CORDELIA FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS

JUNE 30, 2015

CORDELIA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
June 30, 2015

Table of Contents

Independent Auditor's Report 1

Basic Financial Statements:

Government-Wide Financial Statements:
Statement of Net Position 3
Statement of Activities 4

Fund Financial Statements
Governmental Funds:
Balance Sheet 5
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities 6
Statement of Revenues, Expenditures and Changes in Fund Balances 7
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities 8

Notes to Financial Statements 9

Required Supplementary Information:

Budgetary Comparison Schedule:
General Fund 19
Schedule of the Plan's Proportionate Shares of the Net Pension Liability 20
Schedule of District Pension Contributions 21

Note to the Required Supplementary Information 22

Report on Internal Control over Financial Reporting 23

Schedule of Findings 25

LARRY BAIN, CPA
An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cordelia Fire Protection District
Fairfield, California

We have audited the accompanying financial statements of the governmental activities and fund information which comprise the basic financial statements of Cordelia Fire Protection District as of and for the fiscal year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 financial statement presentation.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Cordelia Fire Protection District as of June 30, 2015, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

The Cordelia Fire Protection District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

We have also issued our report dated April 4, 2016 on our consideration of the District's internal control over financial reporting. That report should be read in conjunction with this report in considering our audit.

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison for the General fund on page 19, the District's Employees' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and the Retirement System Schedule of the District's Contributions on pages 20 and 21,; 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 (GASB), 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.

Implementation of New Accounting Standards

As disclosed in the Note 1 to the financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

Larry Bain, CPA
An Accounting Corporation

April 4, 2016

CORDELIA FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2015

		Governmental Activities
Assets		
Cash and investments	$	436,723
Accounts receivable		46
Due from other governments		33,396
Capital assets:		
Non-depreciable		42,772
Depreciable capital assets-net		590,035
Total Assets		1,102,972
Deferred Outflows of Resources		
Deferred outflows-pensions		133,862
Liabilities		
Current liabilities:		
Accounts payable		45,815
Accrued payroll		9,155
Accrued interest		2,745
Current portion long-term debt		26,833
Total current liabilities		84,548
Noncurrent liabilities:		
Compensated absences		10,492
Lease payable		61,901
Net pension liability		877,909
Total noncurrent liabilities		950,302
Total Liabilities		1,034,850
Deferred Inflows of Resources		
Deferred inflows-pensions		56,708
Net Position		
Net investment in capital assets		632,807
Unrestricted		(487,531)
Total Net Position	$	145,276

CORDELIA FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

		Program Revenues			
	Expenses	Charges for Services	Capital Grants And Contributions	Operating Grants	Total
Governmental Activities:					
Fire protection services	$ 933,591	$ 450,496	$ 7,564	$ 180,243	$ (295,288)
Interest on long-term debt	4,891				(4,891)
Total Governmental Activities	$ 938,482	$ 450,496	$ 7,564	180,243	(300,179)

General Revenues:	
Taxes:	
Property tax, levied for general purposes	259,157
Investment income	1,733
Other	32,963
Total general revenues	293,853
Change in net position	(6,326)
Net position - beginning	1,004,301
Prior period adjustment	(852,699)
Net position - ending	$ 145,276

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

CORDELIA FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

		General Fund
Assets		
Cash and investments	$	436,723
Accounts receivable		46
Due from other governments		33,396
Total Assets	$	470,165
Liabilities and Fund Balance		
Liabilities		
Claims payable	$	45,815
Accrued payroll		9,155
Total Liabilities		54,970
Fund Balance		
Committed		410,680
Unassigned		4,515
Total Fund Balance		415,195
Total Liabilities and Fund Balance	$	470,165

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

CORDELIA FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Fund Balance	$	415,195
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.		632,807
Some liabilities, including long-term debt and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(10,492)
Accrued interest		(2,745)
Net pension liability, deferred inflows/outflows		(800,755)
Capital leases		(88,734)
Net position of governmental activities	$	145,276

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

CORDELIA FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund
Revenues	
Property taxes	$ 256,967
Special assessments	368,299
Intergovernmental revenues	189,997
Fire impact fees	70,993
Charges for current services	11,204
Use of money and property	9,358
Contributions and other	25,338
Total Revenues	932,156
Expenditures	
Public Protection:	
Salaries and benefits	428,787
Services and supplies	415,358
Principal expense	26,833
Interest expense	5,721
Capital outlay	
Total Expenditures	876,699
Excess (Deficit) of Revenues over Expenditures	55,457
Fund Balance, July 1, 2014	380,829
Prior Period Adjustment	(21,091)
Fund Balance, June 30, 2015	$ 415,195

