

Novato Fire Protection District

Novato, California

Comprehensive Annual Financial Report
For The Year Ended June 30, 2017



Comprehensive Annual Financial Report



The Novato Fire District exists to care for, protect and serve our communities.

Issued by
Finance Division
Dan Hom, CPA, Finance Director
Jeanne Villa, Administrative Services Manager/IT

Novato Fire Protection District
95 Rowland Way
Novato, CA 94945

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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**NOVATO FIRE PROTECTION DISTRICT
DIRECTORY OF OFFICIALS**

DIRECTORY OF OFFICIALS

2017 Board of Directors



President Steven Metcho



Vice President William Davis



Secretary/Treasurer James Galli



Director Worth "Skip" Fenner, Jr.



Director Lj Silverman

NOVATO FIRE PROTECTION DISTRICT DIRECTORY OF OFFICIALS

Executive and Command Staff

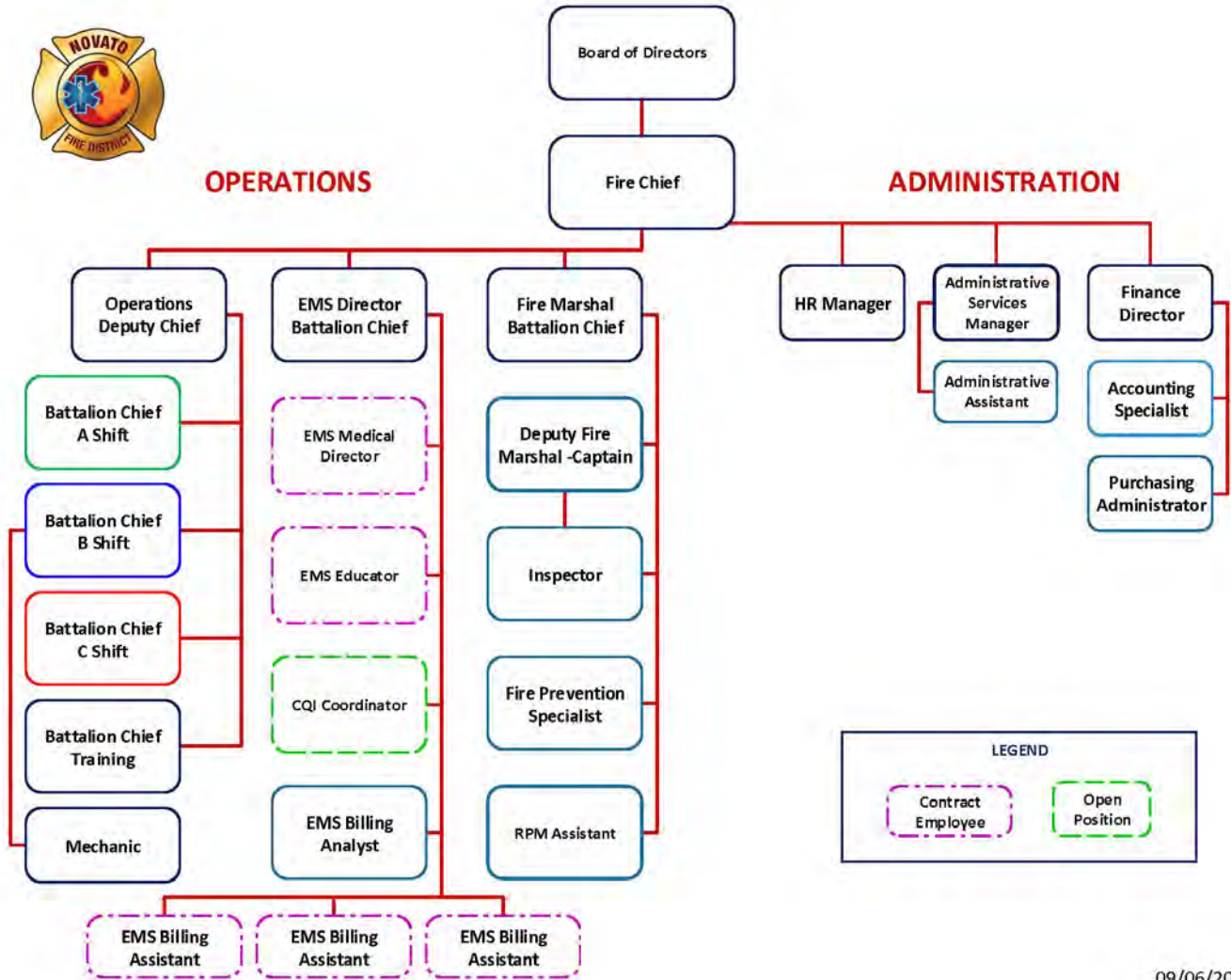
Fire Chief	Mark Heine, CFO
Deputy Fire Chief	Jeffrey Veliquette
Battalion Chief, Fire Marshal	Bill Tyler, CFO
Battalion Chief, Emergency Medical Services	Ted Peterson, CMO
Battalion Chief, Operations	
A Shift	Dmitri Menzel
B Shift	Jeffrey Whittet
C Shift	Gerald McCarthy
Training Division	Acting Battalion Chiefs
Finance Director	Dan Hom, CPA
Human Resources Manager	Gretchen Felciano
Administrative Services Manager/IT	Jeanne Villa

