Sonoma Valley Fire District

Board of Directors Meeting

May 10, 2022

Sonoma Valley Fire District

Board of Directors Meeting

May 10, 2022

TABLE OF CONTENTS

MEETING AGENDA
SONOMA VALLEY FIRE DISTRICT
BOARD OF DIRECTORS

Tuesday, May 10, 2022 at 6:00 P.M.
Location: Sonoma Valley Fire District Station 1
630 2nd Street W., Sonoma, CA 95476

This meeting is being conducted in person and via videoconference in compliance with AB 361, effective September 16, 2021. Agendas and board packet materials are available at the following website: http://sonomavalleyfire.org

Join by phone: 1-669-900-9128

Meeting ID: 914 153 1767

Meeting Passcode: 3300

1. **Call to Order**

2. **Roll Call and Determination of a Quorum**

   Board of Directors: President William Norton, Vice President John (Matt) Atkinson, Treasurer Mark Johnson, Brian Brady, Raymond Brunton, Mark Emery, Terrence Leen.

3. **Pledge of Allegiance**

4. **Confirmation of Agenda**

   Opportunity for the Board to reorder agenda items.

5. **Comments from the Public**

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

6. **Presentations**

   Sheldon Chavan with audit firm Chavan & Associates, LLP to present the Sonoma Valley Fire District financial audit for fiscal year 2020/2021. At the conclusion of the presentation the Board will be asked to accept the 2020/2021 Sonoma Valley Fire District financial audit. **Action Item**

7. **Consent Calendar**

   a) Consideration to approve of videoconference option under AB 361. Board will consider approval of findings that there remains a State proclaimed COVID 19 health emergency and local officials continue to impose or recommend measures to promote social distancing. **Action item with Roll Call Vote**

   b) Approval of minutes from the regular meeting, held on April 12, 2022. **Action Item**

8. **Fire Chief's Monthly Report**

Report for April 2022

9. **<u>Old Business</u>**

10. **<u>New Business</u>**

11. **<u>Other Business to Come before the Board</u>**

12. **<u>Comments from the Floor</u>**

13. **<u>Comments/Reports from the Board</u>**

14. **<u>Closed Session</u>**

15. **<u>Adjournment</u>**

This meeting will be adjourned to the regular Board meeting on June 14, 2022 at 6:00 p.m. Meeting access will be determined based on COVID-19 restrictions in place at that time.

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

Sonoma Valley Fire District

Board of Directors Meeting

Agenda Item Summary

May 10, 2022

Agenda Item No.	Staff Contact
6a	Jennifer Jason, Finance Officer

Agenda Item Title

Accept fiscal year 2020/2021 SVFD District financial audit.

Recommended Actions

Accept audit

Executive Summary

Audit firm Chavan & Associates, LLP completed the fiscal year 2020/2021 financial audit for the SVFD District. Auditor Sheldon Chavan presented the audit to the Board earlier in tonight's meeting. The Board is now asked to accept the document.

Alternative Actions

Decline to accept or request more information prior to accepting the audit.

Strategic Plan Alignment

Not applicable

Fiscal Summary – FY 21/22

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

Narrative Explanation of Fiscal Impacts (if required)

Attachments

1. Sonoma Valley Fire District - Annual Financial Audit Report, June, 30, 2021

SONOMA VALLEY
FIRE DISTRICT

ANNUAL FINANCIAL AUDIT REPORT

JUNE 30, 2021

Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
Morgan Hill, CA 95129

This Page Intentionally Left Blank

Sonoma Valley Fire District
Sonoma County

Table of Contents

TITLE	PAGE

FINANCIAL SECTION:

REQUIRED SUPPLEMENTARY INFORMATION:

OTHER INDEPENDENT AUDITOR'S REPORTS:

This Page Intentionally Left Blank

FINANCIAL SECTION

This Page Intentionally Left Blank

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sonoma Valley Fire District
Sonoma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Sonoma Valley Fire District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2021, 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.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Emphasis of a Matter

Reorganization

During the fiscal year ended June 30, 2020, the District took action with the Local Agency Formation Commission of the County of Sonoma (Sonoma LAFCO) to consolidate operations with neighboring fire districts. As disclosed in Note 10 of the financial statements, the reorganization of the parties and the formation of the new Sonoma Valley Fire District went into effect on July 1, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

April 7, 2022
Morgan Hill, California

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

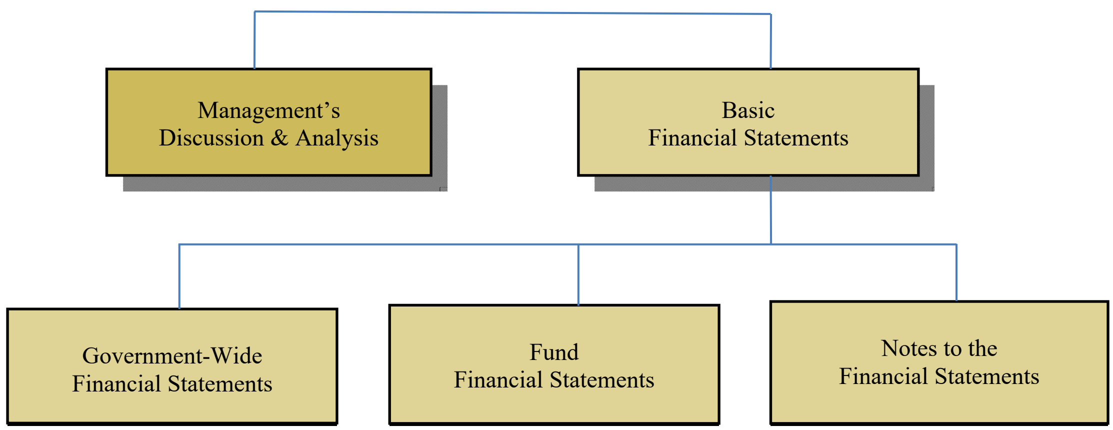
Management’s Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Fiscal year 2020-21 was the District's first year of operation. The District was formed from the reorganization of the Glen Ellen Fire Protection District, the Valley of the Moon Fire Protection District, and the Mayacamas Volunteer Fire Company. As such, there was no prior comparative information to be included in the MD&A. The District recorded contribution revenues of $3,328,719 from the Merger.

Key financial highlights for the fiscal year ended June 30, 2021 were as follows:

- Total net position was $8,656,483 which included unrestricted net position of $5,030,943.
- The District recorded deferred outflows of resources of $3,747,360 and deferred inflows of resources of $2,951,130 in order to record the different components required by GASB 68 and GASB 75 for benefit plan accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.
- General revenues accounted for $8,752,830 which was 33% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $14,182,192, or 54%, of total revenues of $26,263,741.
- The District had $17,607,258 in expenses, which was directly supported by program specific revenues as noted above and property taxes of $7,010,393.
- Total fund balances of governmental funds totaled $11,168,704.

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2020 - 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's fund financial statements begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses two funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund and the Special Revenue Fund.

