	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Capital Lease	\$ 268,328	\$ -	\$ 43,073	\$ 225,255	\$ 43,720
Total OPEB Liabilities	6,422,084	1,075,318	1,064,316	6,433,086	-
Net Pension Liabilities	1,950,190	6,737,463	1,565,632	7,122,021	-
Compensated Absences	261,023	11,699	-	272,722	68,181
Total Long-term Liabilities	\$ 8,901,625	\$ 7,824,480	\$ 2,673,021	\$ 14,053,084	\$ 111,901

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS

General Information about the Pension Plan

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

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Code 7522 et seq. and Assembly Bill (AB) 197. PEPPRA 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 benefits the member will receive is based upon age at retirement, final average compensation (FAC), years of retirement service credit and retirement plan and tier. For Plan A member, the FAC is based on the member's highest consecutive 12 months of compensation earnable. For Plan B members the FAC is based on the member's highest consecutive 36 months of pensionable compensation. The monthly allowance is equal to the final average compensation times the member's years of accrued retirement service credit, times the age factor.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	General Plan A	General Plan B	Safety Plan A	Safety Plan B
Hire date	Before January 1, 2014	After January 1, 2014	Before January 1, 2014	After January 1, 2014
Benefit Determination	(1)	(2)	(1)	(2)
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly ⁽³⁾	Monthly for Life	Monthly ⁽³⁾	Monthly for Life
Retirement age	50 ⁽⁴⁾	52 ⁽⁵⁾	50 ⁽⁴⁾	50 ⁽⁵⁾
Monthly benefits as a % of eligible compensation	2.0% to 3.0% ⁽⁶⁾	1.0% to 2.5% ⁽⁶⁾	3% ⁽⁶⁾	2.0% to 2.7% ⁽⁶⁾
Average employee contribution rates	10.87% ⁽⁷⁾	7.42%	11.96% ⁽⁷⁾	9.47%
Employer contribution rates	18.23%	12.32%	36.27%	22.65%

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

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

(3) Up to 100% of Final Average Compensation

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

(5) With 5 years of service credit

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

(7) Average contribution rate, depending on entry age

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Employees Covered - At June 30, 2019, the District had the following employees covered by the benefit terms under the Plan:

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

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

All members are required to make contributions to SCERA regardless of the retirement plan or tier in which they are included. The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2019 were based on the Plan's valuation dated December 31, 2018.

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

For the year ended June 30, 2019, the District's contributions were \$1,587,873.

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

As of June 30, 2019, 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	\$ 286,359
Safety	6,835,662
Total Net Pension Liability	\$ 7,122,021

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, 2018, 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, 2018. 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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	General	Safety	All Plans
Proportion - June 30, 2018	-0.0412%	5.0064%	1.1552%
Proportion - June 30, 2019	0.0764%	5.7284%	1.4409%
Change	0.1176%	0.7220%	0.2857%

** All plans is not a total column

For the year ended June 30, 2019, the District recognized pension expense of \$2,406,949 for the Plan.

At June 30, 2019, 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	\$ 1,587,873	\$ -
Adjustment due to differences in proportions	-	-
Changes of assumptions	290,252	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,048,787	67,297
Net differences between projected and actual earnings on plan investments	1,703,226	-
Difference between expected and actual experience	157,101	421
Total	\$ 4,787,239	\$ 67,718

The District reported \$1,587,873 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, 2020.

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
2020	\$ 1,067,519
2021	525,959
2022	609,663
2023	928,507
Total	\$ 3,131,648

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Actuarial Assumptions - The total pension liabilities in the December 31, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2018
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	3.75% - 10.75% ⁽¹⁾
Investment Rate of Return	7.00% ⁽²⁾
Mortality	⁽³⁾

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

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the December 31, 2018 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% as of December 31, 2018 and 7.25% as of December 31, 2017. 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, 2018 and December 31, 2017.

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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	17.97%	5.34%
Small Cap U.S. Equity	5.45%	6.08%
Developed International Equity	16.71%	6.80%
Global Equity	15.55%	6.44%
Emerging Market Equity	5.57%	8.75%
Core Bonds	14.75%	1.12%
Bank Loans	3.00%	3.55%
Real Estate	10.00%	4.58%
Farmland	5.00%	6.81%
Unconstrained Bonds	3.00%	3.22%
Infrastructure	3.00%	6.70%
Total	100.0%	

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

1% Decrease	6.00%
Net Pension Liability	\$ 12,255,826
Current Discount Rate	7.00%
Net Pension Liability	\$ 7,122,021
1% Increase	8.00%
Net Pension Liability (asset)	\$ 2,856,525

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, 2018 for fiscal year 2019. This is because in the funding valuation, any such deferred investment gains will be allocated in future valuations among the different employers based on the projected payrolls for those employers in those valuations.

