RESCUE
FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2017

ROBERT W. JOHNSON
Certified Public Accountant

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rescue Fire Protection District
Rescue, California

Report on the Financial Statements

We have audited the accompanying financial statements of Rescue Fire Protection District, as of and for the year ended June 30, 2017, as listed in the table of contents, and the related notes to the financial statements.

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 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rescue Fire Protection District as of June 30, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other-Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California
October 9, 2017

Rescue Fire Protection District

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Management Discussion and Analysis

As management of the Rescue Fire Protection District (RFPD) we offer this management discussion and analysis report, to our Board and members of the community, as an overview and analysis of the financial activities of the Rescue Fire Protection District for the fiscal year ended June 30, 2017.

It should be read and discussed in conjunction with Annual Independent FY 2016-217 Audit and accompanying financial reports.

It is with great pride and dedication, within this organization, that we continually evaluate and re-evaluate how our fire district fiscally operates in order to keep up with changing economic conditions.

Background

The RFPD is a Special District that was formed in December 1974, by LAFCO Resolution #74-26, to provide fire protection serving the rural areas of Kanaka Valley, Luneman, Jurgens, Arrowbee and Starbuck Road.

RFPD provides fire, rescue and emergency medical services to a permanent population of approximately 7,500. The economy in the area is based primarily in agriculture and tourism.

RFPD is a combination paid and volunteer District with (6) full-time employees, (10) Volunteer - Intern personnel and (1) Part-Time Administrate Assistant. A five-member board of directors governs the District. The Board generally meets once a month to handle District business and pay District bills.

The District is an all-risk fire district providing a wide range of emergency and support services. Some of the services provided include: structure and wildland fire suppression, emergency medical first-responder services, Advanced Life Support (Engine), fire prevention and public education activities, hazardous materials response, and technical rescue services including rope and wilderness rescues.

District Finances

District revenue is derived primarily from ad valorem property tax, one Benefit Assessment, and one Parcel Tax. Other miscellaneous revenues include grants, Strike Team reimbursement, and Interest income.

The philosophy exercised in the management of District finances is to be fiscally conservative with respect to expenses and to utilize an entrepreneurial approach to ensure maximum revenues. The uses of grants are examples of the District's use of this entrepreneurial approach.

El Dorado County Funding and Agreement with El Dorado Hills Fire Department

On October 1, 2013 the Rescue Fire Protection District (RFPD) and the El Dorado Hills Fire Department (EDHFD) entered into a "Shared-Services" agreement. This agreement allowed the Fire Chief from Rescue to provide administrative services to EDHFD and in exchange receive 24/7/365 Chief Officer Coverage, Training, Fire Prevention, and Human Resources support.

On July 1, 2014 the agreement was further formalized to include the use of a single Fire Chief, and Deputy Fire Chief for both agencies. The agreement is for three-years with a 30-day "out" clause for either agency. The agreement was renormalized in 2017 for an additional three years

El Dorado County has ceased all funding of Fire Districts in El Dorado County. If funding is reinstated the funding will be utilized to reconstitute the Firefighter-Apprentice program.

Financial Highlights

Governmental Balance Sheet
For years ending June 30, 2017 and June 30, 2016

	June 30, 2017	June 30, 2016
ASSETS		
Cash and investments	$1,265,962	$1,272,845
Other assets	5,122	157,415
Total Assets	$1,271,084	$1,430,260
LIABILITIES		
Accounts payable	11,600	$ 7,810
Other liabilities	132,162	199,561
OPEB payable	939,012	810,972
Total Liabilities	$1,082,774	$1,018,343
FUND BALANCE		
Restricted	$302,330	$ 245,000
Committed	461,502	110,478
Unassigned	(575,522)	56,439
Total Fund Balance	188,310	411,917
Total Liabilities and Fund Balance	$ 1,271,084	$1,430,260

Fiscal Year	**Revenues**	**Expenditures**	**Carryover**
2011/12	1,438,945	1,571,079	(132,134)
2012/13	1,314,410	1,517,143	(202,733)
2013/14	1,488,723	1,489,283	(560)
2014/15	1,421,499	1,536,641	(115,142)
2015/16	1,491,011	1,587,754	(96,743)
2016/17	1,688,363	1,911,970	(223,607)

RESERVES

	30-Jun-17	**30-Jun-16**
Capital Projects	$ 461,002	$ 109,978
Petty Cash	500	500
Unassigned	(575,522)	56,439
TOTALS	**(114,020)**	**166,917**

DEVELOPMENT FEES

	30-Jun-17	30-Jun-16	Increase (Decrease)
Development Fee's	**$ 55,674**	**$ 31,416**	**$ 24,258**

Goals and Objectives for 2017-2018

- Continue to work with other local Fire Districts on a long-term, sustainable financial agreement.
- Work with other local Fire Districts on increasing revenue on a countywide basis.