Governmental Funds

The General Fund and the Special Revenue Fund are governmental fund types and are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance fire protection programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2021:

Table 1 - Summary Statement of Net Position

	2021	2020	Change	Percentage Change
Assets				
Current Assets	$ 12,004,330	$ -	$12,004,330	100.00%
Capital Assets	3,762,700	-	3,762,700	100.00%
Total Assets	$ 15,767,030	$ -	$15,767,030	100.00%
Deferred Outflows	$ 3,747,360	$ -	$ 3,747,360	100.00%
Liabilities				
Current Liabilities	$ 615,838	$ -	$ 615,838	100.00%
Noncurrent Liabilities	7,290,939	-	7,290,939	100.00%
Total Liabilities	$ 7,906,777	$ -	$ 7,906,777	100.00%
Deferred Inflows	$ 2,951,130	$ -	$ 2,951,130	100.00%
Net Position				
Net Investment in Capital Assets	$ 3,625,540	$ -	$ 3,625,540	100.00%
Unrestricted	5,030,943	-	5,030,943	100.00%
Total Net Position	$ 8,656,483	$ -	$ 8,656,483	100.00%

Table 2 shows the changes in net position for fiscal year 2021.

Table 2 - Summary of Changes in Statement of Activities

	2021	2020	Change	Percentage Change
Revenues				
Program revenues	$ 10,125,624	$ -	$ 10,125,624	100.00%
General revenues:				
Property taxes	7,010,393	-	7,010,393	100.00%
Special taxes	1,455,310	-	1,455,310	100.00%
Miscellaneous	287,127	-	287,127	100.00%
Special item - contributions from merger	3,328,719	-	3,328,719	100.00%
Total Revenues	22,207,173	-	22,207,173	100.00%
Program Expenses				
Public safety - fire protection	13,550,690	-	13,550,690	100.00%
Total Expenses	13,550,690	-	13,550,690	100.00%
Change in Net Position	8,656,483	-	8,656,483	100.00%
Beginning Net Position	-	-	-	0.00%
Prior Period Adjustments	-	-	-	0.00%
Ending Net Position	$ 8,656,483	$ -	$ 8,656,483	100.00%

THE DISTRICT'S FUND BALANCE

Table 3 provides an analysis of the District's fund balances and the total change in fund balance from the prior year.

Table 3 - Summary of Fund Balance

	2021	2020	Change	Percentage Change
Committed for capital equipment	$ 2,661,143	$ -	$ 2,661,143	100%
Committed for buildings and improvements	2,017,570	-	2,017,570	100%
Committed for other postemployment benefits	843,900	-	843,900	100%
Committed for compensated absences	340,458	-	340,458	100%
Committed for emergency and other contingencies	905,857	-	905,857	100%
Assigned for Emergency Funds	542,634	-	542,634	100%
Unassigned	3,857,142	-	3,857,142	100%
Total Fund Balance	$ 11,168,704	$ -	$ 11,168,704	100%

GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

The original and final revised budgets for the General Fund are presented as Required Supplementary Information. During the course of the 2020-21 fiscal year, the District's original and final budgeted revenue was $9,568,874. The District's original and final budgeted expenditures was $9,568,874. The original budget remained unchanged during the fiscal year.

CAPITAL ASSETS

Table 4 shows June 30, 2021 capital asset balances as compared to June 30, 2020.

Table 4 - Summary of Capital Assets Net of Depreciation

	2021	2020	Change	Percentage Change
Land	$ 145,172	$ -	$ 145,172	100.00%
Construction-in-Progress	15,197	-	15,197	100.00%
Buildings and Improvements	882,340	-	882,340	100.00%
Equipment	2,719,991	-	2,719,991	100.00%
Total Capital Assets - Net	$ 3,762,700	$ -	$ 3,762,700	100.00%

NONCURRENT LIABILITIES

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

Table 5 - Summary of Noncurrent Liabilities

	2021	2020	Change	Percentage Change
Capital Leases	$ 137,160	$ -	$ 137,160	100.00%
Total OPEB Liability	5,045,085	-	5,045,085	100.00%
Net Pension Liabilities	1,768,236	-	1,768,236	100.00%
Compensated Absences	340,458	-	340,458	100.00%
Total Noncurrent Liabilities	$ 7,290,939	$ -	$ 7,290,939	100.00%

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

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

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

- The District successfully completed the LAFCO process for consolidation and July 1, 2020, was our first fiscal year officially under the new Sonoma Valley Fire District.
- As part of the consolidation the District saw increased revenues to allow for permanent increased staffing on each of the Districts three engines.
- The District has updated its Fire Fee Schedule to reflect current costs and best practices.
- The District has collaborated with its employee union and the Sonoma Valley Volunteer Firefighters Association to create opportunities to reduce ongoing operational costs.
- The District continues to be successful with grant acquisition and will continue to pursue grants as a means of improving services and enhancing the safety of its personnel.
- The District and the City of Sonoma have negotiated sharing of costs and revenues for service provided by the District to the City or to City residents.
- The District has developed reserve policies to meet future financial needs such as Capital Replacement and Other Post Employment Benefit (OPEB) costs.
- The District is actively involved in a countywide project to improve Fire Services and has received reimbursements from the County for lost historical revenue and services.
- The District has successfully secured grant funding from the County of Sonoma to help develop a Chipper program in the ongoing efforts to mitigate fire hazards.
- The District worked closely with the County and was successful at implementing Fire Impact Fees which are to take effect July 1, 2021.
- The District is working on expanding capacity in our Fire Prevention Division to provide more efficient and timely service for the preservation of safety within our community.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

This Page Intentionally Left Blank

Basic Financial Statements

Sonoma Valley Fire District

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Current assets:	
Cash and investments	$ 10,603,914
Accounts receivable	1,400,416
Total current assets	12,004,330
Noncurrent assets:	
Non-depreciable capital assets	160,369
Capital assets, net of depreciation	3,602,331
Total noncurrent assets	3,762,700
Total Assets	$ 15,767,030
Deferred Outflows of Resources	
Pension adjustments	$ 3,516,798
OPEB Adjustments	230,562
Total Deferred Outflows of Resources	$ 3,747,360
Liabilities	
Current liabilities:	
Accounts payable	$ 588,966
Payroll and other liabilities	26,872
Total current liabilities	615,838
Noncurrent liabilities:	
Due within one year	130,156
Due after one year	7,160,783
Total noncurrent liabilities	7,290,939
Total Liabilities	$ 7,906,777
Deferred Inflows of Resources	
Pension adjustments	$ 1,325,677
OPEB Adjustments	1,625,453
Total Deferred Inflows of Resources	$ 2,951,130
Net Position	
Net Investment in Capital Assets	$ 3,625,540
Unrestricted	5,030,943
Total Net Position	$ 8,656,483

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

Sonoma Valley Fire District

Statement of Activities

For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Public safety - fire protection	$ 13,550,690	$ 10,110,624	$ 15,000	$ (3,425,066)
General revenues:				
Property taxes				7,010,393
Special taxes				1,455,310
Interest and investment earnings				6,856
Miscellaneous				280,271
Special item - contribuions from merger				3,328,719
Total general revenues and special items				12,081,549
Change in net position				8,656,483
Net position beginning				-
Net position ending				$ 8,656,483

