

WOODLAKE FIRE PROTECTION DISTRICT

ANNUAL FINANCIAL REPORTS

JUNE 30, 2017

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BASIC FINANCIAL STATEMENTS



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Independent Auditor's Report

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Board of Commissioners
Woodlake Fire Protection District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Woodlake Fire Protection District, Woodlake, California (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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MEMBERS

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PCPS The AICPA Alliance
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Governmental Audit
Quality Center

California Society of
Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, 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.

Management has omitted management's discussion and analysis, accounting principles generally accepted in the United States of America require this to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
March 8, 2018

**WOODLAKE FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
JUNE 30, 2017**

	Balance Sheet	Adjustments	Statement of Net Position
ASSETS			
Cash and investments	\$ 549,477	\$ -	\$ 549,477
Cash and investments - restricted	21,674	-	21,674
Accounts receivable	640	17,900	18,540
Capital assets:			
Depreciable, net of accumulated depreciation	-	404,156	404,156
Total assets	571,791	422,056	993,847
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	-	111,934	111,934
LIABILITIES			
Accounts payable	16,622	-	16,622
Accrued expenses	5,231	-	5,231
Compensated absences	-	4,711	4,711
Net pension liability	-	121,641	121,641
Long-term liabilities	-	6,647	6,647
Total liabilities	21,853	132,999	154,852
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	-	63,276	63,276
FUND BALANCE/NET POSITION:			
Fund balance:			
Restricted	21,674	(21,674)	-
Assigned	341,172	(341,172)	-
Unassigned	187,092	(187,092)	-
Net position:			
Net investment in capital assets	-	397,509	397,509
Restricted	-	21,674	21,674
Unrestricted	-	468,470	468,470
Total fund balance/net position	\$ 549,938	\$ 337,715	\$ 887,653

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

**WOODLAKE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total fund balances-governmental funds	\$	549,938
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
<p>Long-term receivables in governmental activities that are not collected soon enough after year end to be used to pay liabilities of current period (usually 60 days) are not reported as assets in the governmental fund. However, all receivables are reported in the statement of net position.</p>		
		17,900
<p>Capital assets used in governmental activities are not current financial resources, and therefore are not reported in the funds:</p>		
Cost of capital assets at June 30, 2017	\$	815,969
Accumulated depreciation at June 30, 2017		<u>(411,813)</u>
Net capital assets		404,156
<p>Deferred inflows of resources and deferred outflows of resources:</p>		
<p>Deferred outflows of resources are not current assets of financial resources; and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds:</p>		
Deferred pension outflows of resources		111,934
Deferred pension inflows of resources		(63,276)
<p>Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental fund balance sheet:</p>		
Compensated absences		(4,711)
Net pension liability		(121,641)
Long-term liabilities		<u>(6,647)</u>
Net position of governmental activities	\$	<u><u>887,653</u></u>

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

**WOODLAKE FIRE PROTECTION DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Governmental Fund Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
REVENUES			
Property taxes	\$ 105,382	\$ -	\$ 105,382
Other property assessments	261,640	-	261,640
Interest	4,101	-	4,101
Other	234,647	1,133	235,780
	<u>605,770</u>	<u>1,133</u>	<u>606,903</u>
Total revenues			
EXPENDITURES			
Current:			
Salaries and employee benefits	331,665	(62,431)	269,234
Telephone	3,974	-	3,974
Office supplies and postage	5,768	-	5,768
Repairs and maintenance, fire station	5,789	-	5,789
Repairs and maintenance, vehicles and equipment	16,839	-	16,839
Fuel and oil	6,587	-	6,587
Supplies	7,463	-	7,463
Utilities	6,115	-	6,115
Taxes and assessments	-	-	-
Contractual services, county dispatch fees	9,877	-	9,877
Insurance	7,234	-	7,234
Professional services	14,258	-	14,258
Publications and legal services	-	-	-
Training, travel, conferences and meetings	4,043	-	4,043
Special department expenditures	5,053	-	5,053
Depreciation	-	42,560	42,560
Fire prevention	1,438	-	1,438
Miscellaneous	1,646	-	1,646
Debt service:			
Principal	99,132	(99,132)	-
Interest	2,196	-	2,196
Capital outlay	20,938	(20,938)	-
	<u>550,015</u>	<u>(139,941)</u>	<u>410,074</u>
Total expenditures			
Net change in fund balance	55,755	(55,755)	-
Change in net position	-	196,829	196,829
Fund balance/net position			
Beginning of the year	494,183	196,641	690,824
End of the year	<u>\$ 549,938</u>	<u>\$ 337,715</u>	<u>\$ 887,653</u>