NOVATO FIRE PROTECTION DISTRICT ORGANIZATIONAL CHART



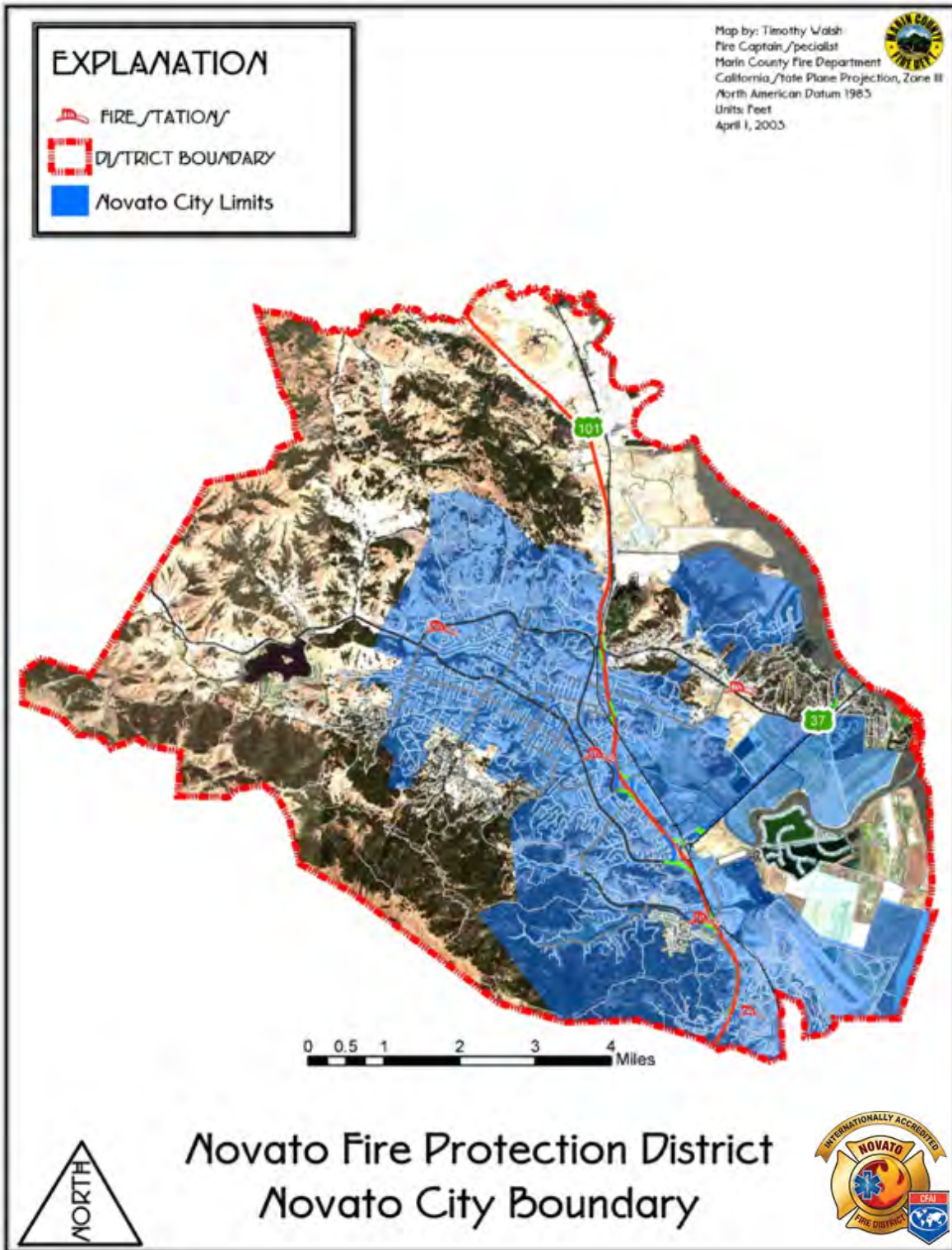
OPERATIONS

ADMINISTRATION



09/06/2016

NOVATO FIRE PROTECTION DISTRICT DISTRICT MAP



NOVATO FIRE PROTECTION DISTRICT FIRE STATIONS AND FACILITIES

LIKE BILLIONS AND BILLIONS



Administration Building
95 Rowland Way



Station 61
7025 Redwood Blvd



Station 62
450 Atherton Avenue



Station 63
65 San Ramon Way



Station 64
319 Enfrente Drive



Station 65
5 Bolling Drive



Novato Fire District

Fire Chief Mark Heine

95 Rowland Way, Novato, CA 94945 415.878.2690 Fax 415.878.2660 www.novatofire.org

November 3, 2017

Board of Directors
Novato Fire Protection District
95 Rowland Way
Novato, CA 94945

Members of the Board of Directors:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Novato Fire Protection District (District) for the fiscal year ended June 30, 2017. This is the tenth consecutive CAFR prepared by the Fire Chief and the District's Finance Division.

District management is responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. District management believes this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, the District has established a comprehensive system of internal controls designed to protect District assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

District financial statements have been audited by Maze and Associates, a firm of Certified Public Accountants licensed to practice in the State of California. The independent auditors expressed an opinion that the District financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP in the United States. This is the most favorable conclusion and is commonly known as an "unqualified" or "clean" opinion. The independent auditors' report is presented as the first component of the financial section of this report.

The Management's Discussion and Analysis (MD&A) narrative provides financial highlights and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. The MD&A is also intended to disclose any known significant events or decisions that affect the financial condition of the District. The MD&A complements and should be read in conjunction with this letter of transmittal.