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

Sonoma Valley Fire District
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and investments	$ 9,908,371	$ 695,543	$ 10,603,914
Accounts receivable	1,192,713	207,703	1,400,416
Total Assets	$ 11,101,084	$ 903,246	$ 12,004,330
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	$ 274,494	$ 314,472	$ 588,966
Payroll and other liabilities	2,162	24,710	26,872
Total Liabilities	276,656	339,182	615,838
Deferred Inflows of Resources:			
Unavailable revenue	198,358	21,430	219,788
Fund balances:			
Committed for:			
Capital Equipment	2,661,143	-	2,661,143
Buildings and improvements	2,017,570	-	2,017,570
Other postemployment benefits	843,900	-	843,900
Compensated absences	340,458	-	340,458
Emergencies and other contingencies	905,857	-	905,857
Assigned for:			
Emergency Funds	-	542,634	542,634
Unassigned	3,857,142	-	3,857,142
Total Fund Balances	10,626,070	542,634	11,168,704
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,101,084	$ 903,246	$ 12,004,330

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

Sonoma Valley Fire District

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balance - governmental funds		$ 11,168,704
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets at cost	7,224,672	
Accumulated depreciation	(3,461,972)	3,762,700
Amounts due from others that will not be collected soon enough to pay current period expenditures are recorded as due from other governments and revenue in the government-wide statements but are not a resource available to be spent on current obligations in the governmental fund statements where they are reported as deferred inflows of resources.		219,788
Differences from accrual basis deferrals of benefit plan balances in the government-wide Financial statements were as follows		
OPEB adjustments:		
Difference between actual and expected experience		(1,542,621)
Change in assumptions		(82,832)
Contribution subsequent to measurement date		230,562
Pension adjustments:		
Difference between actual and expected experience		119,115
Difference between actual and expected earnings		(937,503)
Change in assumptions		49,788
Changes in employer's proportionate shares		401,298
Contribution subsequent to measurement date		2,558,423
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
Capital lease	$ 137,160	
Total OPEB liability	5,045,085	
Net pension obligations	1,768,236	
Compensated absences	340,458	(7,290,939)
Total net position - governmental activities		$ 8,656,483

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

Sonoma Valley Fire District

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Property taxes	$ 7,010,393	$ -	$ 7,010,393
Special taxes	1,455,310	-	1,455,310
Intergovernmental	3,671,245	6,526,691	10,197,936
Charges for services	300	88,761	89,061
Investment earnings	6,826	30	6,856
Other revenues	213,166	67,105	280,271
Total revenues	12,357,240	6,682,587	19,039,827
Expenditures:			
Current			
Salaries and employee benefits	4,517,007	9,531,973	14,048,980
Services and supplies	511,006	1,442,053	1,953,059
Capital outlay	907,066	39,585	946,651
Debt service:			
Principal	44,375	-	44,375
Interest	2,723	-	2,723
Total expenditures	5,982,177	11,013,611	16,995,788
Excess (deficiency) of revenues over (under) expenditures	6,375,063	(4,331,024)	2,044,039
Other financing sources (uses):			
Transfers in	-	4,056,568	4,056,568
Transfers out	(4,056,568)	-	(4,056,568)
Capital contributions - mergers	8,307,575	817,090	9,124,665
Total other financing sources (uses)	4,251,007	4,873,658	9,124,665
Net changes in fund balance	10,626,070	542,634	11,168,704
Fund balance beginning	-	-	-
Fund balance ending	$ 10,626,070	$ 542,634	$ 11,168,704

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

Sonoma Valley Fire District

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Total net change in fund balance - governmental funds		$ 11,168,704
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Additions to capital assets	$ 884,629	
Depreciation expense	(273,400)	611,229
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
Repayment of lease obligations		44,375
In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid).		(41,402)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		2,628,169
Adjustments from the merger of the Glen Ellen Fire District and the Valley of the Moon Fire Protection District reported as contribution revenue in the Statement of Activities, but not reported in the governmental fund statements:		
Capital asset additions	3,151,471	
Deferred outflows of resources	3,103,198	
Net pension liabilities	(2,663,057)	
Deferred inflows of resources	(4,326,473)	
Capital lease	(181,535)	
Total OPEB liability	(4,580,494)	
Compensated absences	(299,056)	(5,795,946)
In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		202,727
Revenues that were reported in the government-wide statement of activities in prior years have become current financial resources in the current year and have been reported in the governmental fund statement of revenues, expenditures and changes in fund balances.		(161,373)
Changes in net position of governmental activities		$ 8,656,483

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

During the fiscal year ended June 30, 2020, the Board of Directors of the Glen Ellen Fire Protection District (GEFPD) and the Valley of the Moon Fire Protection District (VOMFPD), and the Board of Supervisors of the County of Sonoma on behalf of the Mayacamas Volunteer Fire Company (Mayacamas VFC), herein collection referred to as “the Parties”, took action with the Local Agency Formation Commission of the County of Sonoma (Sonoma LAFCO) for the reorganization of the Parties and formation of the Sonoma Valley Fire District. At its initial special meeting on July 1, 2020, the Board of Directors of the Sonoma Valley Fire District (the District) took several executory actions, including adopting a resolution to establish and form the Sonoma Valley Fire District pursuant to the Cortese-Knox-Hertzberg Act and Sonoma County LAFCO Resolutions 2723 and 2724.

The District provides coordinated fire protection services, rescue services, emergency medical services, and hazardous material response services to taxpayers and residents in a specific unincorporated area in Sonoma County.

On February 1, 2002, the District entered into a joint powers agreement with the City of Sonoma creating a public entity known as the Sonoma Valley Fire and Rescue Authority (SVFRA). SVFRA acts only in an operational capacity for the combined fire protection services of the City and the District and does not have the full powers and authority of a typical Joint Powers Authority. The SVFRA was converted into a single governance model as a contract for services with the District. The contract was approved by both the Sonoma City Council and the District Board in December 2011, with an effective date for transition of employees as of February 2012. The contract includes the provision that the District will lease all facilities located at 630 Second Street West (Station 1) as well as all vehicles and equipment for the sum of $1.00 each year. Ownership, however, of all facilities and equipment will remain with the respective agencies. The contract for services will be recognized as the Sonoma Valley Fire and Rescue Authority (SVFRA) under the direction of the District’s Board of Directors.

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

Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2021, the District does not have any component units, other than the SVFRA as previously noted which is included in these financial statements as a blended component unit, and is not a component unit of any other reporting entity.

B. Accounting Principles

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

C. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Deferred Outflows/Deferred Inflows:

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

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

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

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

E. Fund Accounting

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

- The *General Fund* is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

- The *Special Revenue Fund* is used to account for the revenues received and expenditures made to operate the District's combined fire protection services for the City of Sonoma and the District.

F. Budgets and Budgetary Accounting

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

The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. For the fiscal year ended June 30, 2021, actual expenditures exceeded appropriations in the general fund by $469,871 and the Sonoma Valley Fire and Rescue Authority Fund by $1,523,232. However, fund balance and revenues were sufficient to cover the overages.

G. Encumbrances

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

H. Benefit Plans

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Sonoma County Employee's Retirement Association (SCERA) and California Public Employees' Retirement System (CalPERS) (the Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SCERA and 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.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Other Postemployment Benefits Other Than Pensions (OPEB)

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

I. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

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

2. Fair Value Measurements

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

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

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

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

3. Prepaid Items

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

4. Capital Assets

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

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation. All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

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

5. Compensated Absences

All vacation and sick leave plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Because compensated absences are typically paid out upon termination (such as retirement or resignation) of the employee, they are included in annual operating costs for SVFRA. As such, the City pays a share of these costs through their service agreement with the District by payment of a share of operating costs. Based on this current practice, a share of the outstanding balance of compensated absences is allocated to the District based on the share of costs for the SVFRA operation for fiscal year 2021. As of June 30, 2021, the District's share of the compensated absences balance was $340,458.