The accompanying notes are an integral part of this financial statement.

**WOODLAKE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES ON FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net changes in fund balances - total governmental funds		\$ 55,755
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Revenue is recorded in the governmental funds as it is collected but is reported when earned in the statement of activities.		1,133
Governmental activities report capital outlay in the governmental funds statement as expenditures in the period they are incurred. However, in the statement of activity the costs of those assets are not expensed in the period of expenditure but are included with the assets of the District as a whole and depreciated over their estimated useful lives.		
Capitalized in 2016-17		20,938
Depreciation expense for 2016-17		(42,560)
 The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from long-term debt	-	
Repayment of long-term liabilities principal	99,132	99,132
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.		17,883
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB Statement No. 68.		44,548
Change in net position of governmental activities		\$ 196,829

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

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 1: **Summary of Significant Accounting Policies**

The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the principles are described below.

A. Organization

Woodlake Fire Protection District (the District) was formed February 11, 1924, to provide fire protection and related services to the City of Woodlake and surrounding areas.

B. Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these basic financial statements. The criteria for including organizations as component units within the District's reporting entity include whether:

- The organization is legally separate (can sue and be sued in its name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- Exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

C. Government-wide and fund financial statements

The accounts of the District are organized on the basis of fund accounting. Under fund accounting, different types of District operations are accounted for in different funds, each with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. 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. Since the District does not have any financial resources that are required to be accounted for in other funds, it utilizes only a "General Fund" for its operations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible soon enough thereafter to be used to pay liabilities of the current period (within 60 days).

Expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are the only activities conducted by the District. The District conducts no *business-type* activities.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 1: **Summary of Significant Accounting Policies** (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual include sales taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs and projects with a combination of cost reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program and project expenditures.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

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.

Certain indirect costs are included in program and project expenses reported for individual functions and activities.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 1: **Summary of Significant Accounting Policies** (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Major funds

GASB Statement 34 defines major funds and requires that the District's major governmental funds be identified and presented separately in the fund financial statements. The District currently has no non-major funds.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The general fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

F. Cash

The District holds its cash in the County of Tulare's and the City of Woodlake's treasuries. The County and City maintain cash and investment pools. Each fund type's portion of these pools is displayed on the combined balance sheet as "cash." Cash in excess of current requirements is invested in various interest bearing securities. Interest is apportioned quarterly to the various funds, based on the average monthly balance. Information, regarding categorization of investments, can be found in the County of Tulare's and City of Woodlake's financial statements.

G. Capital Assets

Capital assets, which include equipment, are reported in the governmental activities column of the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years.

As the District acquires additional capital assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts essentially spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimates. In the case of donations, capital assets are valued at their acquisition value at the date of the donation.

Capital assets of the District are depreciated using the straight-line method and the estimated useful life of equipment is 3 – 16 years.

H. Receivables and Payables

Activity between funds that represents current portion of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds." Grant revenues are recorded as "due from other governments" when all eligibility requirements have been met. The corresponding governmental revenues are recorded when they become available, with the differences recorded in deferred revenue.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 1: **Summary of Significant Accounting Policies** (continued)

I. Use of Management Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the District. Employees do not gain a vested right to accumulated sick leave; therefore, accumulated sick leave benefits are not recognized as liabilities of the District, but are recorded as expenditures in the year the sick leave is taken.