Request for Information

This financial report is designed to provide a general overview of the Rescue Fire Protection District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Thomas Keating, Deputy Fire Chief for the Rescue Fire Protection District, 5221 Deer Valley Road, Rescue, CA 95672.

RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2017

ASSETS AND DEFERRED OUTFLOWS	General Fund	Adjustments	Statement of Net Position
Cash in County Treasury (Note 3)	$ 1,265,462	$ -	$ 1,265,462
Imprest cash	500	-	500
Accounts receivable	5,122	-	5,122
Prepaid expenses	-	-	-
Capital assets (Note 4)	-	2,220,493	2,220,493
Less, accumulated depreciation	-	(1,580,807)	(1,580,807)
Total assets	1,271,084	639,686	1,910,770
DEFERRED OUTFLOWS	-	408,086	408,086
Total assets and deferred outflow	$ 1,271,084	$ 1,047,772	$ 2,318,856
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable	$ 11,600	$ -	$ 11,600
Salaries and benefits payable	17,252	-	17,252
Compensated absences payable	114,910	-	114,910
Other Post-Employment Benefits Payable (Note 7)	939,012	-	939,012
Net pension liability (Note 5)	-	1,629,933	1,629,933
Total liabilities	1,082,774	1,629,933	2,712,707
DEFERRED INFLOWS	-	108,075	108,075
Total liabilities and deferred inflows	1,082,774	1,738,008	2,820,782
FUND BALANCES/NET POSITION			
Fund balances (Notes 8 and 9):			
Restricted	302,330	(302,330)	-
Committed	461,502	(461,502)	-
Unassigned	(575,522)	575,522	-
Total fund balances	188,310	(188,310)	-
Total liabilities, deferred inflows and fund balances	$ 1,271,084		
Net position (Notes 8 and 9):			
Net investment in capital assets		639,686	639,686
Restricted		302,330	302,330
Unrestricted		(1,443,942)	(1,443,942)
Total net position (deficit)		$(501,926)	$(501,926)

See notes to financial statements

RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2017

	General Fund	Adjustments	Statement of Activities
Program expenditures/expenses:			
Public protection	$1,877,274	$ 7,945	$ 1,885,219
Support services	2,559	-	2,559
Capital outlay	32,137	(32,137)	-
Depreciation	-	60,856	60,856
Total program expenditures/expenses	1,911,970	36,664	1,948,634
Program revenues:			
Strike team revenues	70,967	-	70,967
General revenues:			
Property taxes	954,517	-	954,517
Direct assessment	133,400	-	133,400
Benefit assessment	240,241	-	240,241
Development fees	55,674	-	55,674
Interest income	6,953	-	6,953
EDH professional services	41,494	-	41,494
Rents	12,669	-	12,669
Grant	172,388	-	172,388
Other	60	-	60
Total general revenues	1,617,396	-	1,617,396
Excess of revenues (expenditures)/ change in net position	(223,607)	(36,664)	(260,271)
Fund balances/net position:			
Beginning	411,917	(653,572)	(241,655)
Ending	$ 188,310	$(690,236)	$(501,926)

See notes to financial statements

RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2017

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Property taxes	$ 951,628	$ 954,517	$ 2,889
Direct assessment	135,126	133,400	(1,726)
Benefit assessment	242,641	240,241	(2,400)
Development fees	-	55,674	55,674
Interest income	4,000	6,953	2,953
Strike teams	80,000	70,967	(9,033)
EDH professional services	42,000	41,494	(506)
Rents	12,000	12,669	669
Grant	175,000	172,388	(2,612)
Other	15	60	45
Total revenues	1,642,410	1,688,363	45,953
Expenditures:			
Salaries	642,829	612,451	30,378
Overtime	194,000	189,639	4,361
Retirement	256,342	262,155	(5,813)
Health, disability and other benefits	221,187	341,189	(120,002)
Workmans' compensation	58,760	58,760	-
Clothing and personal supplies	7,400	7,350	50
Communications	9,500	11,044	(1,544)
Food	500	1,332	(832)
Household expenses	2,640	2,726	(86)
Insurance	15,000	11,872	3,128
Maintenance – equipment	7,473	3,946	3,527
– vehicles	80,000	76,516	3,484
– radios	500	473	27
– structures	4,500	52,297	(47,797)
Memberships	2,630	1,425	1,205