6. Noncurrent Liabilities

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

7. Fund Balance Classifications

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

- *Non-spendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of directors.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Fire Chief.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

8. Net Position

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

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

9. Property Taxes

The District receives property tax revenue from the County of Sonoma (the County). The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 15th for the ensuing fiscal year.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.

10. Risk Management

The District is exposed to various risks including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. The District participates in risk pools under JPAs for property and liability, health benefits, and workers' compensation coverage.

11. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

12. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure,

13. Implementation of New Accounting Pronouncements

GASB Statement No. 84, "Fiduciary Activities." Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement is effective beginning fiscal year 2021. This statement did not have an impact on the District's financial statements as of June 30, 2021.

14. Upcoming Accounting Pronouncements

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 87, "Leases." Issued in June 2017, this statement establishes standards of accounting and financial reporting for leases by lessees and lessors. It provides guidance on accounting treatment of lease assets, lease liability, short-term leases, certain regulated leases, measurement for leases other than short-term leases and contracts that transfer ownership, subleases, lease-leaseback transactions, intra-entity leases, and leases between related parties. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 91, "Conduit Debt Obligations." Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 92, "Omnibus 2020." Issued in January 2020, this statement was issued for clarity and consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 93, "Replacement of Interbank Offered Rates." Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate

(LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be effective beginning fiscal year 2022.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." Issued in May 2020, the statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement will be effective beginning fiscal year 2022.

NOTE 2 - CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2021, is as follows:

Cash and Investments	Available for Operations	Fair Value June 30, 2021
Cash on Hand and in Banks	$ 6,497,122	$ 6,497,122
Investments	3,031,544	3,031,544
Cash in City Treasury	1,075,248	1,075,248
Total Cash and investments	$ 10,603,914	$ 10,603,914

Cash in Banks

Cash balances in banks are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). The District's accounts are held with WestAmerica Bank and Hilltop Securities. As of June 30, 2021, the District's bank balances totaled $8,147,110 which exceeded FDIC coverage by $6,112,486.

Cash in City Treasury

Amounts on deposit with the City are invested pursuant to investment policy guidelines established by the City Treasurer and approved by the City Council. The objectives of the policy are, in order of priority, safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity.

All cash and investments are stated at fair value. Pooled investment earnings are allocated quarterly based on the average cash and investment balances of the various funds and related entities of the City.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Policies and Practices

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

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

a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the City Treasury and purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the City Investment Pool is governed by the City's general investment policy. The City's investments in fiscal year ended June 30, 2021, included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The City's two other investment types, LAIF and money market mutual funds, are not rated. The actual ratings as of June 30, 2021, for all U.S. Treasury Notes and Federal Agency Securities are AA+ as provided by Standard and Poor's investment rating system. Money Market Mutual Funds were rated A-1 by Standard and Poor's investment rating system.

c) Custodial Credit Risk – Deposits

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

d) Concentration of Credit Risk

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

The District's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the District is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual District funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools.

The following summarizes the District's investments as of June 30, 2021:

				Maturities				
Investment Type	Rating	Level	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months	Concen-trations
Bank insured deposits	n/a	n/a	$ 1,784,623	$ -	$ -	$ -	$ -	58.87%
Mutual funds	n/a	1	522,310	522,310	-	-	-	17.23%
Taxable bonds	Aaa/AA+	1	50,861	50,861	-	-	-	1.68%
Municipal bonds	AA-/AA+	1	673,750	362,767	10,238	145,841	154,904	22.22%
Total Investments			$ 3,031,544	$ 935,938	$ 10,238	$ 145,841	$154,904	100.00%

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

The following schedule summarizes capital asset activity for the year ended June 30, 2021:

Capital Assets	Balance July 01, 2020	Contribution From VOM & GE	Additions	Deletions/ Adjustments	Balance June 30, 2021
Non-depreciable:					
Land		$ 145,172	$ -	$ -	$ 145,172
Construction in Progress	-	15,197	-	-	15,197
Total Non-Depreciable	-	160,369	-	-	160,369
Depreciable:					
Buildings and improvements	-	2,084,515	-	-	2,084,515
Equipment	-	4,095,159	884,629	-	4,979,788
Total Depreciable	-	6,179,674	884,629	-	7,064,303
Less Accumulated Depreciation for:					
Buildings and improvements	-	1,155,859	46,316	-	1,202,175
Equipment	-	2,032,713	227,084	-	2,259,797
Total Accumulated Depreciation	-	3,188,572	273,400	-	3,461,972
Total Depreciable - Net	-	2,991,102	611,229	-	3,602,331
Total Capital Assets - Net	$ -	$ 3,151,471	$ 611,229	$ -	$ 3,762,700

During the year, depreciation expense of $273,400 was charged to public safety, fire services.

NOTE 4 - SCHEDULE OF CHANGES IN NONCURRENT LIABILITIES

The following is a summary of the changes in noncurrent liabilities for the year ended June 30, 2021:

Long-term Liabilities	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Capital Lease	$ 181,535	$ -	$ 44,375	$ 137,160	$ 45,041
Total OPEB Liabilities	4,580,494	2,511,830	2,047,239	5,045,085	-
Net Pension Liabilities	2,106,077	2,062,305	2,400,146	1,768,236	-
Compensated Absences	299,056	116,166	74,764	340,458	85,115
Total Long-term Liabilities	$ 7,167,162	$ 4,690,301	$ 4,566,524	$ 7,290,939	$ 130,156

NOTE 5 - SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (SCERA)

General Information about the Pension Plan

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

There are currently two tiers applicable to both General and Safety members. Members with membership dates before January 1, 2013 are included in General Plan A or Safety Plan A. Any new member who becomes a member on or after January 1, 2013 is designated as General Plan B or Safety Plan B and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq. and Assembly Bill (AB) 197. PEPRA was signed into law by Governor Jerry Brown on September 12, 2012, with an effective date of January 1, 2013. All General and Safety employees hired on or after January 1, 2013, with the exception of employees who are eligible for reciprocity with another qualified California retirement system, are part of a new tier called Plan B.

The Plan provides benefits as defined by the law upon retirement, death, or disability of members and may be amended by the Board of Supervisors. The Board of Retirement has the authority to establish and amend benefit provisions and these shall then be adopted by the County Board of Supervisors.

The financial statements for the County (the primary government) contain additional financial information for the defined pension benefits, which is not presented here. SCERA issues an annual financial report that includes financial statements and required supplementary information for the Plan which can be obtained by writing to the Sonoma County Employees' Retirement Association, 433 Aviation Blvd., Suite 100, Santa Rosa, CA 95403-1069.

Benefits Provided - The Plan provides retirement, disability, death and survivor benefits to plan members and beneficiaries. The retirement benefits the member will receive is based upon age at retirement, final average compensation (FAC), years of retirement service credit and retirement plan and tier. For Plan A member, the FAC is based on the member's highest consecutive 12 months of compensation earnable. For Plan B members the FAC is based on the member's highest consecutive 36 months of pensionable compensation. The monthly allowance is equal to the final average compensation times the member's years of accrued retirement service credit, times the age factor.