K. Net Position/Fund Balance

The government-wide financial statements utilize a net position presentation. Net position are categorized as invested in capital assets, restricted, and unrestricted.

Net investment in capital assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions of enabling legislation.

Unrestricted net position – This category represents net position of the District, not restricted for any project or other purpose.

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

The fund financial statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – to reflect amounts that cannot be spent because they are (1) not in spendable form, such as prepaid items, inventories, and long-term receivables for which the payment of proceeds are not restricted or committed with respect to the nature of the specific expenditures of that fund, or (2) legally or contractually required to remain intact.

Restricted – to reflect amounts that are restricted by external parties such as creditors or imposed by grants, laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – to reflect amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action by the entity's "highest level of decision-making authority," which the District considers to be the District Board. As of June 30, 2017, the District had no committed fund balance.

Assigned – to reflect amounts that have been allocated by action of the District Board in which the District's intent is to use the funds for a specific purpose.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 1: Summary of Significant Accounting Policies (continued)

Unassigned – to reflect amounts that constitute the residual balances that have no restrictions placed on them.

The District does not have a policy on the order of spending of unrestricted amounts when an expenditure is incurred for which amounts in any of the unrestricted fund balance classifications could be used. Therefore, by default under GASB Statement No. 54, the District uses committed resources first, then assigned resources, and unassigned resources last as they are needed.

L. Stewardship (Budget)

Budgetary Information

The District operates under a budget prepared and approved annually by the Board of Commissioners. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies). Once approved, the Board of Commissioners may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Excess Expenditures over Appropriations

For this fiscal year ended June 30, 2017, the expenditures exceeded appropriations by \$197,515. The major factors of this was salaries and employee benefits, which resulted in an overage of amount of \$96,365, and equipment debt that was retired early, creating a budget overage in debt principal of \$74,666.

Excess Revenues over Budget Projections

Out-of-county fire activity increased, resulting in an overage of \$253,270 in budgeted revenues for the current period.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

N. Pension Plan

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.

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

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

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 2: **Cash**

Cash and cash investments as of June 30, 2017, were as follows:

Cash in County of Tulare Treasury	\$ 367,272
Cash in City of Woodlake Treasury	203,879
Total cash and cash investments	\$ 571,151

Restricted and unrestricted cash and cash investments:

Unrestricted	\$ 549,477
Restricted	21,674
Total cash and cash investments	\$ 571,151

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, bankers' acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pools and the State Treasurer's Local Agency Investment Fund. The District currently follows the City of Woodlake's investment policy.

Cash of the District, deposited with the City of Woodlake Treasury, is invested in savings accounts and short-term investments by the City Finance Director, under their cash management programs. Interest income is allocated to the District by the City of Woodlake (the District's fiscal agents), based on its average daily cash balances.

The District's cash in City of Woodlake Treasury and cash in County Treasury are not subject to credit risk categorization and are carried at cost, which approximates fair value. All pooled funds are regulated by the California Government Code.

Fair Value Measurement

As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City of Woodlake and County of Tulare Treasuries use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Observable inputs, other than Level 1 prices, for asset or liability, either directly or indirectly;
- Level 3 - Unobservable inputs for the asset or liability.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 3: Capital Assets

A summary of changes in the general fixed assets follows:

	Balance <u>July 1, 2016</u>	Additions	Retirements	Balance <u>June 30, 2017</u>
Equipment	\$ 795,031	\$ 20,938	\$ -	\$ 815,969
Accumulated Depreciation	<u>(369,253)</u>	<u>(42,560)</u>	<u>-</u>	<u>(411,813)</u>
Net book value	<u>\$ 425,778</u>	<u>\$ (21,622)</u>	<u>\$ -</u>	<u>\$ 404,156</u>

Note 4: Long-term Liabilities

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements:

