

Scotts Valley Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2017



November 1, 2017

Scotts Valley Fire Protection District

Scotts Valley, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Scotts Valley Fire Protection District as of and for the year-ended June 30, 2017, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

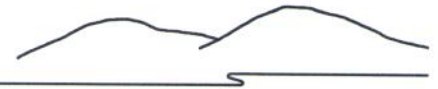
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 applicable to financial audits contained in Governmental 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scotts Valley Fire Protection District as of June 30, 2016 and June 30, 2017, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison 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 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Pehling & Pehling, CPA's
An Accountancy Corporation

Scotts Valley Fire Protection District

**Audit Report
June 30, 2017**

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Scotts Valley Fire Protection District

**Balance Sheet
June 30, 2017**

	<u>General Fund</u>	<u>Zone A</u>	<u>Capital</u>
<u>ASSETS</u>			
<u>Assets:</u>			
Cash	\$ 1,652,246	\$ 990,997	\$ 362,809
Accounts Receivable	-	-	-
Deposits & Prepaid Expenses	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	1,652,246	990,997	362,809
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES & FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	261	-	-
Accrued Payroll	157,390	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	157,651	-	-
	<hr/>	<hr/>	<hr/>
<u>Fund Balances:</u>			
Unassigned	1,494,495	-	-
Unspendable	100	-	-
Committed	-	990,997	362,809
	<hr/>	<hr/>	<hr/>
Total Fund Balance	1,494,595	990,997	362,809
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES & FUND BALANCE</u>	<u>\$ 1,652,246</u>	<u>\$ 990,997</u>	<u>\$ 362,809</u>

The accompanying notes are an integral part of these financial statements.

Scotts Valley Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance For the Year Ended June 30, 2017

<u>REVENUE</u>	<u>General Fund</u>	<u>Zone A</u>	<u>Capital</u>
Tax Revenue	\$ 6,386,074	\$ 105,394	\$ -
Charges for Service	500,689	-	-
Interest & Investment Earnings	3,200	7,902	1,815
License & Permits	81,507	-	-
Grants & Contributions	-	-	-
Miscellaneous	11,655	-	3,469
TOTAL REVENUE	6,983,125	113,296	5,284
<u>EXPENDITURES</u>			
Capital Assets	17,913	-	37,839
Debt Service:			
Principle	193,492	-	-
Interest	130,744	-	-
Professional Fees	107,105	1,545	-
Salaries and Employee Benefits	5,559,176	-	-
Repairs and Maintenance	120,724	-	-
Insurance	25,968	-	-
Services, Supplies and Refunds	305,694	-	-
TOTAL EXPENDITURES	6,460,816	1,545	37,839
Excess (Deficit) Revenues over Expenditures	522,309	111,751	(32,555)
Transfer In/(Out)	(200,000)	-	200,000
CHANGE IN FUND BALANCE	322,309	111,751	167,445
FUND BALANCE, BEGINNING OF YEAR	1,172,286	879,246	195,364
FUND BALANCE, END OF YEAR	\$ 1,494,595	\$ 990,997	\$ 362,809

The accompanying notes are an integral part of these financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Scotts Valley Fire Protection District