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	General Plan A	**General Plan B**	**Safety Plan A**	**Safety Plan B**
Hire date	Before January 1, 2014	After January 1, 2014	Before January 1, 2014	After January 1, 2014
Benefit Determination	(1)	(2)	(1)	(2)
Benefit vesting schedule	5 Years	5 Years	5 Years	5 Years
Benefit payments	Monthly [3]	Monthly for Life	Monthly [3]	Monthly for Life
Retirement age	50 [4]	52 [5]	50 [4]	50 [5]
Monthly benefits as a % of eligible compensation	2.0% to 3.0% [6]	1.0% to 2.7% [6]	3% [6]	2.0% to 2.7% [6]
Average employee contribution rates	12.06%	7.40%	10.99% [7]	12.94%
Employer contribution rates	17.74%	11.62%	38.24%	23.89%

(1) Final Average Compensation (FAC1) for benefit determination is based on the member's highest consecutive one year of compensation earnable
(2) Final Average Compensation (FAC3) for benefit determination is based on the member's highest consecutive three years of pensionable compensation
(3) Up to 100% of Final Average Compensation
(4) Age 50 with 10 years of service credit, or age 70 regardless of service credit, or after 30 years of service credit, regardless of age
(5) With 5 years of service credit
(6) The percentage, which is based on the retirement age, is the percent of FAC per year of service
(7) Average contribution rate, depending on entry age

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

All members are required to make contributions to SCERA regardless of the retirement plan or tier in which they are included. The contribution requirements of Plan members and the County are determined by an independent actuary, approved by the SCERA Board of Retirement, and adopted by the Board of Supervisors. The contribution rates for the fiscal year ended June 30, 2021 were based on the Plan's valuation dated December 31, 2020.

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

For the year ended June 30, 2021, the District's contributions were $2,517,065.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
General	$ 31,398
Safety	1,178,796
Total Net Pension Liability	$ 1,210,194

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	General	Safety	All Plans
Proportion - June 30, 2020	0.0129%	4.4192%	0.9300%
Proportion - June 30, 2021	0.0204%	3.1820%	0.6345%
Change	0.0075%	-1.2372%	-0.2955%

** All plans is not a total column

For the year ended June 30, 2021, the District recognized pension expense of $403,892 for the Plan.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,517,065	$ -
Changes of assumptions	51,647	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	643,195	192,799
Net differences between projected and actual earnings on plan investments	-	949,632
Difference between expected and actual experience	182,491	106,649
Total	$ 3,394,398	$ 1,249,080

The District reported $2,517,065 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Fiscal Year Ended June 30	Recognized to Pension Expense
2022	$ (12,388)
2023	50,183
2024	(346,552)
2025	(62,990)
Total	$ (371,747)

Actuarial Assumptions - The total pension liabilities in the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	
General	3.75% - 8.75% (1)
Safety	4.00% - 10.75% (1)
Investment Rate of Return	7.00% (2)
Mortality	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Based on RP-2000 Combined Healthy Mortality Table projected with Scale AA

The underlying mortality assumptions and all other actuarial assumptions used in the December 31, 2020 valuation were based on a review of the mortality experience in the January 1, 2009 – December 31, 2011 Actuarial Experience Study.

Discount Rate - The discount rate used to measure the total pension liability was 7% as of December 31, 2020 and December 31, 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both December 31, 2020 and December 31, 2019.

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

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	17.97%	5.34%
Small Cap U.S. Equity	5.45%	6.08%
Developed International Equity	16.71%	6.80%
Global Equity	15.55%	6.44%
Emerging Market Equity	5.57%	8.75%
Core Bonds	14.75%	1.12%
Bank Loans	3.00%	3.55%
Real Estate	10.00%	4.58%
Farmland	5.00%	6.81%
Unconstrained Bonds	3.00%	3.22%
Infrastructure	3.00%	6.70%
Total	100.0%	

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

1% Decrease	6.00%
Net Pension Liability	$ 3,598,903
Current Discount Rate	7.00%
Net Pension Liability	$ 1,210,194
1% Increase	8.00%
Net Pension Liability (Asset)	$ (775,446)

Determination of Proportionate Share - The net pension liability is the total pension liability (TPL) minus the plan fiduciary net position (plan assets). In order to determine the NPL for each employer, the unfunded actuarial accrued liabilities (UAAL) determined in the funding valuation is adjusted to use the market value of plan assets (MVA). The difference between the MVA and the valuation value of assets (VVA) is first allocated among General and Safety in proportion to the VVA. The amount determined for each of General and Safety as a group is allocated among the different General and Safety employers, respectively, by using the projected payroll as of the date of the valuation on December 31, 2020 for fiscal year 2021. This is because in the funding valuation, any such deferred investment gains will be allocated in future valuations among the different employers based on the projected payrolls for those employers in those valuations.

NOTE 6 - CALPERS RETIREMENT PLAN

General Information about the Pension Plan

Plan Description
All qualified employees are eligible to participate in the District's Safety employee pension plans (the Plans); cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on age at retirement, highest salary for either a one or three year period and years of credited service. The cost-of-living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Safety	
	PEPRA Fire	Fire
Benefit formula	2.7% @ 57	3% @ 55
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	57	55
Monthly benefits as a % of eligible compensation	2-2.7%	3.00%
Required employee contribution rates	0.000%	0.000%
Required employer contribution rates	0.000%	0.000%

Employees Covered - At June 30, 2021, the following employees were covered by the benefit terms for the Plan:

	Safety
Active	-
Transferred	29
Separated	7
Retired	4
Total	40

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 the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are 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, 2021, the following contributions were made by the District:

	Employer Contributions
Safety	41,358

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Safety	$ 558,042

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of all the Plans are measured as of June 30, 2020, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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. The District's proportionate share of the net pension liability for the miscellaneous and safety plans as of June 30, 2020 and 2021 was as follows:

	Miscellaneous	**Safety**	**Combined Plans**
Proportion - June 30, 2020	0.00000%	0.00808%	0.00492%
Proportion - June 30, 2021	0.00000%	0.00838%	0.00513%
Change - Increase/(Decrease)	0.00000%	0.00030%	0.00021%

**** Combined plans is not a total column*

For the year ended June 30, 2021, the District recognized pension expense of $80,733. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ -	$ 1,859
Differences between Expected and Actual Experience	43,273	-
Differences between Projected and Actual Investment Earnings	12,129	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	74,738
Change in Employer's Proportion	25,640	-
Pension Contributions Made Subsequent to Measurement Date	41,358	-
Total	$ 122,400	$ 76,597

The District reported $41,358 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Fiscal Year Ending June 30:	**Deferred Outflows/ (Inflows) of Resources**
2022	$ (10,324)
2023	2,945
2024	5,747
2025	6,077
2026	-
Thereafter	-
Total	$ 4,445

Actuarial Assumptions
The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate
The discount rate used to measure the total pension liability was 7.15 percent for the Plans. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plans, 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses.

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 (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% used for this period.

C. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District's 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:

	Safety
1% Decrease	6.15%
Net Pension Liability	858,249
Current	7.15%
Net Pension Liability	558,042
1% Increase	8.15%
Net Pension Liability	311,693

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

NOTE 7 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

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

Contributions - The District's contributions are equal to the required benefit payments per contract are approved by the authority of the District's Board. Total benefit payments during the year were $230,562. Total benefit payments included in the measurement period were $191,224. The District's contributions were 15% of payroll during the measurement period June 30, 2020 (reporting period June 30, 2021). Employees are required to pay for forty percent of the annual premiums during the year.