	Balance <u>July 1, 2016</u>	Debt Proceeds	Principal Payments	Balance <u>June 30, 2017</u>
USDA Loan 02	\$ 47,818	\$ -	\$ 47,818	\$ -
USDA Loan 05	44,614	-	44,614	-
Ford lease	<u>13,347</u>	<u>-</u>	<u>6,700</u>	<u>6,647</u>
Totals	<u>\$ 105,779</u>	<u>\$ -</u>	<u>\$ 99,132</u>	<u>\$ 6,647</u>

The note payable to United States Department of Agriculture (USDA Loan 02) bears interest at 4.25 percent per annum. Principal and interest are payable in semi-annual installments of \$7,428 due November 5 and May 5, with the final payment due November 5, 2019. This note is secured by equipment. The debt was fully retired during the 2016/17 fiscal year.

The note payable to United States Department of Agriculture (USDA Loan 05) bears interest at 3.5 percent per annum. Principal and interest are payable in semi-annual installments of \$3,409 due November 8 and May 8, with the final payment due November 8, 2023. This note is secured by equipment. This debt was fully retired during the 2016/17 fiscal year.

The lease payable to the Ford Motor Credit Company bears interest at 6.20 percent per annum. Principal and interest are payable in quarterly installments of \$1,855 beginning November 14, 2015. The District received a grant in the amount of \$16,500 towards the purchase of the 2016 Ford interceptor (cost \$34,706).

Principal and interest repayment requirements of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>
2018	<u>\$ 6,647</u>	<u>\$ -</u>

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System**

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (fire). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the us or safety risk pool. The District sponsors two rate plans. Benefit provisions under the Plan are established by State statute and the District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS’ website, at www.calpers.ca.gov.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily-reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: 1) Basic Death Benefit; the 1957 Survivor Benefit, Level 3; or 2) Optional Settlement 2W Death Benefit (if decedent is at least age 50). The District has contracted for the Special Death Benefit for public safety members, whose death is the direct result of a violent act while on duty. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan operates under the provisions of the California Public Employees’ Retirement Law (PERL), the California Public Employees’ Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan’s authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature, and in some cases require approval by the CalPERS Board.

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

	Safety	
	<u>Hired prior to January 1, 2013</u>	<u>Hired on or after January 1, 2013</u>
Hire date	2% @ 55	2% @ 57
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	57
Retirement age (eligible at age 50)	2.0%	2.0%
Monthly benefits, as a % of eligible compensation	7%	9.50%
Required employee contribution rates	12.055%	9.50%
Required employer contribution rates		

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System** (continued)

Contributions - 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 CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the Safety risk pool, 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 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2017 were \$65,556. The actual employer payments of (\$27,403) made to CalPERS by the District during the measurement period ended June 30, 2016 differed from the District's proportionate share of the employer's contributions of (\$40,583) by (\$13,180), which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net Pension Liability

The District's net pension liability for (each) Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods, used to determine the net pension liability, is as follows:

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WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System** (continued)

Actuarial Assumptions Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Asset valuation method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary increases (1)	3.3% - 14.2%
Investment rate of return (2)	7.65%
Mortality rate table (3)	Derived using CalPERS' Membership data for all Funds Contract COLA up to 2.75% until purchasng power protection allowance floor on purchasing power applies, 2.75% thereafter
Post Retirement Benefit Increase	thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality rate table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements, using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 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 period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at the CalPERS website at www.calpers.ca.gov.

Change in Assumption

There were no changes in assumptions.

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 the 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. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF).