Statement of Net Position June 30, 2017

<u>ASSETS</u>	<u>2017</u>
<u>Current Assets:</u>	
Cash	\$ 3,006,052
Accounts Receivable	-
Deposits & Prepaid Expenses	-
Total Current Assets	3,006,052
<u>Capital Assets:</u>	
Land	820,843
Buildings & Improvements	2,052,641
Firefighting Equipment	3,402,681
Construction in Progress	295,263
Less: Accumulated Depreciation	(2,981,202)
Total Capital Assets	3,590,226
TOTAL ASSETS	6,596,278
<u>DEFERRED OUTFLOW</u>	
GASB 68 Pension	2,363,858
TOTAL DEFERRED OUTFLOW	2,363,858
TOTAL ASSETS AND DEFERRED OUTFLOWS	8,960,136
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	261
Accrued Payroll Liabilities	157,390
Current Portion	
Accrued Compensated Absences	218,157
Total Current Liabilities	375,808
<u>Long-term Liabilities:</u>	
OPEB	2,184,018
Note Payable	2,168,103
Net Pension Liability	8,723,472
Total Long-term Liabilities	13,075,593
TOTAL LIABILITIES	13,451,401
<u>DEFERRED INFLOWS</u>	
GASB 68 Pension	560,709
TOTAL DEFERRED INFLOWS	560,709
TOTAL LIABILITIES AND DEFERRED INFLOWS	14,012,110
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,590,226
Unrestricted	(8,642,200)
TOTAL NET POSITION	\$ (5,051,974)

The accompanying notes are an integral part of these financial statements.

**SCOTTS VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30,2017

	<u>June 30, 2017</u>
Total Fund Balances - Governmental Funds	\$ 2,848,401
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.	
Total Historical Cost of Capital Assets	6,571,428
Less: Accumulated Depreciation	(2,981,202)
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	(218,157)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	2,363,858
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds. This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(560,709)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(13,075,593)
Net Position	<u><u>\$ (5,051,974)</u></u>

The accompanying notes are an integral part of these financial statements

Scotts Valley Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2017

2017				
		<u>Operating Revenues</u>		
	Expenses	Charges for Services	Grants and Contributions	Excess of Revenues/(Expenses)
<u>Governmental Activities</u>				
Public Protection	\$ 5,225,702	\$ 500,689	\$ -	\$ (4,725,013)
Depreciation (Unallocated)	212,962	-	-	(212,962)
Total Governmental Activities				<u>(4,937,975)</u>
General Revenues:				
Tax Revenue				6,491,464
Interest & Investment Earnings				12,916
License, Permits & Rents				81,507
Miscellaneous				15,129
Total General Revenues				<u>6,601,016</u>
NET CHANGE IN NET POSITION				<u>1,663,041</u>
NET POSITION, BEGINNING OF YEAR				<u>(5,304,409)</u>
Prior-Period Adjustment (Note 11)				<u>(1,410,606)</u>
NET POSITION, END OF YEAR				<u><u>\$ (5,051,974)</u></u>

The accompanying notes are an integral part of these financial statements.

SCOTT'S VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2017

	<u>June 30, 2017</u>
Net Change in Fund Balances - Total Governmental Funds	<u>601,505</u>
Amounts reported for governmental activities in the Statement of Activities are different as follows:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year	
Current Year Capital Outlays	55,751
Less: Current Year Depreciation Expense	(212,962)
In the Governmental Funds CALPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CALPers expenditures are measured by the amounts expensed during the year	1,062,518
In the Governmental Funds OPEB expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, OPEB expenditures are measured by the amounts expensed during the year	(44,518)
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	7,255
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	<u>193,492</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,663,041</u></u>

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Scotts Valley Fire Protection District

**Statement of Fiduciary Net Position
June 30, 2017**

<u>ASSETS</u>	<u>2017</u>
<u>Current Assets:</u>	
Cash	<u>\$ 47,562</u>
Total Current Assets	<u>47,562</u>
<u>Capital Assets:</u>	
Firefighting Equipment	588,805
Less: Accumulated Depreciation	<u>(409,172)</u>
Total Capital Assets	<u>179,633</u>
TOTAL ASSETS	<u>227,195</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
 <u>NET POSITION</u>	
Hose maintenance fund	<u>227,195</u>
TOTAL NET POSITION	<u><u>\$ 227,195</u></u>

The accompanying notes are an integral part of these financial statements.