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

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

Contributions - The District's contributions are equal to the required benefit payments per contract are approved by the authority of the District's Board. Total benefit payments during the year were \$224,275. Total benefit payments included in the measurement period were \$177,762. The District's contributions were 2.5% of payroll during the measurement period June 30, 2018 (reporting period June 30, 2019). Employees are required to pay for forty percent of the annual premiums during the year.

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

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	3.62%
Inflation	2.75%
Payroll Increases	3.00%
Municipal Bond Rate	3.62%
Mortality	2014 CalPERS Active Mortality for Miscellaneous employees
Retirement	2014 CalPERS 2% @ 55 Rates for Miscellaneous Employees

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2018 (measurement date) and was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2019 (reporting date).

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2019:

Fiscal Year Ended June 30, 2019	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018	\$ 6,422,084	\$ -	\$ 6,422,084
Service cost	29,329	-	29,329
Interest in Total OPEB Liability	225,462	-	225,462
Changes in assumptions	(66,027)	-	(66,027)
Benefit payments	(177,762)	-	(177,762)
Net changes	11,002	-	11,002
Balance at June 30, 2019	\$ 6,433,086	\$ -	\$ 6,433,086

Covered Employee Payroll	\$ 7,240,918
Total OPEB Liability as a % of Covered Employee Payroll	88.84%
Service Cost as a % of Covered Employee Payroll	0.41%

Deferred Inflows and Outflows of Resources - At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 662,278
OPEB contribution subsequent to measurement date	224,275	-
Totals	\$ 224,275	\$ 662,278

Of the total amount reported as deferred outflows of resources related to OPEB, \$224,275 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2020.

Amounts to be reported as deferred outflows/inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	\$ (96,290)
2021	(96,290)
2022	(96,290)
2023	(96,290)
2024	(96,290)
Thereafter	(180,828)
Total	\$ (662,278)

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2019:

Service cost	\$ 29,329
Interest in TOL	225,462
Change in assumptions	<u>(96,290)</u>
OPEB Expense	<u>\$ 158,501</u>

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2019:

Total OPEB liability ending	\$ 6,433,086
Total OPEB liability beginning	<u>(6,422,084)</u>
Change in total OPEB liability	11,002
Changes in deferred inflows	(30,263)
Employer contributions	<u>177,762</u>
OPEB Expense	<u>\$ 158,501</u>

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

	<u>Municipal Bond Rate</u>		
	<u>(1% Decrease)</u>	<u>3.62%</u>	<u>(1% Increase)</u>
Total OPEB Liability	\$ 7,678,837	\$ 6,433,086	\$ 5,466,316

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

	<u>Trend Rate</u>		
	<u>(1% Decrease)</u>	<u>Current</u>	<u>(1% Increase)</u>
Total OPEB Liability	\$ 5,447,682	\$ 6,433,086	\$ 7,688,050

NOTE 7 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

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

Valley of the Moon Fire Protection District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 most recently available financial information for the JPAs:

	FASIS	FAIRA
Total Assets	\$ 57,957,092	\$ 3,112,062
Total Liabilities	43,342,522	16,777
Total Equity	14,614,570	3,095,285
Total Revenues	16,254,870	2,684,285
Total Expenditures	16,183,837	2,739,602

NOTE 8 - 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, 2019.

Capital Leases

The District has capital leases which in total are immaterial to the financial statements. The assets have been included in the District's capital assets and the liabilities have been reported as noncurrent liabilities totaling \$434,350 with an outstanding liability as of June 30, 2019 of \$225,255. The following summarizes the future lease payments:

Fiscal Year Ended June 30	Principal	Interest	Totals
2020	\$ 43,720	\$ 3,379	\$ 47,099
2021	44,375	2,723	47,098
2022	45,041	2,057	47,098
2023	45,717	1,382	47,099
2024	46,402	696	47,098
Total Future Minimum Payments	\$ 225,255	\$ 10,237	\$ 235,492