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

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	2.45%
Inflation	2.75%
Payroll Increases	3.00%
Municipal Bond Rate	2.45%
Mortality	2017 CalPERS Active Mortality for Miscellaneous employees
Retirement	2017 CalPERS 2% @ 55 Rates for Miscelleaneous Employees

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2020 (measurement date) and was determined by an actuarial valuation as of June 30, 2019 (valuation date) for the fiscal year ended June 30, 2021 (reporting date).

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2021:

Fiscal Year Ended June 30, 2021	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2020	$ 4,580,494	$ -	$ 4,580,494
Service cost	28,573	-	28,573
Interest in Total OPEB Liability	140,377	-	140,377
Balance of changes in assumptions	486,865	-	486,865
Benefit payments	(191,224)	-	(191,224)
Net changes	464,591	-	464,591
Balance at June 30, 2021	$ 5,045,085	$ -	$ 5,045,085

Covered Employee Payroll	$ 1,317,066
Total OPEB Liability as a % of Covered Employee Payroll	383.05%
Service Cost as a % of Covered Employee Payroll	2.17%
Net OPEB Liability as a % of Covered Employee Payroll	383.05%

Deferred Inflows and Outflows of Resources - At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ 1,542,621
Change in assumptions	-	82,832
OPEB contribution subsequent to measurement date	230,562	-
Totals	$ 230,562	$ 1,625,453

Of the total amount reported as deferred outflows of resources related to OPEB, $230,562 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2022.

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

Year Ended June 30,	
2022	$ (154,947)
2023	(154,948)
2024	(317,236)
2025	(317,236)
2026	(299,478)
Thereafter	(381,608)
Total	$ (1,625,453)

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2021:

Service cost	$ 28,573
Interest in TOL	140,377
Difference between actual and expected experience	(230,242)
Change in assumptions	75,295
OPEB Expense	**$ 14,003**

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2021:

Total OPEB liability ending	$ 5,045,085
Total OPEB liability beginning	(4,580,494)
Change in total OPEB liability	464,591
Changes in deferred inflows	(641,812)
Employer contributions and implicit subsidy	191,224
OPEB Expense	**$ 14,003**

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

	Municipal Bond Rate		
	(1% Decrease)	**2.45%**	**(1% Increase)**
Total OPEB Liability	$ 5,924,687	$ 5,045,085	$ 4,354,624

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

	Trend Rate		
	(1% Decrease)	**5.00%**	**(1% Increase)**
Total OPEB Liability	$ 4,321,705	$ 5,045,085	$ 5,958,211

NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District is covered through its participation in the Fire Agencies Insurance Risk Authority (FAIRA) joint powers agreement. As a member of this public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and FAIRA, implementing all policies of FAIRA, promptly paying all contributions, and cooperating with FAIRA and any insurer of FAIRA. FAIRA is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against the District. The District also is a member of the Fire District Association of California/Fire Agency Self-Insurance System (FDAC/FASIS) joint powers agreement for workers' compensation coverage. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The following is a summary of the most recently available financial information for the JPAs:

	FASIS	FAIRA
Total Assets	$ 70,586,486	$ 3,112,062
Total Liabilities	50,587,818	16,777
Total Equity	19,998,668	3,095,285
Total Revenues	15,751,678	2,684,285
Total Expenditures	15,716,576	2,739,602

NOTE 9 - COMMITMENTS AND CONTINGENCIES

<u>Litigation</u>

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District’s financial position or results of operations as of June 30, 2021.

Capital Leases

The District has capital leases which in total are immaterial to the financial statements. The assets have been included in the District's capital assets and the liabilities have been reported as noncurrent liabilities totaling $434,350 with an outstanding liability as of June 30, 2020 of $181,535. The following summarizes the future lease payments:

Fiscal Year Ended June 30	Principal	Interest	Totals
2022	$ 45,041	$ 2,057	$ 47,098
2023	45,717	1,382	47,099
2024	46,402	696	47,098
Total Future Minimum Payments	$ 137,160	$ 4,135	$ 141,295

NOTE 10 – COVID-19 PANDEMIC IMPACT

In December 2019, a novel strain of coronavirus surfaced (COVID-19 or CV19) and spread around the world, with resulting business and social disruption. The operations and business results of the District could be materially and adversely affected in the future, including a reduction in the level of funding and potential impacts from the timing of cash flows. In addition, significant estimates may be materially and adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2022-23 fiscal year, the District will continue to monitor the impact CV19 has on the national and local economy in an effort to anticipate any potentially negative impact it may have on the District. As of the date of issuance of these financial statements, the District had not suffered a material adverse impact from the CV19 Crisis. However, the future impact of the CV19 Crisis cannot be reasonably estimated.

NOTE 11 – REORGANIZATION

During the fiscal year ended June 30, 2020, the Board of Directors of the Glen Ellen Fire Protection District (GEFPD) and the Valley of the Moon Fire Protection District (VOMFPD), and the Board of Supervisors of the County of Sonoma on behalf of the Mayacamas Volunteer Fire Company (Mayacamas VFC), herein collection referred to as "the Parties", took action with the Local Agency Formation Commission of the County of Sonoma (Sonoma LAFCO) for the reorganization of the Parties and formation of the Sonoma Valley Fire District. At its initial special meeting on July 1, 2020, the Board of Directors of the Sonoma Valley Fire District took several executory actions, including adopting a resolution to establish and form the Sonoma Valley Fire District pursuant to the Cortese-Knox-Hertzberg Act and Sonoma County LAFCO Resolutions 2723 and 2724.

This consolidation of neighboring districts included the Parties entering into a Property Tax Allocation Agreement concerning real property tax revenue and other payments to fund the Sonoma Valley Fire District. Additionally, the Sonoma Valley Fire District will accept the transfer to the District of all assets and liabilities of the Parties, as authorized in Sonoma County LAFCO Resolutions 2723 and 2724.

The following summarizes the transferred assets and liabilities and contribution revenue from the merger for the year ended June 30, 2021.

	Valley of the Moon Fire Protection District	Glen Ellen Fire Protection District	Mayacamas Volunteer Fire Company	Totals
Cash and Investments	$ 4,755,747	$ 3,788,738	$ 158,000	$ 8,702,485
Accounts Receivable	1,156,326	70,899	-	1,227,225
Other Current Assets	101,182	-	-	101,182
Capital Assets	2,327,118	824,353	-	3,151,471
Deferred Outflows of Resources	2,637,921	647,649	-	3,285,570
Def. Outflow of Res. Pension Adjustmen	-	(563,533)	-	(563,533)
Accounts Payable	(500,961)	-	-	(500,961)
Other Current Liabilities	(24,105)	-	-	(24,105)
Capital Lease	(181,535)	-	-	(181,535)
Total OPEB Liability	(4,580,494)	-	-	(4,580,494)
Net Pension Liability	(2,106,077)	(556,980)	-	(2,663,057)
Compensated Absences	(299,056)	-	-	(299,056)
Deferred Inflows of Resources	(4,326,473)	-	-	(4,326,473)
Net Position/Gain (Loss)	(1,040,407)	4,211,126	158,000	3,328,719
Fund Conversions GASB 34	6,147,435	(351,489)	-	5,795,946
Fund Balance/Gain	$ 5,107,028	$ 3,859,637	$ 158,000	$ 9,124,665