Scotts Valley Fire Protection District

**Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2017**

	2017
<u>ADDITIONS</u>	<u>Fiduciary Fund</u>
Aid from other government agencies	\$ 142,642
Use of Money and Property	<u>473</u>
TOTAL ADDITIONS	<u>143,115</u>
<u>DEDUCTIONS</u>	
Depreciation	-
Services, Supplies and Refunds	<u>139,763</u>
TOTAL DEDUCTIONS	<u>139,763</u>
<u>CHANGE IN NET POSITION</u>	<u>3,352</u>
<u>NET POSITION, BEGINNING OF YEAR</u>	<u>223,842</u>
<u>NET POSITION, END OF YEAR</u>	<u>\$ 227,194</u>

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Organization

The Scotts Valley Fire Protection District was organized July 17, 1956, under the authority of Section 56000 et. seq. of the California Government Code, in conformity with the Health and Safety Code, Sections 14001 et. seq. and was reorganized in September 1987 in conformity with the Health and Safety Code, Sections 13801 et. seq. The District provides fire protection for the City of Scotts Valley and vicinity.

The Special Fire Protection Zone A was organized December 22, 1969, in conformity with the Health and Safety Code, Sections 13991 et. seq. The boundaries of the fire zone fall totally within Scotts Valley Fire Protection District. By resolution 2003-2 the funding derived from Zone A may be used for capital improvements, where a beneficial relationship to Zone A can be demonstrated as established during the annual budget hearings.

During the fiscal year ended June 30, 2002, the Santa Cruz Hazardous Materials Interagency Team (SCHMIT) was formed. The District has been appointed as the Program Manager for SCHMIT. As program manager, the District is acting as the fiscal agent. The District accounts for all receipts and disbursements for SCHMIT, a separate Fiduciary Fund of the District.

Accounting Records

The official accounting records of the District are maintained in the office of the Auditor-Controller of the County of Santa Cruz. Supporting documents are maintained by the District.

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

Budgetary Procedure

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the Scotts Valley Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fiduciary Fund Financial Statements

The District entered into an arrangement whereby the District reports resources held and administered by the District in a fiduciary capacity for the Santa Cruz Hazardous Materials Interagency Team (SCHMIT). Per definition, the resources held under this agreement are not available to support the District's own programs. Fiduciary Fund financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position.

The basic financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Fiduciary Fund's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period the liability is incurred.

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund.

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets, which include land, buildings, improvements, and equipment are reported in the Government-Wide financial statements. Capital Assets are recorded at historical cost or estimated historical cost, if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District had set capitalization thresholds for reporting capital assets at the following:

Structures	\$3,000
Equipment	300
Improvements	5,000 or 20% of cost of existing asset (lesser of)

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Station and Improvements	15-40 years
Equipment	3-40 years
Mobile Equipment	10-20 years

[Inventory, Materials, and Supplies](#)

The inventory on hand at any time is small. Accordingly, purchases are charges directly to fixed assets or to maintenance costs, as applicable.

[Liability for Compensated Absences](#)

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay 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.

[District Special Expense](#)

Because fire hose couplings and nozzles are peculiar to fire districts, the manual of the State Controller provides that purchases of such items be charged to the expense account "District Special Expense".

[Unrealized Gains and Losses](#)

Governmental Accounting Standards Board (GASB) has established GASB-31 which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of June 30, 2017 the unrealized gains for Scotts Valley Fire Protection District were not considered to be material to the financial statements taken as a whole, and accordingly, has not been reflected in the financial statements.

[Deferred Outflows/Inflows of Resources](#)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

[Long-Term Obligations](#)

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

[Property Taxes](#)

The County of Santa Cruz assesses properties, bills, and collects property taxes for the District. Assessed values are determined annually by the County Assessor as of March 1, and become a lien on real property as of that date. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County bills and collects property taxes and remits them to the District

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

under the state authorized method of apportioning taxes whereby all local agencies, including special districts, receive for the County their respective shares of the amount of ad valorem taxes collected.