This Page Intentionally Left Blank

**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, 2019

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 4,326,571	\$ 4,326,571	\$ 4,885,579	\$ 559,008
Special taxes	327,524	327,524	324,721	(2,803)
Investment earnings	3,000	3,000	33,325	30,325
Other revenue	-	-	3,880	3,880
	<u>4,657,095</u>	<u>4,657,095</u>	<u>6,015,267</u>	<u>1,358,172</u>
Expenditures:				
Current				
Salaries and employee benefits	790,788	790,788	883,846	(93,058)
Services and supplies	250,283	250,283	129,038	121,245
Capital outlay	168,245	168,245	315,842	(147,597)
Debt service:				
Principal	43,073	43,073	43,073	-
Interest	4,025	4,025	4,025	-
	<u>1,256,414</u>	<u>1,256,414</u>	<u>1,375,824</u>	<u>(119,410)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,400,681</u>	<u>3,400,681</u>	<u>4,639,443</u>	<u>1,238,762</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(3,995,302)	(3,995,302)	(3,995,302)	-
Total other financing sources (uses)	<u>(3,995,302)</u>	<u>(3,995,302)</u>	<u>(3,995,302)</u>	<u>-</u>
Net change in fund balance	(594,621)	(594,621)	644,141	1,238,762
Fund balance beginning	3,353,671	3,353,671	3,353,671	-
Prior period adjustments	331,332	331,332	331,332	-
Fund balance beginning - as adjusted	<u>3,685,003</u>	<u>3,685,003</u>	<u>3,685,003</u>	<u>-</u>
Fund balance ending	<u>\$ 3,090,382</u>	<u>\$ 3,090,382</u>	<u>\$ 4,329,144</u>	<u>\$ 1,238,762</u>

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

Valley of the Moon Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Sonoma Valley Fire and Rescue Authority Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 930,316	\$ 922,816
Charges for services	5,224,070	5,224,070	5,317,401	93,331
Other revenue	40,000	873,246	115,982	(757,264)
Total revenues	<u>5,271,570</u>	<u>6,104,816</u>	<u>6,363,699</u>	<u>258,883</u>
Expenditures:				
Current				
Salaries and employee benefits	8,309,201	8,960,447	9,097,095	(136,648)
Services and supplies	920,671	1,102,671	1,034,500	68,171
Capital outlay	37,000	37,000	39,759	(2,759)
Total expenditures	<u>9,266,872</u>	<u>10,100,118</u>	<u>10,171,354</u>	<u>(71,236)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,995,302)</u>	<u>(3,995,302)</u>	<u>(3,807,655)</u>	<u>187,647</u>
Other financing sources (uses):				
Transfers in	3,995,302	3,995,302	3,995,302	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,995,302</u>	<u>3,995,302</u>	<u>3,995,302</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>187,647</u>	<u>187,647</u>
Fund balance beginning	1,048,478	1,048,478	1,048,478	-
Prior period adjustments	(16,019)	(16,019)	(16,019)	-
Fund balance beginning - as adjusted	<u>1,032,459</u>	<u>1,032,459</u>	<u>1,032,459</u>	<u>-</u>
Fund balance ending	<u><u>\$ 1,032,459</u></u>	<u><u>\$ 1,032,459</u></u>	<u><u>\$ 1,220,106</u></u>	<u><u>\$ 187,647</u></u>

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

Valley of the Moon Fire Protection District

Schedule of Pension Plan Contributions For the Fiscal Year Ended June 30, 2019

SCERA	2015	2016	2017	2018	2019
Contractually Required Contributions (Actuarially Determined)	\$ 1,321,245	\$ 1,310,219	\$ 1,368,336	\$ 1,543,092	\$ 1,587,873
Contributions in Relation to Actuarially Determined Contributions	1,321,245	1,310,219	1,368,336	1,543,092	1,587,873
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 3,922,995	\$ 3,974,135	\$ 4,118,844	\$ 4,598,112	\$ 4,884,100
Contributions as a Percentage of Covered Payroll	33.68%	32.97%	33.22%	33.56%	32.51%

Notes to Schedule:

Assumptions Used: December 31, 2018
 Entry Age Method used for Actuarial Cost Method
 Level Percentage of Payroll (Closed) Used Amortization Method
 15 Years Remaining Amortization Period
 Inflation Assumed at 2.75%
 Investment Rate of Returns set at 7%
 Based on RP-2000 Combined Healthy Mortality Table projected with Scale AA

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

There were no changes in benefit terms.

The discount rate was reduced from 7.25% to 7% in the 2018 valuation.