PROFILE OF NOVATO FIRE PROTECTION DISTRICT

Reporting Entity - The Novato Fire Protection District is a separate governmental unit established on July 6, 1926, as an independent Special District of the State of California. The purpose of the District is to provide all-risk emergency and non-emergency services to the City of Novato and the surrounding unincorporated area. The City of Novato and surrounding unincorporated area is approximately 71 square miles with an estimated population of 65,000. A five-person Board of Directors elected by the citizens for four-year terms governs the District. The District's legal authority and responsibilities are contained in the State of California Health and Safety Code under the "Fire Protection District Law of 1987."

Budgeting - The District Annual Budget, adopted prior to July 1, provides the overall control of its revenues and expenses, including appropriations (budgeted expenses) on a line item basis and the means of financing them (budgeted revenues). The District accounting system produces monthly reports on expense activity that assist Department and Division Managers to monitor their activities and programs. These reports are also reviewed by the Fire Chief, the Finance Director, and the Board of Directors to assure budgetary compliance. The legal level of budgetary control is set at the object classification level. This level is presented as subtotals of revenue, salaries, and benefits, services and supplies, etc.

Internal Controls - As a recipient of federal, state, and county financial assistance, the District is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by the Fire Chief and the District Finance staff.

In developing and evaluating the District accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the cost-benefit analysis requires estimates and judgments by management.

Services Provided - The District maintains five fire stations and one administrative headquarters office building, all strategically located within the District. All five stations house full-time paid firefighters. The District staffs eight companies, including structure and wildland engines, a ladder truck, Advanced Life Support ambulances, command chief officer, Rescue, and other support units.

Within the boundaries of the District are wildland areas, single and multi-family residential units, commercial and light industrial occupancies, a major research facility, hotels, a hospital, numerous convalescent/assisted living facilities, equestrian areas and

open space areas including hiking trails. With such diversity, it is mandatory the District be equipped with proper apparatus and be appropriately staffed to handle all risk emergencies.

The total population serviced by the District exceeds 65,000. On business days, the population grows to include the personnel employed in the Novato Unified School District (Novato's largest employer), the City of Novato, Bio Marin, the Buck Center and other large employers located within the District.

The District's philosophy with regards to fire, medical, or hazardous material emergencies has been one of a strong, rapid deployment of appropriate resources to mitigate any emergency, as recognized by a recently awarded Class 1 Insurance Service Office (ISO) rating. The District's goal is to maintain overall total response time of 8 minutes or less 90% of the time for all dispatched emergencies. Total response time is defined as the total time beginning when a 9-1-1 emergency call is answered to the time emergency responders arrive at the scene of an emergency. Under daily normal conditions, there are 20 full-time professional emergency responders who can be deployed for an emergency within the boundaries of the Novato Fire Protection District. In addition, the District serves as the primary Joint Emergency Operations Center (EOC) location for the City of Novato and the Novato Fire Protection District.

Apparatus - District fleet is made up of emergency vehicles and apparatus which must be kept in a constant state of readiness. Among these resources are eight Type I engines, two Type III wildland engines, one ladder truck (105-foot aerial ladder), one medium duty rescue squad and four Advanced Life Support transport ambulances. For rural responses, the District is equipped with one 2,078 gallon all-wheel water tender with porta-tank.

The Type I and Type III engines all carry Advanced Life Support (ALS) emergency medical equipment, including oxygen, defibrillator units, and ALS medications and are staffed with three personnel, including at least one Firefighter/Paramedic. In addition, these vehicles are fully equipped to respond as needed to mitigate any emergency including fire, rescue, hazardous material spill, or vehicle accident.

The three Advanced Life Support ambulances are equipped to meet the needs of ALS paramedic service. In addition, the District maintains one reserve ambulance and a multi-casualty unit that can be placed into service. The District participates in a Joint Powers Agreement in the Marin County Hazardous Materials Response Team. Through the Homeland Security Grant process, the Team acquired a state-of-the-art emergency response vehicle for its Type II Hazardous Materials Team. The crew and vehicle provide assistance for a wide variety of calls, such as spills, abandoned chemicals, carbon monoxide emissions, natural gas leaks, household chemical issues, structure fires, pipeline ruptures, vehicle accidents involving tankers and industrial accidents. The apparatus is stocked with modern hazardous materials detection equipment, advanced life support supplies, and has a computer link to a hazardous materials information line.

The District participates in a Marin County Urban Search and Rescue Team. The team carries a complete complement of ropes, hardware, and rescue baskets for utilization in areas of high peaks and crevices or during earthquake operations or other natural disasters. It also carries an air compressor for various pneumatic tools. This unit meets the State Office of Emergency Services (OES) standards and has been certified as a medium rescue apparatus.

A comprehensive vehicle replacement plan has been implemented to maintain a state of the art fleet. Based upon the frequency of use and mechanical status, apparatus are replaced in a timely fashion to ensure the highest levels of in-service vehicle availability.

Executive Staff - The Fire Chief oversees the general operations of the District in accordance with the policy direction prescribed by the Board of Directors. At present, the Fire Chief is supported by his executive staff, consisting of a Deputy Fire Chief, Battalion Chief/Fire Marshal, Battalion Chief/EMS Director, Battalion Chief/Training Officer, three Shift Battalion Chiefs, a Finance Director, a Human Resources Manager, and an Administrative Services Manager.

The executive staff is responsible for three District functions: Operations, Risk Reduction/Prevention/Mitigation, and Organizational Resources.