Estimates

The preparation 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

Note 2 – Cash

Summary of Cash

	June 30, 2017	June 30, 2016
County Cash	\$ 2,792,332	\$ 2,225,372
Petty Cash	100	100
Deposits in Financial Institutions	14,155	14,410
Total	\$ 2,806,587	\$ 2,239,882

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Santa Cruz's Investment Pool: The District maintains its cash in County of Santa Cruz's cash and investment pool which is managed by the Santa Cruz County Treasurer. The District's cash balances invested in the Santa Cruz County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. Santa Cruz County does not invest in any derivative financial products. The Santa Cruz County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Santa Cruz County's cash and investment pool. The value of pool shares in Santa Cruz County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 changes in market interest rates. As of June 30, 2017, the weighted average maturity of the investments contained in the County's investment pool was approximately 614 days.

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

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that 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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2017.

Note 3 –Accounts Receivable

On June 30, 2017, the District had \$0 in Accounts Receivable.

Note 4 – Capital Assets

The District believes that sufficient detail of Capital assets balances is provided in the financial statements to avoid obscuring of significant components by aggregation

Note 5 – Compensated Absences

On June 30, 2017, the liability for compensated absences was \$218,157.

Note 6 – Changes in Long-term debt

A summary of long-term debt transactions of Scotts Valley Fire Protection District for the year ended June 30, 2017 is as follows:

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance 1, 2016	July	Reductions/ Additions	Reductions/ Additions	Balance June 30, 2017
Accumulated Unpaid Compensated Absences	\$ 224,995		\$ -	\$ 6,838	\$ 218,157
Net Other Post Employment Benefits Obligation	\$ -		\$ 2,184,018	\$ -	\$ 2,184,018
CalPERS Side Fund Liability Payment					
Long-Term Debt	\$ 2,361,596		\$ -	\$ 193,492	\$ 2,168,104

Long-Term Debt Notes Payable consists of the following items as of June 30,2017:

	2016	2017
Santa Cruz County Bank funded fiscal year June 30, 2011, semi-annual payments of \$148,307, including interest at 5.798% per annum. Initial payment due June 15, 2011, final payment due December 15, 2025.		
	\$ 2,361,596	\$ 2,168,103
	\$ 2,361,596	\$ 2,168,103

	Principle	Interest
2018	175,373	121,241
2019	185,377	111,237
2020	195,951	100,663
2021	207,128	89,486
2022 to 2026	1,226,931	256,139
2027 to 2031	177,343	7,686

\$ 2,168,103 \$ 686,452

Note 7 - Public Employees' retirement Plan:

Plan Description - The Scotts Valley Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Scotts Valley Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Scotts Valley Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. Both the June 30, 2016 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.5% Net of Pension Plan Administrative and Investment Expenses
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table ¹	Derived using CalPERS' membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2010 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2007, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

Scotts Valley Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

At 6/30/2017, proportionate shares of net pension liability by plan(s):

	Proportionate Share of Net Pension Liability
Miscellaneous	161,983
Safety	8,561,489
Total	8,723,472

At 6/30/2016, proportionate share of the net pension liability for the Plan as of 6/30/2015 and 6/30/2016:

	Miscellaneous	Safety	Total
Proportion - June 30, 2015	0.00464%	0.15551%	0.09521%
Proportion - June 30, 2016	0.00466%	0.16530%	0.10081%
Change - Increase/(Decrease)	0.00002%	0.00979%	0.00560%

Note: Due to the nature of calculating proportionate share of the net pension liability, total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Pension Expense/(Credit) as of 6/30/2017 301,295

6/30/2017 reported deferred outflows of resources and deferred inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	-	55,547
Changes of Assumptions	-	249,678
Differences between Projected and Actual Investment Earnings	1,228,270	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	254,834
Change in Employer's Proportion	183,699	649
Pension Contributions Made Subsequent to Measurement Date	851,899	-
	<u>2,263,868</u>	<u>560,709</u>