This Page Intentionally Left Blank

REQUIRED SUPPLEMENTARY INFORMATION

Sonoma Valley Fire District

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget to Actual (GAAP)

General Fund

For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Property taxes	$ 6,100,588	$ 6,100,588	$ 7,010,393	$ 909,805
Special taxes	1,475,694	1,475,694	1,455,310	(20,384)
Intergovernmental	1,371,267	1,371,267	3,671,245	2,299,978
Charges for services	510,300	510,300	300	(510,000)
Investment earnings	-	-	6,826	6,826
Other revenue	111,025	111,025	213,166	102,141
Total revenues	9,568,874	9,568,874	12,357,240	2,788,366
Expenditures:				
Current				
Salaries and employee benefits	3,894,694	3,894,694	4,517,007	(622,313)
Services and supplies	4,501,068	4,501,068	4,567,574	(66,506)
Capital outlay	1,173,112	1,173,112	907,066	266,046
Debt service:				
Principal	-	-	44,375	(44,375)
Interest	-	-	2,723	(2,723)
Total expenditures	9,568,874	9,568,874	10,038,745	(469,871)
Excess (deficiency) of revenues over (under) expenditures	-	-	2,318,495	2,318,495
Other financing sources (uses):				
Capital contributions - mergers	-	-	8,307,575	8,307,575
Total other financing sources (uses)	-	-	8,307,575	8,307,575
Net change in fund balance	-	-	10,626,070	10,626,070
Fund balance beginning	-	-	-	-
Fund balance ending	$ -	$ -	$ 10,626,070	$ 10,626,070

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

Sonoma Valley Fire District

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
Intergovernmental	$ 9,433,879	$ 9,433,879	$ 10,583,259	$ 1,149,380
Charges for services	56,500	56,500	88,761	32,261
Investment earnings	-	-	30	30
Other revenue	-	-	67,105	67,105
Total revenues	9,490,379	9,490,379	10,739,155	1,248,776
Expenditures:				
Current				
Salaries and employee benefits	8,651,865	8,651,865	9,531,973	(880,108)
Services and supplies	828,514	828,514	1,442,053	(613,539)
Capital outlay	10,000	10,000	39,585	(29,585)
Total expenditures	9,490,379	9,490,379	11,013,611	(1,523,232)
Excess (deficiency) of revenues over (under) expenditures	-	-	(274,456)	(274,456)
Other financing sources (uses):				
Capital contributions - mergers	-	-	817,090	817,090
Total other financing sources (uses)	-	-	817,090	817,090
Net change in fund balance	-	-	542,634	542,634
Fund balance beginning	-	-	-	-
Fund balance ending	$ -	$ -	$ 542,634	$ 542,634

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

Sonoma Valley Fire District

Schedule of Pension Plan Contributions

For the Fiscal Year Ended June 30, 2021

SCERA	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions (Actuarially Determined)	$ 1,321,245	$ 1,310,219	$ 1,368,336	$ 1,543,092	$ 1,587,873	1,717,341	$ 2,517,065
Contributions in Relation to Actuarially Determined Contributions	1,321,245	1,310,219	1,368,336	1,543,092	1,587,873	1,717,341	2,517,065
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	**$ 3,922,995**	**$ 3,974,135**	**$ 4,118,844**	**$ 4,598,112**	**$ 4,884,100**	**$ 5,188,830**	**$ 6,559,301**
Contributions as a % of Covered Payroll	**33.68%**	**32.97%**	**33.22%**	**33.56%**	**32.51%**	**33.10%**	**38.37%**

Notes to Schedule:

Assumptions Used:
December 31, 2020
Entry Age Actuarial Cost Method
Level percent of payroll for total Unfunded Actuarial Accrued Liability (UAAL)
Nine years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7%
Based on RP-2000 Combined Healthy Mortality Table projected with Scale AA

Fiscal year 2015 was the first year of implementation, therefore only sevcn years are shown.
There were no changes in benefit terms.
The discount rate remained 7% in the 2020 valuation.

Continued

Sonoma Valley Fire District

Schedule of Pension Plan Contributions

For the Fiscal Year Ended June 30, 2021

CalPERS Miscellaneous Plan

Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	$ 9,971	$ 5,802	$ -	$ -	$ -	$ 248	$ -
Contributions in Relation to Contractually Required Contributions	9,971	5,802	-	-	-	248	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Contributions as a % of Covered Payrol	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**

CalPERS Safety Plan

Fiscal Year Ended	2015	2016	2017	2018	2019	2020	2021
Contractually Required Contributions	$ 33,754	$ 40,610	$ 14,243	$ 18,035	$ 25,387	$ 29,242	$ 41,358
Contributions in Relation to Contractually Required Contributions	33,754	40,610	14,243	18,035	25,387	29,242	41,358
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 131,073**	**$ 154,179**	**$ 187,914**	**$ 108,294**	**$ -**	**$ -**	**$ -**
Contributions as a % of Covered Payrol	**25.75%**	**26.34%**	**7.58%**	**16.65%**	**0.00%**	**0.00%**	**0.00%**

Notes to Schedule:

Valuation Date: June 30, 2019

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

Sonoma Valley Fire District

Schedule of Proportionate Share
Of Net Pension Liability
For the Fiscal Year Ended June 30, 2021

SCERA	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
District's Proportion of Net Pension Liability	1.16589%	1.47142%	1.46575%	1.15522%	1.44092%	0.93003%	0.93003%
District's Proportionate Share of Net Pension Liability	$ 2,527,396	$ 6,074,799	$ 5,754,104	$ 1,950,190	$ 7,122,021	$ 2,106,077	$ 1,210,194
District's Covered Employee Payroll	$ 3,726,695	$ 3,922,995	$ 3,974,135	$ 4,118,844	$ 4,598,112	$ 4,884,100	$ 5,188,830
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**67.82%**	**154.85%**	**144.79%**	**47.35%**	**154.89%**	**43.12%**	**23.32%**
Plan Fiduciary's Net Position as a % of the Total Pension Liability	**91.21%**	**92.81%**	**84.83%**	**86.28%**	**94.74%**	**85.02%**	**94.28%**

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The discount rate remained 7% in the 2020 valuation.

CalPERS Miscellaneous and Safety Plan

Fiscal Year Ended	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Proportion of Net Pension Liability (Safety and Misc)	0.00525%	0.00418%	0.00439%	0.00528%	0.00548%	0.00544%	0.00513%
Proportionate Share of Net Pension Liability	$ 326,832	$ 286,864	$ 380,158	$ 523,613	$ 527,809	$ 556,980	$ 558,042
Covered Payroll	$ 131,309	$ 131,073	$ 154,179	$ 187,914	$ 108,294	$ -	$ -
Proportionate Share of NPL as a % of Covered Payroll	**248.90%**	**218.86%**	**246.57%**	**278.65%**	**487.39%**	**0.00%**	**0.00%**
Plan's Fiduciary Net Position as a % of the TPL	**79.18%**	**77.48%**	**76.81%**	**76.25%**	**78.42%**	**76.57%**	**74.76%**

Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.
The CalPERS mortality assumptions was adjusted in fiscal year 2019.