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

CORDELIA FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balance - Total Governmental Fund	$	55,457
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized		-
Depreciation expense		(126,169)
Principal payments on debt are recorded as an expense in the fund financial statement, and as a reduction to long-term debt in the Statement of Net Position		26,833
Net pension liabilities reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.		30,853
The Change in accrued in interest recorded in the statement of activities do not require the use of current financial resources and therefore are not reported in the funds		830
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.		5,870
Change in net position of governmental activities	$	(6,326)

Note 1: Summary of Significant Accounting Policies

The District was organized in 1910 and currently provides fire and emergency medical services to the communities of Green Valley, Rockville, Cordelia, and Lower Suisun Valley. It is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. Although the District is independent from the Solano County Board of Supervisors, its financial activities are processed through the County Auditor-Controller's Office.

The accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. All such component units have been "blended" with the District's other fund types and account groups. The following blended component unit has a June 30 year-end.

Based upon the aforementioned oversight criteria, the District will report no component units.

B. Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following is the District's governmental fund:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. In accordance with GASB 16, the liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees, such as Medicare taxes. A current liability is recorded in the governmental fund type to account for these vested leave accruals, which are expected to be used within the next fiscal year. The non-current (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide financial statement presentation.

Note 1: Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 for Equipment, and $25,000 for buildings and improvements. All land is capitalized regardless of historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line bases over the useful life of the assets as follows:

Assets	Useful Life
Buildings and improvements	40 years
Equipment	5 to 22 years

I. Property Tax

The District receives property taxes from Solano County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two instalments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on delinquent taxes. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

In November 2002, the Board of Directors introduced Measure I Proposition to the District voters. Under the terms of that proposal, owners of real property located within the boundaries of the District were to be taxed a special assessment in addition to the property tax assessments under Article XIII A. Measure I was passed by the District voters and became effective during the year ended June 30, 2004. The special assessment is subject to the Gann Spending Limit.

Note 2: Cash and Investments

Cash and investments at June 30, 2015, consisted of the following:

Cash and investment in the County Treasurer	$ 436,723
Total cash and investments	$ 436,723

Note 2: Cash and Investments (continued)

The District maintains all of its cash and investments with the Solano County Treasurer in an investment pool. The District's funds are managed in accordance with the investment policy of the County Treasury. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the categorization of investments and investment risk can be found in the County's financial statements. The Solano County's financial statements may be obtained by contacting the County of Solano Auditor-Controller's office at 675 Texas Street, Suite 2800, Fairfield, California 94533.

Required disclosures for the District's investment in the Solano County Investment Pool at June 30, 2015 are as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Solano County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Property, Plant and Equipment

Activity for general fixed assets capitalized by the District for the year ended June 30, 2015 is summarized below:

	Balance July 1, 2014	Additions	Retirement/ Adjustments	Balance June 30, 2015
Capital assets, not being depreciated				
Land	$ 42,772	$ -	$ -	$ 42,772
Capital assets, being depreciated:				
Buildings and improvements	315,040			315,040
Equipment	2,022,474			2,022,474
Total capital assets, being depreciated	2,337,514	-	-	2,337,514
Less accumulated depreciation	(1,621,310)	(126,169)	-	(1,747,479)
Governmental activities, capital assets, net	$ 758,976	$ (126,169)	$ -	$ 632,807

Note 4: Long-Term Liabilities

A summary of the changes in the District's long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
Governmental Activities				
Compensated absences	$ 16,362	$ 6,339	$ (12,209)	$ 10,492
Capital lease	115,567	-	(26,833)	88,734
Net penion liability		877,909		877,909
Totals	$ 131,929	$ 884,248	$ (39,042)	$ 977,135

Capital Lease

On November 13, 2013, the District Board of Directors authorized the financing and purchase of two command vehicles. The cost of the vehicles was $147,695.44 and the underwriting fee was $425. The District will make annual payments of $32,553.47 for five years which will include the vehicle cost, underwriting fees and finance charges with the interest rate set at 4.95%.