The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website, at www.calpers.ca.gov.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System** (continued)

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class	Current target allocation	Real return years 1-10 ¹	Real return years 11+ ²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
	<u>100.0%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

The plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System** (continued)

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the 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 Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

C. Proportionate Share of Net Pension Liability

The following table shows the Plans' proportionate share of the net pension liability over the measurement period:

	Increase (decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2015 (VD*)	\$ 606,143	\$ 524,582	\$ 81,561
Balance at: 6/30/2016 (MD*)	621,930	500,289	121,641
Net changes during 2015-16	15,787	(24,293)	40,080

*Valuation Date (VD), Measurement Date (MD)

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 June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The Local Government's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the Plan as of the June 30, 2015 and 2016 measurement dates was as follows:

	Safety
Proportion - June 30, 2015	0.00198%
Proportion - June 30, 2016	0.00235%
Change - increase/(decrease)	0.00037%

The District report a net pension liability for its proportionate share of the net pension liability as follows:

	Safety
Plan's proportionate share of the Net Pension Liability	\$ 121,641

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System** (continued)

Sensitivity 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 each Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount rate -1% 6.65%	Current discount rate 7.65%	Discount rate +1% 8.65%
Employer's Net Pension Liability - Safety	\$ 206,064	\$ 121,641	\$ 52,339

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the 2015-2016 measurement period is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 5: **Employee Retirement System** (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2015), the net pension liability for the plan was \$81,561. For the measurement period ending June 30, 2016 (the measurement date), the District incurred a pension expense of \$18,701 for the Plan.

At June 30, 2017, the District has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	\$ 65,556	\$ -
Differences between actual contributions and proportionate share of employer contributions	-	54,969
Changes in assumptions	-	6,757
Differences between actual and expected experience	-	1,550
Net differences between projected & actual earnings on pension plan investments	33,198	-
Change in proportion	13,180	-
Total	\$ 111,934	\$ 63,276

These amounts above are net of outflows and inflows recognized in the 2015-2016 measurement period expense. The \$65,556 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal year ending June 30:	Safety
2018	\$ (19,764)
2019	(16,772)
2020	10,996
2021	8,643
2022	
Thereafter	
	\$ (16,897)

E. Payable to the Pension Plan

At June 30, 2017, the District reports a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

WOODLAKE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2017

Note 6: **Commitments and Contingencies**

Tulare County Fire Department Agreement

Effective July 1, 2007, the District provides an area for the Tulare County Fire Department to park one fire truck unit and allows them to have a desk in the front office to be used during normal business hours seven days a week. In exchange, the Tulare County Fire Department will provide emergency dispatch services. Management has estimated the value of these services is \$6,825 for the year ended June 30, 2017.

Lease of Building

Effective August 1, 2013, the District entered into a long-term lease agreement to rent a building to a local entity. The terms of the lease are monthly rent of \$500 through July 31, 2016, with the option to extend the agreement for two additional three year terms. Total rents received under this agreement during the current fiscal year were \$6,000.

Note 7: **Subsequent Events**

Subsequent events have been evaluated through March 8, 2018, the date these financial statements have been made available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