Sonoma Valley Fire District

Schedule of Changes in Total OPEB Liability
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ended	2018	2019	2020	2021
Total OPEB liability				
Service cost	$ 35,919	$ 29,329	$ 29,565	$ 28,573
Interest	205,016	225,462	229,450	140,377
Differences between expected and actual experience	-	-	(2,003,105)	-
Changes of assumptions	(781,329)	(66,027)	80,882	486,865
Benefit payments	(117,250)	(177,762)	(189,384)	(191,224)
Net change in Total OPEB Liability	(657,644)	11,002	(1,852,592)	464,591
Total OPEB Liability - beginning	7,079,728	6,422,084	6,433,086	4,580,494
Total OPEB Liability - ending	$ 6,422,084	$ 6,433,086	$ 4,580,494	$ 5,045,085
Plan fiduciary net position				
Net change in plan fiduciary net position	$ -	$ -	$ -	$ -
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -
Net OPEB liability (asset)	$ 6,422,084	$ 6,433,086	$ 4,580,494	$ 5,045,085
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	$ 6,819,116	$ 7,030,017	$ 1,281,816	$ 1,270,233
Net OPEB liability as a percentage of covered employee payroll	94.18%	91.51%	357.34%	397.18%
Total OPEB liability as a percentage of covered employee payroll	94.18%	91.51%	357.34%	397.18%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were no changes in benefit terms.

The discount rates was 3.56% in 2018, 3.62 % in 2019, 3.13% in 2020 and 2.45% in 2021.

This Page Intentionally Left Blank

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Directors
Sonoma Valley Fire District
Sonoma, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sonoma Valley Fire District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 7, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

C & A LLP

April 7, 2022
Morgan Hill, California

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Sonoma Valley Fire District

Board of Directors Meeting

Agenda Item Summary

May 10, 2022

Agenda Item No.	**Staff Contact**
7a	Maci Jerry, Clerk of the Board

Agenda Item Title

AB 361 Compliance

Recommended Actions

Review local officials currently imposed or recommended measures to promote social distancing.

Executive Summary

Since the Governor's COVID-19 emergency orders issued in March 2020, local public agencies, such as our Board of Directors, have been authorized to conduct videoconference meetings without compliance with Brown Act teleconference and videoconference requirements in Government Code section 54953.

The Governor's order expired on 9/30/21, and the California legislature passed AB 361, signed by the Governor on 9/16/21, which authorizes continued videoconference meetings without Brown Act compliance, provided the local agencies Board of Directors make a finding, every 30 days at its monthly meeting, that (1) there is still a State proclaimed COVID 19 health emergency; and (2) local officials (such as the County health officer) continue to impose or recommend measures to promote social distancing.

The Board is to have an updated discussion regarding current COVID 19 protocols, with public comment and concluded with a roll call vote to approve the findings discussed by the Board.

Alternative Actions

No alternative actions are recommended.

Strategic Plan Alignment

Fiscal Summary – FY 21/22

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

Narrative Explanation of Fiscal Impacts (if required)

None

Attachments

None

Sonoma Valley Fire District

Board of Directors Meeting

Agenda Item Summary

May 10, 2022

Agenda Item No.	Staff Contact
7b	Maci Jerry, Clerk to the Board of Directors

Agenda Item Title

Approval of the regular meeting minutes held on April 12, 2022

Recommended Actions

Approve the minutes

Executive Summary

The minutes have been prepared for Board review and approval.

Alternative Actions

Correct or amend minutes prior to approval

Fiscal Summary – FY 21/22

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

Narrative Explanation of Fiscal Impacts (if required)

Not Required

Attachments

1. Minutes for April 12, 2022 regular meeting

SONOMA VALLEY FIRE DISTRICT

BOARD OF DIRECTORS MEETING MINUTES
Tuesday, APRIL 12, 2022

Meeting was held via videoconference in compliance with AB 361, effective September 16, 2021.
Join by phone: 1-669-900-9128 | Meeting ID: 914 153 1767 | Meeting Passcode: 3300

1. Call to Order

President Norton called meeting to order at 6:03 p.m. via a zoom videoconference call.

2. Roll Call and Determination of a Quorum

Board of Directors present: President William Norton, Vice President John (Matt) Atkinson, Treasurer Mark Johnson, Mark Emery, and Terrence Leen

Board of Directors not in attendance: Director Brian Brady, excused. Director Raymond Brunton, absent.

3. Pledge of Allegiance

The Pledge of Allegiance was led by Director Leen and recited by all.

4. Confirmation of Agenda

Confirmed. No agenda items reordered.

5. Comments from the Public

No public present.

6. Presentations

Chavan & Associates, LLP presentation was tabled until the next scheduled board meeting on May 10th 2022.

7. Consent Calendar

a) Due to a decrease in positive COVID cases within the County the Board agreed to resume in person meeting effective, May 10, 2022 with a videoconferences alternative for those wishing to remain virtual. Conditions will be reviewed again in 30 days in compliance with new AB 361 legislation. **M/S/P Johnson/Leen 5 ayes/1 excused/1 absent**

b) Board reviewed and approved the meeting minutes from the board meeting held on March 8, 2022 with a motion amending language in item number 7b for either excused or absent Board members. **M/S/P Johnson/Emery 5 ayes/1 excused/1 absent**

8. Fire Chief's Monthly Report

Monthly Chief's report attached

9. Old Business

None

10. New Business

a) Resolution 2021/2022-9 establishing a LAIF account for the Districts reserve funds was approved. The motion included an amendment to section one, to follow all LAIF best accounting practices and requiring a minimum of two signers for all account transactions. **M/S/P Leen/Johnson 5 ayes/1 excused/1 absent**

b) Resolution 2021/2022-10 approved the surplus of engines 3383 and 3384. Engine 3383 is to be donated to the SRJC fire training center with 3384 to be listed for sale. **M/S/P Emery/Leen 5 ayes/1 excused/1 absent**

c) Board approved entering into contract with Willdan Energy enabling the retrofitting of Station 1 lighting to LED fixtures. **M/S/P Johnson/Norton 5 ayes/1 excused/1 absent**

d) Board completed LAFCO Alternate Special District Representative ballot with a unanimous vote.

e) Board completed FASIS Board of Directors ballot with a unanimous vote.

f) Resolution 2021/2022-11 ordering an election to be held in consolidation with the November 8, 2022 County election was approved. **M/S/P Norton/Johnson 5 ayes/1 excused/1 absent**

11. Other Business to come before the Board

None

12. Comments from the Floor

Allison Ash, President of the Mayacamas Volunteer Firefighters Board informed the membership of upcoming road construction on Trinity Rd. that could interfere with emergency response times.

13. Comments/Reports from the Board

None

14. Closed Session

Closed session began at 7:14 pm. There was no reportable action from closed session. Closed session concluded at 7:40 pm.

15. Adjournment

M/S Johnson/Leen 5 ayes/1 excused/1 absent
Meeting was adjourned at 7:40 pm to a regular Board meeting on May 10, 2022, at 6:00 p.m. This meeting will be conducted in person with videoconference capabilities available based on local COVID-19 restrictions in place and within compliance of new AB361 legislation. *Copies of all staff reports and documents subject to disclosure that relate to any item of business referred to on the agenda are available at the following website at http://sonomavalleyfire.org*

Respectfully submitted,

Maci Jerry