The Deputy Chief, who is also the Operations Chief, is responsible for the delivery of all risk emergency services to the citizens and public, overseeing the Training and Education Division and the Operations Shift Battalion Chiefs.

The Training Division provides training to firefighters, supports a safe work culture through a safety committee and enforces work place and emergency fire ground safety policies through a research and development committee.

The Emergency Medical Services Division is responsible for the delivery of emergency medical services to the community and oversees the ambulance billing department, which provides billing services for the District and three other fire agencies. Kaiser Permanente provides an emergency physician to serve as the District's Medical Director at no cost to the District.

The Battalion Chief/Fire Marshal is responsible for the Risk Reduction, Prevention and Mitigation Division and manages the District's community risk reduction programs. He also oversees code compliance, exterior hazard abatement, and public education.

The Battalion Chief/Training Officer is responsible for the Training Division and ensures that all District personnel receive continuing education related to local, State, and Federal mandated training as well as training on contemporary fire service and EMS topics.

Shift Battalion Chiefs manage on-duty personnel assigned to the five fire stations. Additionally, each Shift Battalion Chief has program management responsibilities for programs including fleet management, facilities management, and special operations team management.

The Finance Director is responsible for financial functions of the District including financial statement reporting, maintaining general ledger, financial policies, systems and procedures, cash management, debt management, accounting and budgeting, accounts receivables/payables, and payroll.

The Human Resources Manager is responsible for managing personnel, medical, dental, vision, and life insurance benefits and Workers Compensation claims for current and retired employees.

The Administrative Services Manager is responsible for managing the front office staffing, preparing Board of Director materials, overseeing IT projects, providing help desk support, and assisting the Fire Chief.

ECONOMIC OUTLOOK

The Novato Fire Protection District's financial position has steadily improved since being negatively impacted by the downturn of the global economy eight years ago. There are positive signs of sustained economic recovery. Real estate valuations have been on the rise for five consecutive years. The local unemployment rate has decreased over the last eight years as well. Financial markets have rebounded from their lows but continue to be volatile due to geo-political events.

The District believes that it can still maintain a high level of service to our community, but will have to review all areas where it can reduce cost and/or increase revenues. The District still has appropriate reserves to ensure equipment and apparatus replacement,

facility infrastructure support, in addition to a commitment to paying down the unfunded retiree health care and retirement liabilities.

The District is projecting that it will experience modest and slower revenue growth in 2018 through 2019. This assumption is based upon recent trends in real property values that although have continued to increase, but not as robust as in prior years. It is the District's assessment that as the financial markets stabilize, and the local unemployment rate remains low, the housing market will continue to improve.

Each of these economic factors have an essential role in determining the outcome as to the level of property tax revenue the District will receive.

Long-term Financial Planning – Periodically the District prepares multi-year projections of revenues and expenditures. Included in these projections are assumptions for property tax growth, salaries, retirement, health care insurance and apparatus replacement. These projections are useful in assessing long term sustainability and budgeting. The Board's Finance Committee provides guidance and recommendations to the full Board of Directors on matters related to District financial management and governance.

The renovation of Station 64 was completed in September 2015. The District secured long-term financing of \$3,000,000 in August 2014. The remainder of the construction costs were paid out of assigned and unassigned fund balances.

Financial Policies – The District adopted the provisions of GASB 54 and established a Fund Balance policy. The Board also adopted a resolution to establish a Rainy Day Fund. The purpose of the Rainy Day Fund is to provide the District with contingency funding for use in situations including, but not limited to, adverse economic conditions, unforeseen emergencies, or other situations deemed warranted by the Board.

Major Initiatives - The Novato Fire Protection District evolution over the past 90 years is remarkable and its endeavors impressive. The District has accomplished many notable achievements, from a number of administrative staffing enhancements to providing new station facilities for its customers, along with improved apparatus in the field. These successes have proven to be beneficial to District personnel, but most importantly, to the community which the District serves.

There are several major initiatives that are identified in the annual strategic plan, reflected in the District budget, and will have financial impact. The District has a fleet replacement plan that specifies the replacement of specific fleet vehicles in each fiscal year. The comprehensive facility condition assessment has resulted in repairs and enhancements to its facilities. The assessment found that the District's facilities are in good shape. It also outlines the predicted facility maintenance and replacement expectations for future fiscal years.

The District has recently completed the rebuilding of Fire Station 64. It is a 7,200 square foot, single story fire station that is home to the District's ladder truck and an ALS ambulance. The District anticipates the need to make improvements to its information technology hardware and software in the next few years to include a new phone system, enhanced connectivity, and a new mobile data computer system for the fleet.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Novato Fire Protection District for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the ninth consecutive year that the Novato Fire Protection District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a District (GFOA used the word Government) must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report reflects the combined and dedicated effort of District staff. We especially want to recognize the Finance Division staff and the auditors for their contributions to provide complete and reliable information for the stewardship of public funds.

We would like to take this opportunity to express our thanks and sincere appreciation to the Board of Directors for their continued support and trust.