Valley of the Moon Fire Protection District

Schedule of Proportionate Share

Of Net Pension Liability

For the Fiscal Year Ended June 30, 2019

SCERA	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	1.16589%	1.47142%	1.46575%	1.15522%	1.44092%
District's Proportionate Share of Net Pension Liability	\$ 2,527,396	\$ 6,074,799	\$ 5,754,104	\$ 1,950,190	\$ 7,122,021
District's Covered Employee Payroll	\$ 3,726,695	\$ 3,922,995	\$ 3,974,135	\$ 4,118,844	\$ 4,118,844
District's Proportionate Share of NPL as a % of Covered Employee Payroll	67.82%	154.85%	144.79%	47.35%	172.91%
Plan Fiduciary's Net Position as a % of the Total Pension Liability	91.21%	92.81%	84.83%	86.28%	86.28%

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The discount rate was reduced from 7.25% to 7% in the 2018 valuation.

Valley of the Moon Fire Protection District

Schedule of Changes in Total OPEB Liability

For the Fiscal Year Ended June 30, 2019

Fiscal Year Ended	2018	2019
Total OPEB liability		
Service cost	\$ 35,919	\$ 29,329
Interest	205,016	225,462
Changes of assumptions	(781,329)	(66,027)
Benefit payments	(117,250)	(177,762)
Net change in Total OPEB Liability	(657,644)	11,002
Total OPEB Liability - beginning	7,079,728	6,422,084
Total OPEB Liability - ending	<u>\$ 6,422,084</u>	<u>\$ 6,433,086</u>
 Plan fiduciary net position		
Net change in plan fiduciary net position	\$ -	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
 Net OPEB liability (asset)	 \$ 6,422,084	 6,433,086
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%	 0.00%
 Covered Employee Payroll	 \$ 6,819,116	 \$ 7,030,017
 Net OPEB liability as a percentage of covered employee payroll	 94.18%	 91.51%
 Total OPEB liability as a percentage of covered employee payroll	 94.18%	 91.51%

Other Notes

No change in benefit terms. Discount rates were increased from 3.56% to 3.62%.

**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, 2019, 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 15, 2020.

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 UP

March 15, 2020
San Jose, California



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 14, 2020



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

Agenda Item Title
Board direction to Fire Chief for developing an RFP for ambulance billing services

Recommended Actions
Provide direction for RFP process

Executive Summary
As a further step in the plan to reorganize the administrative office, staff has been reviewing the possibility of developing an RFP for alternative ambulance billing services with a view to reducing budget costs and gaining efficiencies.
Chief Akre is asking the Board to provide input on this plan and, if there is consensus, a direction on how the SVFRA could move forward with this program.

Alternative Actions
Decline to support process

Strategic Plan Alignment
This process is in alignment with Goal 4, Objective 4C: Explore future budgetary opportunities.

Fiscal Summary – FY 19/20			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Reqd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$

Narrative Explanation of Fiscal Impacts (if required)

Attachments



Valley of the Moon Fire Protection District

Board of Directors Meeting

Agenda Item Summary

April 14, 2020



Agenda Item No.		Staff Contact	
10C		Steve Akre, Fire Chief	
Agenda Item Title			
Vote for 4 candidates in the FASIS Board of Directors election for positions expiring on June 30, 2020			
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, 2020 through June 30, 2023. The Board is asked to choose four candidates from the five that are listed on the ballot.			
Alternative Actions			
Decline to vote in election			
Strategic Plan Alignment			
Not applicable			
Fiscal Summary – FY 19/20			
Expenditures		Funding Source(s)	
Budgeted Amount	\$	District General Fund	\$
Add. Appropriations Req'd.	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
		Contingencies	\$
		Grants	\$
Total Expenditure	\$	Total Sources	\$
Narrative Explanation of Fiscal Impacts (if required)			
Attachments			
<ol style="list-style-type: none"> 1. Letter to accompany ballot 2. FASIS official election ballot for 2020 			



FIRE AGENCIES SELF INSURANCE SYSTEM

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

April 1, 2020

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

Dear FASIS Members:

An election is to be held to fill four positions on the FASIS Board of Directors that will expire on June 30, 2020. Each position's new term will be from July 1, 2020, through June 30, 2023.

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

Please take this opportunity to complete and sign the enclosed ballot and return it to **FASIS no later than May 8, 2020.**

Due to State-wide workplace restrictions, FASIS staff is working remotely. As such, please scan and email your completed ballots to kim.sackett@sedgwick.com or send via fax to (916) 244-1199.

***** Ballots received after May 8, 2020, deadline will not be counted.*****

Please contact Kim Sackett, at (800) 541-4591, extension 19025, if you have any questions.