Note 8: **Recent Accounting Pronouncements**

GASB Statement No. 78 - Pensions Provide through Certain Multiple-Employer Defined Pension Plans. The provisions of GASB Statement No. 78 are effective for financial statements beginning after December 15, 2015. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 81 – Irrevocable Split-Interest Agreements. The provisions of GASB Statement No. 81 are effective for reporting periods beginning after December 15, 2016. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 83 – Certain Asset Retirement Obligations. The provisions of GASB Statement No. 83 are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 84 – Fiduciary Activities. The provisions of GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 85 – Omnibus 2017. The provisions of GASB Statement No. 85 are effective for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 86 – Certain Debt Extinguishment issues. The provisions of GASB Statement No. 86 are effective for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 87 – Leases. The provisions of GASB Statement No. 87 are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**WOODLAKE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ORIGINAL, FINAL AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 75,000	\$ 75,000	\$ 105,382	\$ 30,382
Other property assessments	258,000	258,000	261,640	3,640
Interest	3,500	3,500	4,101	601
Other	16,000	16,000	234,647	218,647
	<u>352,500</u>	<u>352,500</u>	<u>605,770</u>	<u>253,270</u>
EXPENDITURES				
Current:				
Salaries and employee benefits	235,300	235,300	331,665	(96,365)
Telephone	3,800	3,800	3,974	(174)
Office supplies and postage	2,300	2,300	5,768	(3,468)
Repairs and maintenance, fire station	3,000	3,000	5,789	(2,789)
Repairs and maintenance, vehicles and equipment	6,000	6,000	16,839	(10,839)
Fuel and oil	7,000	7,000	6,587	413
Supplies	5,000	5,000	7,463	(2,463)
Utilities	8,500	8,500	6,115	2,385
Contractual services, county dispatch fees	1,800	1,800	9,877	(8,077)
Insurance	6,200	6,200	7,234	(1,034)
Professional services	7,500	7,500	14,258	(6,758)
Publications and legal notices	100	100	-	100
Training, travel, conferences and meetings	3,500	3,500	4,043	(543)
Special department expenditures	2,500	2,500	5,053	(2,553)
Fire prevention	1,000	1,000	1,438	(438)
Miscellaneous	-	-	1,646	(1,646)
Contingencies	22,404	22,404	-	22,404
Debt service:				
Principal	24,466	24,466	99,132	(74,666)
Interest	4,630	4,630	2,196	2,434
Capital outlay	7,500	7,500	20,938	(13,438)
	<u>352,500</u>	<u>352,500</u>	<u>550,015</u>	<u>(197,515)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	55,755	<u>\$ 55,755</u>
Fund Balance, Beginning			<u>494,183</u>	
Fund Balance, End			<u>\$ 549,938</u>	

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Schedule of District's Proportionate Share of Net Pension Liabilities as Related Ratios

- A ratio of the District's share of plan net position divided by the total pension liability, the payroll amount for employees in the plan (covered-employee payroll), and a ratio of the District's share of net pension liability divided by covered-employee payroll

SCHEDULE OF CONTRIBUTIONS

- If an agent employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the agent employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

WOODLAKE FIRE PROTECTION DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2017
 Last 10 Years*

Schedule of District's Proportionate Share of Net Pension Liabilities as Related Ratios

	Safety		
	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportionate Share of Plan Total Pension Liability	\$ 621,930	\$ 606,143	\$ 557,412
District's Proportionate Share of Plan Fiduciary Net Position	\$ 500,289	\$ 524,582	\$ 456,533
District's Proportionate Share of Fiduciary Net Position as a Percentage of District's Total Pension Liability	80.441%	86.544%	81.902%
District's Proportionate Share of Net Pension Liability(Asset)	\$ 121,641	\$ 81,561	\$ 100,879
District's Covered-Employee Payroll	\$ 121,397	\$ 129,129	\$ 125,622
District's Proportionate Share of Net Pension Liability(Asset) as a Percentage of its Covered Payroll	100.20%	63.16%	80.30%
District's Proportionate Share of Colective NPL	0.0023%	0.0020%	0.0016%

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation; historical information is required only for measurement periods during which GASB 68 was in effect.

WOODLAKE FIRE PROTECTION DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2017
 Last 10 Years*
Schedule of Contributions

	Safety		
	2017	2016	2015
Actuarially determined contribution	\$ 40,180	\$ 30,767	\$ 30
Contributions in relation to the actuarially determined contributions	40,180	30,767	30
Contribution deficiency (excess)	\$ -	\$ -	\$ -
 Covered-employee payroll	 \$ 125,039	 \$ 121,397	 \$ 129,129
 Contributions as a percentage of covered-employee payroll	 32.13%	 25.34%	 0.02%

Notes to Schedule

Valuation date:	6/30/2016	6/30/2015	6/30/2014
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Retirement age	67 yrs. Misc., 57 yrs. Safety
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1st year of implementation; historical information is required only for measurement periods during which GASB 68 was in effect.



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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

Independent Auditor's report

Board of Commissioners
Woodlake Fire Protection District

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 Woodlake Fire Protection District, Woodlake, California, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2018.

Internal Control over Financial Reporting

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

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MEMBERS

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PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
March 8, 2018