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

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2018	\$ 408	\$ (43,697)	\$ (43,289)
2019	1,065	1,953	3,018
2020	12,623	559,191	571,814
2021	7,450	312,266	319,717
2022	-	-	-
Thereafter	-	-	-
	<u>21,546</u>	<u>829,714</u>	<u>\$ 851,260</u>

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.65%	Current Discount Rate 7.65%	Discount Rate +1% 8.65%
Employer's Net Pension Liability/(Asset) - Miscellaneous	251,146	161,983	88,294
Employer's Net Pension Liability/(Asset) - Safety	13,277,853	8,561,489	4,689,837
Employer's Net Pension Liability/(Asset) - Total	13,528,999	8,723,472	4,778,131

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SAFETY

	2017	2016
Proportion of the net pension liability	0.100810%	0.09521%
Proportionate share of the net pension liability	\$ 8,723,472	\$ 6,535,150
Covered - employee payroll - measurement period	\$ 2,999,215	\$ 2,844,227
Proportionate share of the net pension liability as a percentage of covered payroll	290.86%	229.77%
Plan fiduciary net position as a percentage of the total pension liability	75.36%	80.70%
	2017	2016
Contractually required contribution (actuarially determined)	\$ 851,899	\$ 726,938
Contributions in relation to the actuarially determined contributions	851,899	726,938
Contribution deficiency (excess)	\$ -	\$ -
Covered - employee payroll - fiscal year	\$ 3,018,958	\$ 2,999,215
Contributions as a percentage of covered - employee payroll	28.22%	24.24%

Notes to Schedule:

Valuation date: June 30, 2016 June 30, 2015

Methods and assumptions used to determine contribution rates:

	Entry age normal	
Amortized method	Level percentage of payroll, closed	
Remaining amortization period	13 years	14 years
Asset valuation method	5-year smoothed market	
Inflation	2.75%	2.75%
Salary increases	Varies by entry age and service	
Investment rate of return	.50%, net of pension plan investment expense, including inflation	

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes in assumptions: The June 30, 2015 Actuarial Valuation changed the discount rate from 7.5% (net of administrative expenses) to 7.65%

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

Note 9 – Post Retirement Benefits:

In addition to the pension benefits described in Note 6, Employees' Retirement Plan, the District provides medical insurance to retired employees. The scope of the benefits provided depends on the memorandum of understanding between the District and the various employee groups.

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Plan Description

The District provides contributions for post retirement health, dental, and life to retired employees. The scope of the benefits provided depends on the memorandum of understanding between the District and the various employees.

Current Accounting and Funding Policy of the Plan

The District finances the plan on a pay-as-you-go basis and the expenditures for post-retirement benefits other than pension benefits are recognized as payments are made. During the year ended June 30, 2017, expenditures of approximately \$79,947 were paid for post-employment benefits other than pension benefit.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. The actuarial assumptions included (a) Demographic assumptions affected by mortality, turnover, disability, and retirement based on the June 30, 2017 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern on sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective on the calculations.

District Service Benefit

Valuation Date	June 30, 2017
Actuarial Cost Method	Projected Unit Credit
Amortization Method	30-year level dollar, open period
Inflation	2.75%
Discount Rate	3.5%

Required Supplementary Information

Schedules of Funding Progress

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
Funded Status of the District Service Benefit**

Actuarial Valuation Date	Value of Assets	Net OPEB Liability	Funded Ratio	Covered Payroll	NOL as a % of Payroll
6/30/17	\$ -	\$ 1,908,422	0.0%	\$ 3,656,478	52.2%

Schedules of Employer Contributions

Employer Contributions District Service Benefit

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage Contributed
6/30/17	\$ 124,465	\$ 79,947	64.2%

Note 10 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSAC-EIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency (JPA) formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance note is given. However, CSAC-EIA may cancel a membership at any time upon a two-thirds vote of the Board of Directors and with sixty days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods they have participated. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting and annual budget.

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Primary Workers' Compensation - The Primary Workers' Compensation program is a full service program including claims administration. The program blends pooling of workers' compensation claims with purchased stop loss insurance.