(continued)

See notes to financial statements

RESCUE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES, continued
COMPARED TO BUDGET
for the year ended June 30, 2017

	Budget	Actual	Favorable/ (Unfavorable) Variance
Expenditures (continued):			
Office expense	$ 2,000	$ 2,559	$(559)
Postage	400	513	(113)
Printing and duplication	500	-	500
Professional services	18,300	14,287	4,013
Publications/legal notices	500	405	95
Rents and leases – equip.	3,875	4,327	(452)
Small tools	3,700	299	3,401
Minor equipment	7,500	1,175	6,325
Special dept. expense	3,984	9,137	(5,153)
Medical, dental, lab, amb. svc.	-	239	(239)
Data processing	288	-	288
Fire and safety supplies	840	9	831
Staff development	7,240	4,638	2,602
Transportation	2,000	3,170	(1,170)
Fuel purchases	11,000	10,048	952
Utilities	18,000	22,765	(4,765)
Grant expenditures	-	173,087	(173,087)
Fixed assets – building	50,000	-	50,000
– equipment	207,750	32,137	175,613
Contingency	-	-	-
Total expenditures	1,841,138	1,911,970	(70,832)
Excess of revenues/ (expenditures)	$(198,728)	$(223,607)	$(24,879)

1. Organization:

Rescue Fire Protection District (the "District") was first established in 1960 by a local group of men and women who saw the need to provide improved fire protection to the community of Rescue. Previous to 1960, the United States Forest Service provided fire protection.

In December 1974, the Rescue Fire Protection District was reorganized under LAFCO Resolution #74-26.

A five member Board of Directors elected by the voting population within the District, governs the District's financial and administrative functions.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting, continued

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

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.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Structures and equipment are depreciated using the straight-line method over their estimated useful lives.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final budget for each fiscal year.

Compensated Absences

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability.

2. Summary of Significant Accounting Policies (continued):

Cash

The District maintains cash balances with the Treasurer of El Dorado County in an interest-bearing pooled investment account. Such cash deposits are fully collateralized by governmental securities pledged for the purpose of Public Deposit Collateral.

Use of 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 amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

Property Taxes

The District receives property taxes from El Dorado County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

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.

3. Cash:

Cash with County consists of:

General	$ 963,132
Developer fees	302,330
	$ 1,265,462

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2017 are as follows:

	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	$ 25,000	$ -	$ -	$ 25,000
Buildings and improvements	709,982	-	-	709,982
Equipment	1,453,374	32,137	-	1,485,511
Total	$2,188,356	$ 32,137	$ -	$2,220,493

5. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 2% at 55 risk pool, the safety 3% at 55 risk pool (hires before September 22, 2012), and the safety 2% at 55 risk pool (hires September 22, 2012 and after). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS requires agencies with less than 100 active members in the plan to participate in the risk pool. All District permanent employees are eligible to participate in the System. Benefits vest after five years of service. District employees who retire at age 50 to 63 and with over 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.426 to 2.418 percent of their average salary during their last 36 months of employment. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. 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, 95814.

Funding Policy

Covered miscellaneous employees are required by statute to contribute 7% of their salary to the plan after a formula to coordinate with Social Security; covered safety employees contribute 9% (3% at 55) or 7% (2% at 55) of their salaries. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due; however, the District pays the employees' share. Safety employees pay 6% of employer's share. The District is required to contribute at an actuarially determined rate.