The Novato Fire District leadership and staff bring an effective combination of skills, experience and dedication to carry out the District mission:

***The Novato Fire District Exists
To Care For, Protect and Serve Our Communities.***

Sincerely,



Mark Heine, CFO, EFO
Fire Chief



Dan Hom, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Novato Fire Protection District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. 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 governmental activities and the major fund of the District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

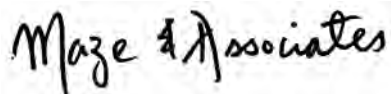
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information Section 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California

October 12, 2017



Novato Fire District

Fire Chief Mark Heine

95 Rowland Way, Novato, CA 94945 415.878.2690 Fax 415.878.2660 www.novatofire.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. The MD&A describes the significant changes from the prior year that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known conditions that are expected to impact the financial position of the District. The reader is encouraged to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

GOVERNMENT-WIDE

- The District ended its fiscal year with a net position of \$11,995,056.
- The total Program Expenses were \$27,475,209.
- The total Program Revenues were \$3,850,864.
- The total General Revenues were \$25,313,936.
- The change in Net Position represents an increase of \$1,689,591 in revenues over expenses.

GENERAL FUND

- The General Fund revenues exceeded expenditures by \$1,928,202.
- The actual resources received in the General Fund exceeded final budget by \$818,221, while actual expenditures were less than final budget by \$806,572.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,670,033 or 13% of General Fund expenditures.

ANNUAL REPORT OVERVIEW

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: Government-wide financial statements, Fund financial statements and Notes to the basic financial statements. This report also contains supplementary information and statistical data in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide the reader with a longer term view of the District's finances as a whole and includes the Statement of Net Position and Statement of Activities. The manner of presentation is similar to a private sector business.

MANAGEMENT’S DISCUSSION AND ANALYSIS

(Continued)

The Statement of Net Position presents information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis. Over time, increases or decreases in net position is one indicator in monitoring the financial health of the District.

The Statement of Activities provides information about all the District’s revenues and expenses on the full accrual basis, with the emphasis on measuring net revenues or expenses of each specific program. This statement explains in detail the change in Net Position for the year.

All of the activities in the government-wide financial statements are principally supported by taxes, intergovernmental revenues and fire related charges, i.e. ambulance services and inspection fees. The government activities of the District include general government and interest on long-term debt.

The government-wide financial statements use the full accrual basis of accounting method which records revenues when earned and expenses at the time the liability is incurred, regardless of when the related cash flows take place.

The government-wide financial statements can be found on pages 13 to 14 of this report.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The governmental fund financial statements provide more detailed information about the District’s Governmental Fund, focusing primarily on the short-term activities of the organization. The Governmental Fund Financial Statements measure only current revenues and expenditures and fund balances, excluding capital assets, long-term debt and other long-term obligations.

All of the District’s basic services are considered to be governmental activities. Novato Fire Protection District’s services are supported by general District revenues such as taxes, ambulance services and inspection fees.

Government funds focus on how money flows into and out of the fund and the balance left at year-end available for spending. These funds are reported using an accounting method called the modified accrual method, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is itemized in a reconciliation following the fund financial statements on page 16.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Other Information: In addition to the Basic Financial Statements and accompanying notes, this report also presents certain Required Supplementary Information such as Budgetary Comparison Schedules and a Statistical Section, providing financial tables conforming to GASB 44 standard requirements and historical trend data on the District.

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE

This analysis focuses on the net position and changes in net position of the District's Governmental Activities (Tables 1 and 2), as presented in the Government-Wide Statement of Net Position and Statement of Activities that follow:

Table 1
Condensed Statement of Net Position
As of June 30, 2017 and 2016
(in thousands)

	Governmental Activities		
	2017	2016	Increase (decrease)
Current assets	\$ 18,679	\$ 16,903	\$ 1,776
Net capital assets	17,632	18,500	(868)
Total assets	36,311	35,403	908
Deferred outflows	9,932	9,734	198
Current liabilities	3,881	3,885	(4)
Non-current liabilities	29,652	26,805	2,847
Total liabilities	33,533	30,690	2,843
Deferred inflows	716	4,142	(3,426)
Net Position:			
Net investment in capital assets	13,645	13,794	(149)
Unrestricted	(1,650)	(3,489)	1,839
Total Net Position	\$ 11,995	\$ 10,305	\$ 1,690

The following explains the major points impacting net position as shown in Table 1:

- Current assets increased by approximately \$1,776,000 or 11%, due primarily to the increase in cash and cash equivalents (\$1,693,000) resulting from revenues exceeding expenditures.
- Net capital assets decreased by approximately \$868,000 or 5% due primarily to Station 64 construction (\$69,000), acquisition of equipment and vehicles (\$542,000) offset by depreciation for the year (\$1,459,000).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

- Deferred outflows increased by approximately \$198,000 or 2%, due to net pension liability resulting from the implementation of GASB Statements 68 and 71.
- Non-current liabilities increased by approximately \$2,847,000 or 11%, due primarily to an increase in Net Pension Liability (\$4,384,000) offset by decreases in Workers Compensation claims (\$675,000), and in notes payable to bank and capital leases (\$672,000).
- Deferred inflows decreased by approximately \$3,426,000 or 83%, due to deferred inflows related to pension (\$3,426,000).
- Net investment in capital assets decreased by approximately \$149,000 or 1%, due primarily to acquisition of equipment and vehicles (\$542,000), paying down related debt (\$719,000), offset by depreciation expense (\$1,459,000).
- Unrestricted net position increased by approximately \$1,839,000 or 52%, due primarily to net Change in Net Position (\$1,690,000).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Table 2
Condensed Statement of Activities
For the Years Ended June 30, 2017 and 2016
(in thousands)