Excess Workers' Compensation - CSAC retains responsibility for payment of claims in excess of \$125,000 for each member who also participates in the primary workers' compensation program. Claim liabilities are recognized based on the actuarial estimate of expected ultimate claim cost discounted at 6%.

Insurance coverage as of June 30, 2017 is as follows:

<u>Property</u>	<u>Deductible</u>	<u>Limits</u>
Real Property, Including Code Upgrade and On-site Equipment Breakdown	\$1,000	Guaranteed Replacement Cost Included
Building Contents and Personal Property	\$1,000	
Building and Contents Sublime, Earthquake and Flood	\$1,000	\$1,000,000 Each loss and each location
Electronic Data Processing		
Business - Personal Property Included	\$500	\$250,000
Equipment	\$500	\$250,000
Software	\$500	\$250,000
<u>Emergency Services</u>	<u>Deductible</u>	<u>Limits</u>
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater:	\$250	Guaranteed Replacement Cost (Unlimited)
Miscellaneous Portable Equipment		\$250,000
Public Employee Dishonesty/Fidelity Bond		\$1,000,000
Employee Benefits Liability		
Automobile Comprehensive	\$250/1,000	Agreed Value or ACV
Automobile Collision	\$250/1,000	Agreed Value or ACV
<u>Liability</u>		
Commercial/General Liability Each Occurrence		\$1,000,000
General Aggregate Limit		\$10,000,000
<u>Automobile Coverage -</u>		
Combined Single Limit		\$1,000,000
Uninsured/Underinsured Motorists		\$1,000,000
<u>Excess Liability Coverage -</u>		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		\$5,000,000 Each Occurrence \$10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		\$1,000,000 Each Wrongful Act \$10,000,000 Aggregate
Medical Expense (Any one person)		\$5,000
Valuable Papers/Records		\$250,000

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Loss of Income - Extra Expense			Actual Cost
Money and Securities	\$250		\$25,000
Uncollected Funds			\$250,000
<u>Personnel:</u>			
Workers' Compensation			Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current			Per Policy
Dental			Per Policy
Term Life Insurance			Per Policy

Note 11– Prior-Period Adjustment

The District has adopted GASB 74 and 75. The adoption of the new GASB pronouncements resulted in a prior-period adjustment to add a Net OPEB Liability to the Statement of Net Position.

Note 12 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2017 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through November 1, 2017, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after November 1, 2017. The District contracted to purchase a new engine in September 2017.

Scotts Valley Fire Protection District

Supplemental Information

June 30, 2017

Scotts Valley Fire Protection District

**Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2017**

<u>REVENUE</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tax Revenue	\$ 6,243,927	\$ 6,491,468	\$ 247,541
Charges for Service	493,145	500,689	7,544
Interest & Investment Earnings	3,000	12,917	9,917
License & Permits	51,200	81,507	30,307
Grants & Contributions	-	-	-
Miscellaneous	10,000	15,124	5,124
TOTAL REVENUE	6,801,272	7,101,705	300,433
<u>EXPENDITURES</u>			
Capital Assets	650,220	55,751	594,469
Debt Service:			
Principle	193,500	193,492	8
Interest	130,749	130,744	5
Professional Fees	153,300	108,651	44,649
Salaries and Employee Benefits	5,723,360	5,559,176	164,184
Repairs and Maintenance	151,750	120,724	31,026
Insurance	29,000	25,968	3,032
Services, Supplies and Refunds	520,000	305,694	214,306
TOTAL EXPENDITURES	7,551,879	6,500,200	457,210
Excess (Deficit) Revenues over Expenditures	(750,607)	601,505	
<u>CHANGE IN FUND BALANCE</u>		601,505	
<u>FUND BALANCE, BEGINNING OF YEAR</u>		2,246,896	
<u>FUND BALANCE, END OF YEAR</u>		\$ 2,848,401	