5. Defined Benefit Retirement Plan, continued:

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

	Safety	Miscellaneous
Benefit formula	3% @ 55	2% @ 55
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55+	55+
Monthly Benefit as % of Compensation	3%	2%
Required Employee Contribution rates	9%	7%
Required employer contribution rates	19.334% / 13.296%	9.875% / 9.558%

5. Defined Benefit Retirement Plan, continued:

Contributions - Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions recognized as part of pension expense were as follows:

	Safety & Miscellaneous
Contributions – employer	$ 86,580
Contributions – employee (paid by employer)	$ 59,827
Contributions – employee (paid by employee)	$ 26,006

A. ***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***:

As of June 30, 2017, the District reported net pension liability as follows:

Net pension liability	$1,629,933

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

5. Defined Benefit Retirement Plan, continued:

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ -	$ 64,398
Net differences between projected and actual earnings on pension plan investment	316,637	-
Difference between expected and actual experiences	-	14,503
Changes in employer's proportion	-	29,174
Difference between the employee's contributions and employer's proportionate share	4,869	-
Pension contributions subsequent to measurement date	86,580	-
	$ 408,086	$ 108,075

$86,580 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	$(7,971)
2019	709
2020	138,269
2021	82,424
Thereafter	-

5. Defined Benefit Retirement Plan, continued:

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation date	June 30, 2015	June 30, 2015
Measurement date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2%	3.3%-14.2%
Investment Rate of Return	7.5%	7.5%

Discount Rate – The discount rate used to measure the total pension liability was 7.5% for each Plan. 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

5. Defined Benefit Retirement Plan, 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 cash flows. Using historical returns of all the funds' asset classes, expected compound 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.

The table below reflects the 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. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

5. Defined Benefit Retirement Plan, continued:

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

1% Decrease	6.65%
Net Pension Liability	$2,392,469
Current Discount Rate	7.65%
Net Pension Liability	$1,629,933
1% Increase	8.65%
Net Pension Liability	$ 906,658

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

6. Deferred Compensation Plan:

The District has made available to each employee a tax shelter annuity, which is administered through El Dorado County. This deferred compensation non-contributory plan qualifies under IRC (Internal Revenue Service) Section 457b as exempt from current income taxes.

7. Other Post-Employment Benefits (OPEB):

Plan Description: The District offers medical, dental or other health benefits to eligible retirees and their eligible dependents hired prior to July 1, 2013. The contribution requirements of the plan members and the District are established and may be amended by the District.

Under the current health plan, the District pays for coverage of the retiree and their eligible dependents. To be eligible, the employee must be age 50 with at lease five years of service in the California Public Employees' Retirement System (PERS), or must qualify for a PERS disability pension.

At June 30, 2017, the District had four retirees that received benefits at a cost of $40,763.

Annual OPEB Cost and Net OPEB Obligation: The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension.* The District's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Healthcare Plan:

In June 30, 2017, the District contributed $40,763, or 24.15%, of the actuarially required contributions to the retiree healthcare program.

Funding Policy

The District is currently funding the OPEB plan on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

7. Other Post-Employment Benefits (OPEB), continued:

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the District's annual OPEB cost for the year, the amounts actually contributed to the plan, and changes in the District's Net OPEB obligation for the year ended June 30, 2017 and 2016.

	2016	2017
Annual required contribution	$ 168,804	$ 168,804
Interest on net OPEB obligation	-	-
Adjustment of annual required contribution	-	-
Annual OPEB cost	168,804	168,804
Contributions made	59,049	40,764
Change in net OPEB obligation	109,755	128,040
Net OPEB obligation beginning of year	701,217	810,972
Net OPEB obligation end of year	$ 810,972	$ 939,012

The District's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for June 30, 2013 to June 30, 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6-30-13	$ 174,400	$ 55,952	32.08%	$ 500,472
6-30-14	$ 180,100	$ 66,934	37.16%	$ 613,638
6-30-15	$ 168,804	$ 81,225	48.12%	$ 701,217
6-30-16	$ 168,804	$ 59,049	34.98%	$ 810,972
6-30-17	$ 168,804	$ 40,763	24.15%	$ 939,013

7. Other Post-Employment Benefits (OPEB), continued:

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of July 1, 2014, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$1,853,636
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$1,853,636
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll	not provided
UAAL as percentage of covered payroll	not provided

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

7. Other Post-Employment Benefits (OPEB), continued:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the 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 of calculations.

In the July 1, 2014 actuarial valuation, the Entry Age Normal method was used. The actuarial assumptions included a 4.5% investment rate of return, a 2.75% inflation rate, and an increase in covered payroll at the rate of 2.75% per year.