	Governmental Activities		
	2017	2016	Increase (decrease)
Expenses			
Personnel	\$ 22,141	\$ 15,431	\$ 6,710
Material and services	3,777	4,378	(601)
Depreciation	1,459	1,443	16
Interest on debt	98	115	(17)
Total expenses	<u>27,475</u>	<u>21,367</u>	<u>6,108</u>
Program revenues			
Charges for services	3,780	3,867	(87)
Capital grants	71	28	43
Total program revenues	<u>3,851</u>	<u>3,895</u>	<u>(44)</u>
Net program expense	23,624	17,472	6,152
General revenues			
Property taxes	\$ 25,010	\$ 23,712	\$ 1,298
Investment earnings	56	30	26
Grants	84	87	(3)
Miscellaneous	164	170	(6)
Total general revenues	<u>25,314</u>	<u>23,999</u>	<u>1,315</u>
Change in Net Position	1,690	6,527	(4,837)
Net Position - beginning of year	<u>10,305</u>	<u>3,778</u>	<u>6,527</u>
Net Position - end of year	<u>\$ 11,995</u>	<u>\$ 10,305</u>	<u>\$ 1,690</u>

The following describes the major points impacting the statement of activities as shown in Table 2:

- Personnel expenses increased by approximately \$6,710,000 or 43%, due primarily to an increase in retirement resulting from the implementation of GASB Statements 68 and 71 (\$5,516,000), and increases in salaries and benefits (\$1,112,000).
- Material and services decreased by approximately \$601,000 or 14%, due primarily to decrease in non-capitalized Station 64 construction costs (\$772,000), offset by increase in special fire equipment (\$111,000).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- Charges for services decreased by approximately \$87,000 or 2% primarily due to a decrease in OES reimbursements for out of county incidents (\$442,000) offset by an increase in ambulance service fees (\$463,000).
- Property taxes increased by \$1,298,000 or 5% primarily due to recovery of real estate valuations, secured property taxes (\$807,000), special assessment taxes (\$130,000), Education Revenue Augmentation Fund reimbursement (\$290,000) and redevelopment agencies (\$98,000).

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's general fund.

The fund financial statements provide a short-term view of the District's operations. They are reported using an accounting basis called modified accrual which reports cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

As shown on page 17, the government fund balance increased by \$1,942,066. Fund balance increased during the year due to various changes in revenues and expenditures. The largest changes were due to an increase in property tax revenues of approximately (\$1,295,000) due to the recovery of real estate valuations, decrease in capital outlay (\$1,258,000) offset by an increase in services and supplies (\$200,000).

On page 18, there is reconciliation from the modified-accrual net change in fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance for the governmental fund to the full-accrual change in net position of the Statement of Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an increase in General Fund appropriations of \$193,000, or 0.7%, between the original and final amended budget. The increases were principally due to salaries and benefits of \$198,000.

Significant variances between final amended budget and actual include approximately \$325,000 positive variance for property taxes attributable to rising assessed valuations, and approximately \$586,000 positive variance for salaries and benefits resulting primarily from savings from retirement (\$241,000), health insurance (\$178,000) and workers' compensation (\$385,000).

Additional details comparing budget to actual are shown on page 49.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

CAPITAL ASSETS

As of June 30, 2017, the District had approximately \$17,632,000 in net capital assets.

Table 3
Capital Assets
As of June 30, 2017 and 2016
(in thousands)

	Governmental Activities		
	2017	2016	Increase (decrease)
Nondepreciable capital assets:			
Land	\$ 3,028	\$ 3,028	\$ -
Construction in progress	-	-	-
Total nondepreciable capital assets	3,028	3,028	-
Depreciable capital assets:			
Buildings and improvements	20,337	20,288	49
Equipment	4,092	4,152	(60)
Apparatus and vehicles	6,896	6,540	356
Total depreciable capital assets	31,325	30,980	345
Less accumulated depreciation	(16,721)	(15,509)	(1,212)
Capital Assets, net	\$ 17,632	\$ 18,499	\$ (867)

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are reported at fair market value as of the date contributed. Depreciation is a systematic approach to allocate the cost of capital assets over their estimated useful lives. The District has adopted a 30 year life for its buildings, 15 years for fire apparatus, 10 years for ambulances, 5 years for other motor vehicles, and 3-10 years for furniture, fixtures, and equipment.

Construction of Station 64 was completed in October 2015. This resulted in the transferring of construction in progress to buildings and improvements (\$7,256,000). Additional detail about capital assets is shown in Notes 1 and 4 in the financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

DEBT ADMINISTRATION

As of June 30, 2017, the District had approximately \$3,987,000 in outstanding debt.

Table 4
Outstanding Debt
As of June 30, 2017 and 2016
(in thousands)

	Governmental Activities		
	2017	2016	Increase (decrease)
Notes payable	\$ 3,651	\$ 4,141	\$ (490)
Capital leases payable	336	565	(229)
Total Debt	\$ 3,987	\$ 4,706	\$ (719)

During the 2015 year, the District borrowed \$3,000,000 to finance the construction of Station 64. In preceding years the District entered into leases to acquire two ambulances (cost approximately \$335,000), two fire engines (cost approximately \$915,000), a water tender (cost approximately \$194,000), a ladder truck (cost approximately \$1,097,000) and refinanced debt on administration building (\$2,135,000).

Additional details about long term debt are disclosed in Notes 5 and 6.