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover the risk of loss. The District pays an annual premium for its general insurance coverage.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, 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, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous and Safety Plans	Miscellaneous and Safety Plans
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting s chedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits , as a % of eligible	1.5% to 2.0%	1.0% to 2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	21.933%	6.25%

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 rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions-employer	$	84,812
Contributions-employee (paid by employer)	$	10,336

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

As of June 30, 2015, 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	
Miscellanous Plan	$	25,669
Safety Plan	$	852,240

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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 as of June 30, 2013 and 2014 was as follows:

	Miscellanous	Safety
Proportion - June 30, 2013	0.00105%	0.01825%
Proportion - June 30, 2014	0.00104%	0.02272%
Change - Increase (Decrease)	-0.00001%	0.00447%

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

For the year ended June 30, 2015, the District recognized pension expense of $65,959. At June 30, 2015, 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
Differences between expected and actual experience	$ -	$ -
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	-	(42,942)
Changes in proportion and differences between District contributions and proportionate share of contributions	38,714	(13,766)
District contributions subsequent to the measurement date	95,148	-
Total	$ 133,862	$ (56,708)

$95,148 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Measurement Period Ended June 30:		
2016	$	(8,135)
2017	$	(6,606)
2018	$	(3,253)
2019		-
2020		-
Thereafter		-

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

		Miscellaneous
Valuation Date		June 30, 2013
Measurement Date		June 30, 2014
Actuarial Cost Method		Entry-Age Normal Cost
Actuarial Assumptions:		
Discount Rate		7.50%
Inflation		2.75%
Payroll Growth		3.00%
Projected Salary Increase		3.3% - 14.2% (1)
Investment Rate of Return		7.5% (2)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.5	5.13
Infrastructure and Forestland	3.0	4.5	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

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

	Discount Rate -1% (6.5%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
Misc Plan	$ 44,886	$ 25,669	$ 9,721
Safety Plan	$ 1,061,784	$ 852,240	$ 679,585

Note 7: Net Position/Fund Balances

Net Position

The government-wide activities fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Net investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

Note 7: Net Position/Fund Balances (Continued)

Fund Balances

GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on governmental fund-type, fund balances are as follows:

The term "committed" is used to indicate a portion of reported fund balance that is set aside for a specific purpose or not available for appropriation or expenditure. The District had 410,680 committed fund balance set aside for future capital replacement. The remaining fund balance is unassigned and available for future fire-fighting operations.

Note 8: Prior Period Adjustments

A prior period adjustment was recorded to reduce beginning fund balance and beginning net position $21,091 to record unaccrued prior year accounts payables to the proper fiscal year. A prior period adjustment was recorded reducing beginning net position $831,608 to implement the requirements of GASB 68 related to pensions.

Note 9: Gann Limit

Total Subject Revenue 2014-15	$	629,188
Amount of limit for 2014-15		785,700
Amount (under)/over limit	$	(156,512)

Note 10: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 11: Commitments and Contingencies

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

CORDELIA FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property taxes	$ 253,313	$ 253,313	$ 256,967	$ 3,654
Special assessments	367,200	367,200	368,299	1,099
Intergovernmental revenues	171,951	196,951	189,997	(6,954)
Fire impact fees	50,000	50,000	70,993	20,993
Charges for current services	18,101	18,101	11,204	(6,897)
Use of money and property	7,900	7,900	9,358	1,458
Other revenues	1	1	25,338	25,337
Total Revenues	868,466	893,466	932,156	38,690
Expenditures				
Salaries and benefits	470,162	428,162	428,787	(625)
Services and supplies	352,844	429,844	415,358	14,486
Principal expense	26,840	26,840	26,833	7
Interest expense	5,720	5,720	5,721	(1)
Capital outlay	11,000	1,000		1,000
Other	1,900	1,900		1,900
Total Expenditures	868,466	893,466	876,699	16,767
Net change in fund balance	$ -	$ -	55,457	$ 55,457
Fund Balance, July 1, 2014			380,829	
Prior Period Adjustment			(21,091)	
Fund Balance, June 30, 2015			$ 415,195	

CORDELIA FIRE PROTECTION DISTRICT

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability as a percentage of It's covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Miscellaneous Plan					
6/30/2014	0.00041%	$25,669	$0	0%	82.28%
Safety Plan					
6/30/2014	0.01370%	$852,240	$186,474	457.03%	45.52%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented

CORDELIA FIRE PROTECTION DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contribution as a percentage of covered employee payroll
Miscellaneous Plan					
6/30/2014	$73,798	($73,798)	$0	$186,474	39.58%
Safety Plan					
6/30/2014	$2,127	($2,127)	$0	$0	0.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years which information is available is presented

Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general funds is the only legally adopted budgets.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Board of Directors.