FIRE AGENCIES SELF INSURANCE SYSTEM

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

FASIS Board of Directors – Official Election Ballot

In response to a Call for Letters of Interest and Nomination Form, the FASIS Nominating Committee has received the following submissions for FOUR (4) Board of Directors’ positions that will expire on June 30, 2020. 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 2020 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, 2020, through June 30, 2023	VOTE (X)
*American Canyon Fire Protection District – Mr. Glen Weeks, Fire Chief	<input type="checkbox"/>
*Southern Marin Fire Protection District – Mr. Tom Perazzo, Director	<input type="checkbox"/>
*Sonoma County Fire District – Mr. Mark Heine, Fire Chief	<input type="checkbox"/>
*Cloverdale Fire Protection District – Ms. Carol Giovanatto, Board President	<input type="checkbox"/>
South Placer Fire District – Mr. Gary Grenfell, Director	<input type="checkbox"/>
	<input type="checkbox"/>

**Incumbent Board Member*

OR

<i>None of the potential candidates listed above.</i>	<input type="checkbox"/>
---	--------------------------

Signature of person completing on behalf of your District: _____
Print Name: _____ Position Title: _____
District Address: _____
Date completed: _____ E-mail: _____

Due to State-wide workplace restrictions, FASIS staff is working remotely. As such, please scan and email your completed ballots to kim.sackett@sedgwick.com or send via fax to (916) 244-1199.

If you are unable to submit your completed ballot electronically, please contact Kim Sackett at (916) 290-4601 to secure other arrangements for submission.

Your vote is very important. Please vote and return your official ballot by May 8, 2020.

**CANDIDATES FOR THE FASIS BOARD OF DIRECTORS
TO FILL FOUR (4) EXPIRING POSITIONS
FOR A TERM OF JULY 1, 2020, THROUGH JUNE 30, 2023**

CANDIDATES' SUMMARY OF EXPERIENCE

District	Candidates' Name	Summary of Experience
*American Canyon Fire Protection District	Mr. Glen Weeks, Fire Chief	Chief Weeks has been a member of the FASIS Board since June 2007 and American Canyon FPD has held a seat on the FASIS Board since its inception. During Chief Weeks' tenure he has served as a representative of FASIS on the LAWCX Board, served on numerous ad-hoc committees, and has served as FASIS Board President for the last five years. His participation and attendance at Board meetings and other FASIS Board functions has demonstrated a long term history of commitment to FASIS. Chief Weeks very much wishes to continue to serve on the FASIS Board.
*Southern Marin Fire Protection District	Mr. Tom Perazzo, Director	Director Perazzo, before retiring last September, spent almost 50 years in the insurance industry working with insureds, rating bureaus, insurance company risk control and underwriters, as well as OSHA, in order to provide a safe workplace and lower workers' compensation coverage premiums and claim costs. Director Perazzo has served on SMFPD's Board since 2012. He has also served on various Board and District Committees where he championed workplace safety. Director Perazzo is very interested in being re-elected as a member of the FASIS Board.
*Sonoma County Fire District	Mr. Mark Heine, Fire Chief	Chief Heine has served on the FASIS Board for the past several years and wishes to continue his service as a Board member to support the vision, mission, and values of FASIS.
*Cloverdale Fire Protection District	Ms. Carol Giovanatto, Board President	Ms. Giovanatto has served the Cloverdale Fire Protection District as a Board member for 19 years, along with several terms as President. She is a dedicated public servant who is very focused on the betterment of the Fire Service and Fire Districts in general. Ms. Giovanatto has also served on the FASIS Board for several terms. Her knowledge and strengths are based on a career of 41 years in local government working for both municipalities and Fire Districts. She also has experience in personnel management, finance, budgeting and Board management. Additional history includes a Board position on another municipal Workers Comp JPA which deals with issues comparable to FASIS. Ms. Giovanatto is diligent in attending all FASIS meetings and readily volunteers to sit on various subcommittees. Ms. Giovanatto represents the Fire Service well and has a long-standing history of working for the betterment of the FASIS organization.
South Placer Fire District	Mr. Gary Grenfell, Director	Director Grenfell retired from the San Jose Fire Department as a Fire Captain serving over 30 years. He has been a Director at South Placer Fire District for over 19 years and has served on the FASIS Board for multiple terms. Director Grenfell enjoys serving the agencies represented by FASIS as a Director and truly has the best interest of the fire service and the represented agencies in mind when he volunteers his services.

* Incumbent Member to the FASIS Board of Directors