ECONOMIC OUTLOOK

The Novato Fire Protection District’s financial position has steadily improved since the being negatively impacted by the downturn of the global economy eight years ago. There are positive signs of sustained economic recovery. Real estate valuations have been on the rise for five consecutive years. The local unemployment rate has decreased over the last eight years as well. Financial markets have rebounded from their lows but continue to be volatile due to geo-political events.

The District believes that it can still maintain a high level of service to our community, but will have to review all areas where it can reduce cost and/or increase revenues. The District still has appropriate reserves to ensure equipment and apparatus replacement in addition to a commitment to paying down the unfunded retiree health care and retirement liabilities.

The District is projecting that it will experience modest and slower revenue growth in 2018 through 2019. This assumption is based upon recent trends in real property values that although have continued to increase, but not as robust as in prior years. It is the District’s assessment that as the financial markets stabilize, and the local unemployment rate remains low, the housing market will continue to improve. Each of these economic factors have an essential role in determining the outcome as to the level of property tax revenue the District will receive.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Heine", with a horizontal line extending to the right.

Mark Heine, CFO
Fire Chief

Basic Financial Statements

NOVATO FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents (Note 2)	\$17,624,213
Restricted cash and cash equivalents (Note 2)	55,216
Receivables:	
Due from other governments	280,419
Ambulance service fees, net allowance for doubtful accounts of \$2,959,087	409,085
Property taxes	283,734
Prepaid items	26,778
Total current assets	18,679,445
NON-CURRENT ASSETS	
Land and construction-in-progress (Note 3)	3,028,295
Depreciable capital assets, net (Note 3)	14,603,933
Total non-current assets	17,632,228
Total assets	36,311,673
DEFERRED OUTFLOWS	
Deferred outflows related to pension (Note 9)	9,932,249
Total Deferred Outflows	9,932,249
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	447,170
Accrued expense	231,049
Interest payable	20,573
Notes and loan payable to bank (Note 4)	500,440
Capital lease obligations (Note 5)	171,673
Compensated absences (Note 1)	2,075,088
Workers' compensation claims (Note 11)	434,781
Total current liabilities	3,880,774
NON-CURRENT LIABILITIES	
Notes and loan payable to bank (Note 4)	3,150,781
Capital lease obligations (Note 5)	164,096
Workers' compensation claims (Note 11)	2,441,219
Net OPEB obligation (Note 10)	2,081,339
Net Pension Liability (Note 9)	21,814,657
Total non-current liabilities	29,652,092
Total liabilities	33,532,866
DEFERRED INFLOWS	
Deferred inflows related to pension (Note 9)	716,000
Total Deferred Inflows	716,000
NET POSITION (Note 1)	
Net investment in capital assets	13,645,238
Unrestricted	(1,650,182)
Total net position	\$11,995,056

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities					
	Total	Emergency Medical Services	Risk Reduction Prevention and Mitigation	Operations	Organizational Resources & Support	Training
EXPENSES						
Personnel	\$22,140,885	\$7,150,537	\$1,181,610	\$10,272,337	\$3,158,584	\$377,817
Material and services	\$3,777,604	\$581,411	\$86,479	\$179,320	\$2,906,390	\$24,004
Depreciation	\$1,458,984	\$4,764		\$192,874	\$1,261,346	
Interest on debt and fiscal charges	\$97,736				\$97,736	
Total expenses	<u>\$27,475,209</u>	<u>\$7,736,712</u>	<u>\$1,268,089</u>	<u>\$10,644,531</u>	<u>\$7,424,056</u>	<u>\$401,821</u>
PROGRAM REVENUES:						
Charges for services	3,780,142	2,793,548	37,813	835,655	110,861	2,265
Capital grants and contributions	<u>70,722</u>				<u>70,722</u>	
Net program expense	<u>23,624,345</u>	<u>\$4,943,164</u>	<u>\$1,230,276</u>	<u>\$9,808,876</u>	<u>\$7,242,473</u>	<u>\$399,556</u>
GENERAL REVENUES						
Property taxes	25,009,489					
Investment earnings	55,464					
Grants not restricted to specific programs	84,983					
Miscellaneous	<u>164,000</u>					
Total general revenues	<u>25,313,936</u>					
Change in net position	1,689,591					
NET POSITION-BEGINNING	<u>10,305,465</u>					
NET POSITION-END OF THE YEAR	<u><u>\$11,995,056</u></u>					

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL (GENERAL) FUND
JUNE 30, 2017

ASSETS

Cash and cash equivalents (Note 2)	\$17,624,213
Restricted cash and cash equivalents (Note 2)	55,216
Receivables:	
Due from other government	280,419
Ambulance service fees, net allowance for doubtful accounts of \$2,959,087	409,085
Property taxes	283,734
Prepaid items	<u>26,778</u>
Total assets	<u><u>\$18,679,445</u></u>

LIABILITIES

Accounts payable	\$447,170
Accrued liabilities	<u>231,049</u>
Total liabilities	<u>678,219</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue	<u>426,608</u>
Total Deferred Inflows of Resources	<u>426,608</u>

FUND BALANCE

Nonspendable (Note 7)	26,778
Committed (Note 7)	4,199,942
Assigned (Note 7)	9,677,865
Unassigned	<u>3,670,033</u>
Total fund balance	<u>17,574,618</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$18,679,445</u></u>

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT
 Reconciliation of the
 GOVERNMENTAL (GENERAL) FUND
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2017