The OPEB plan's unfunded actuarial accrued liability is being amortized by level percent of payroll contributions over 30 years. The remaining amortization period at June 30, 2017, was 24 years.

8. Equity:

General fund:

Total fund balances consist of:

Restricted for:		
Developer fees reserve		$ 302,330
Committed for:		
Future capital replacement	$ 461,002	
Petty cash	500	
		461,502
Unassigned:		(575,522)
		$ 188,310

Statement of net position (deficit):

Total net position consists of:

Net investment in capital assets		$ 639,686
Restricted:		
Developer fees reserve		302,330
Unrestricted:		
Board designated:		
Future capital replacement	$ 461,002	
Petty cash	500	
	461,502	
Undesignated:	(1,905,444)	
		(1,443,942)
		$(501,926)

9. Reserve:

Reserve for Development Fees

The District has created this Reserve to ensure that development fees received and designated for capital expansion projects are properly accounted for. At June 30, 2017 this reserve is analyzed as follows:

Balance, beginning of year	$ 245,000
Add, development fees and interest	57,330
Deduct, qualified expenditures	-
Balance, end of year	$ 302,330

10. Subsequent Events:

Management has evaluated subsequent events through October 9, 2017, the date these June 30, 2017 financial statements were available to be issued.

11. Risk of Loss:

Rescue Fire Protection District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2017 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

SUPPLEMENTAL DATA

RESCUE FIRE PROTECTION DISTRICT
PRINCIPAL OFFICIALS
JUNE 30, 2017

Board of Directors:

Anne Walker	Chair
Jason "Fritz" Butler	Vice Chair
Scott Thorne	
Ken Humphreys	
Matt Koht	

Operations:

Dave Roberts	Fire Chief
Thomas Keating	Deputy Fire Chief
Jodi Martin	Administrative Assistant
Joel Warman	Captain
Brett Jones	Captain

RESCUE FIRE PROTECTION DISTRICT
SCHEDULE OF FUNDING PROGRESS –
Other Post-Employment Benefits (OPEB)
For the year ended June 30, 2017

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (4) / (5)
1/1/07	$ -	$1,774,000	0.00%	$1,774,000	$658,000	269.6%
1/1/10	$ -	$1,776,300	0.00%	$1,776,300	$812,000	218.8%
7/1/14	$ -	$1,853,636	0.00%	$1,853,636	not provided	not provided

RESCUE FIRE PROTECTION DISTRICT
SCHEDULE OF CASH FLOWS
for the year ending June 30, 2017

Cash flows from operating activities:		
Change in net position (net loss)		$(260,271)
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	$ 60,856	
(Increase) decrease in:		
Accounts receivable	12,288	
Prepaid expense	140,005	
(Decrease) increase in:		
Accounts payable and accrued liabilities	(35,070)	
Compensated absences	(28,539)	
Other Post-Employee Benefits	128,040	
Net pension liability and related deferreds	7,945	
		285,525
Net cash provided by operating activities		25,254
Cash flows from investing activities:		
Purchase of equipment	(32,137)	
		(32,137)
Net decrease in cash		(6,883)
Cash at beginning of year		1,272,845
Cash at end of year		$1,265,962

RESCUE FIRE DEPARTMENT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of June 30, 2017
Last 10 years (1)

	2017	2016
Proportion of the net pension liability	0.01884%	0.03074%
Proportionate share of the net pension liability/asset	$1,629,933	$1,278,862
Covered – employee payroll	$ 646,121	$ 646,121
Proportionate Share of the net pension liability as percentage of covered-employee payroll	252.264%	156.612%
Plan fiduciary net position as a percentage of the total pension liability	76.20%	98.77%

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, 2015 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). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in assumptions: None

(1) Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

RESCUE FIRE DEPARTMENT
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
As of June 30, 2017
Last 10 years (1)

	2017	2016
Contractually required contribution (actuarially determined)	$ 86,580	$ 133,818
Contributions in relation to the actuarially determined contributions	(86,580)	(164,326)
Contribution deficiency (excess)	$ -	$(30,508)
Covered – employee payroll	$ 556,968	$ 646,121
Contributions as a percentage of covered employee payroll	15.54%	25.43%

Notes to Schedule:

Valuation date:	6/30/2015	6/30/2014

Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Remaining amortization period	15 Years
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5% Net of Pension Plan Investment and Admin. Expenses

(1) Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.