LARRY BAIN, CPA
An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894
lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To: Board of Directors
Cordelia Fire Protection District

We have audited the financial statements of Cordelia Fire Protection District as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated April 4, 2016 We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cordelia Fire Protection District's (District) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We consider findings 15-1 and 15-2 in the following schedule of findings to be deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider finding 15-3 and 15-4 in the following schedule of findings to be significant deficiencies in the District's internal control:

Cordelia Fire Protection District's Response to Findings

The Cordelia Fire Protection District's separate written response to the significant deficiencies identified in our audit and any follow up for subsequent year corrections has not been subjected to the audit procedures applied in the audit of the financial statements and accordingly, we do not express an opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls over financial reporting and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the District's internal control over financial reporting, accordingly this report is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, Solano County Auditor Controllers Office and the Controller's Office of the State of California.

Larry Bain, CPA,
An Accounting Corporation

April 4, 2016

INTERNAL CONTROL FINDINGS

Deemed to be Significant Deficiency and Material Weakness

Finding 15-1

During our audit we proposed several material adjustments as a result of our audit procedures because of timing differences from when Solano County closes their books and when the District receives and processes the final invoices and receipts. These types of journal entries are common for Districts that use the County auditor for the fiscal accounting. We also noted material miscoding's for workers compensation expense and liability insurance expense.

Recommendation: We recommend the district review the accounts prior to the audit and inform the auditor about all required adjusting entries. We also recommend coding workers compensation expense be recorded to account 0001240 and liability insurance be recorded to account 0002051 in the general ledger. We have noted this condition in prior audits.

Finding 15-2 (Prior Year Finding 14-3)

Prior Year Finding: During our audit we noted the District was reimbursed by the State of California for strike team members at 1.5 times their hourly rate, but the strike team members were paid by the District at the hourly rate. For full time employees the District also reduces the strike team pay by the amount to cover their shift if they were scheduled for that day and also reduces their strike team pay if they were not scheduled to work their normal shift. The schedule used to calculate the strike team pay for the Mccabe fire was not well documented and a person with reasonable accounting skills would not be able to determine how the full time district employee was reimbursed for that fire. It appears that the full time employee was underpaid for his time on that fire. The District is also not reimbursing volunteer strike team pay through payroll but paying them through normal accounts payable. The full time district employee strike team pay was reimbursed through payroll.

Current Year Follow Up: No change. We noted the strike team payments on the King Fire were paid at the hourly rate rather than the paid rate received by the District. We also noted Strike Team pay continues to be paid through accounts payables as opposed to payroll.

Recommendation: We recommend the Board review the treatment of the strike team fire fighter reimbursements and discuss with legal counsel and/or with Cal Fire whether or not the District is in compliance with the reimbursements. The District should also discuss with legal counsel and the auditor controllers' office if the volunteer strike team pay is required to be paid through payroll. Furthermore we recommend the district board of directors develop a strike team member policy with examples of how volunteer and district employee strike team members will be reimbursed.

Significant Deficiencies Not Deemed Material Weaknesses

Finding 15-3

We noted the District had a lack of segregation of duties, as one person, or related persons are capable of handling all aspects of processing transactions from beginning to end. A lack of segregation of duties increases the risk of potential errors or irregularities; however, due to a limited number of personnel an adequate segregation of duties is not possible without incurring additional costs. This is a common condition for entities of this size. This comment was noted in previous audits.

Finding 15-4

The District relies on the external auditor to ensure its financial statements are in accordance with GAAP. In addition, the District relies on the external auditor to ensure that all necessary disclosures are included in the notes to the financial statements. The District does not employ a staff member with the necessary knowledge and training to prepare governmental financial statements. In accordance with Statement of Auditing Standards No. 115 external auditors cannot be part of an entity's internal controls over preparation of the financial statements and are prohibited from auditing their own work, which would impair their independence. We have noted these conditions in the prior audit.

Recommendation: The District should consider training staff in preparing GAAP financial statements or hire an external qualified accountant to prepare the GAAP financial statements. The District could opt to take no action if it considers the cost will outweigh the benefit.