Total fund balances reported on the governmental fund balance sheet	\$17,574,618
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:</p>	
<p>Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.</p>	17,632,228
<p>Ambulance service, property tax receivable and intergovernmental, that are not available to pay current period expenditures and therefore are deferred in the balance sheet.</p>	
<p>Certain liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.</p>	
Notes payable	(3,651,221)
Interest payable	(20,573)
Leases payable	(335,769)
Net OPEB obligation	(2,081,339)
Compensated absences payable	(2,075,088)
Workers compensation claims	(2,876,000)
Deferred outflow related to pension	9,932,249
Net pension liability	(21,814,657)
Deferred inflow related to pension	(716,000)
	\$11,568,448
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$11,568,448

See accompanying notes to basic financial statements

NOVATO FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES:

Property taxes	\$25,009,486
Charges for services	2,998,025
Interest income	55,464
Intergovernmental	1,107,589
Miscellaneous	47,772
Total Revenues	29,218,336

EXPENDITURES:

Current:	
Public Safety	
Salaries and benefits	22,087,548
Services and supplies	3,805,775
Capital outlay	577,193
Debt service	
Principal	718,550
Interest and fiscal charges	101,068
Total Expenditures	27,290,134

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,928,202
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OTHER FINANCING SOURCES

Proceeds from sale of capital assets	13,864
Total Other Financing Sources	13,864

NET CHANGE IN FUND BALANCES	1,942,066
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Fund balances at beginning of year	15,632,552
Fund balances at end of year	\$17,574,618

See accompanying notes to basic financial statements

NOVATO FIRE PROTECTION DISTRICT
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,942,066

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance	577,193
Other capitalized expenditures are added back to fund balance	34,754
Proceeds from sale of capital assets are deducted from fund balance	(13,864)
Loss in disposal of capital assets is deducted from fund balance	(6,580)
Depreciation expense is deducted from the fund balance	(1,458,984)

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Deferred inflow of resources	(53,539)
Compensated absences	(108,277)
Other post employment benefits obligation	189,735
Workers' compensation claims	625,000

Debt principal transactions reported in the governmental fund statement of revenue but not considered an operating activity in the statement of activities (but only as changes in liabilities)

Principal repayments on note payable	489,633
Interest payable on note payable	3,347
Payments to reduce obligations under capital leases	228,917

Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability

(759,810)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$1,689,591

See accompanying notes to basic financial statements

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Novato Fire Protection District (the District) is a separate governmental unit established July 6, 1926, as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to the City of Novato and the surrounding area. The City of Novato and surrounding area approximates 71 square miles with an estimated population of 60,000. A five-person Board of Directors elected by the citizens for four-year terms governs the District. The District's legal authority and responsibilities are contained in the State of California Health and Safety Code under the "Fire Protection District Law of 1987."

Introduction

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements.

In the government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities), the District's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in two parts: (1) Net investment in capital assets, and (2) unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are supported by general government revenues (property taxes and intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

The categories of governmental activities included in the statement of activities report expenses directly attributable to the functions indicated. The category "Operations" includes services for structural and wildland fire suppression, response to hazardous materials incidents, search and rescue, vehicle extrication and other emergency services. The category, "Organizational Support," includes all expenses (including those incurred in support of other activities) not directly chargeable to another activity.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

The District uses the following fund types:

Governmental funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

General fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

BASIS OF ACCOUNTING:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that payments for general obligation long-term liabilities are recognized when due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with its fiscal agent (County of Marin).

Prepaid items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Unavailable revenue

Unavailable revenue (in the fund financial statements) represents ambulance fees and property taxes earned during the year but not collected in time to be available to finance the current year's operations.

Net position

Net position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

Net Investment in Capital Assets, describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and funds restricted to low and moderate income purposes. The District did not have any restricted fund balance at June 30, 2017.

Unrestricted describes the portion of net position which is not restricted as to use.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This component includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislations. The District did not have any restricted fund balance at June 30, 2017.

Committed – This component consists of amounts that can only be used only for the specific purposes determined by a formal action of the District’s Board highest level of decision-making authority. The District Board can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned – This component consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Fire Chief or their designee (Finance Director) as established in the District’s Fund Balance Policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund.

The District’s policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

Use of estimates

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

Capital assets

Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital assets are recorded if acquisition or construction costs exceed \$1,000. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- Buildings 30 years
- Fire apparatus 15 years
- Ambulances 10 years
- Other vehicles 5 years
- Furniture, fixtures and equipment 3-10 years

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave and associated employee- related costs when earned by the employee.

In accordance with an agreement with the Novato Professional Firefighters Association, the District is obligated to provide the following compensated absence benefits:

Sick leave Shift employees of the District earn sick leave at 12 hours per month and may accumulate up to 2,912 hours. Day employees earn 8.5 hours per month. An employee’s accumulated sick leave may be applied toward retirement, or upon separation from the District, may be received in salary at 25% of the current hourly rate. Management has estimated that all of the total accrued sick leave payable is a current liability.

Vacations Shift personnel earn vacation shifts at a rate of 6 to 18 shifts per year, depending on length of service. Day personnel earn between 102 to 306 hours per year. The District allows members to rollover their annual vacation shifts to the following year and each employee may bank twice their annual vacation accrual. Management has estimated that all of the total accrued vacation payable will be redeemed within one year.

Compensatory time-off All District personnel may accumulate accrued overtime pay at one and one-half times their basic pay rate. Accumulated compensatory time is limited to 96 hours. Amounts in excess of 96 hours or time accumulated for over one year from the date earned are paid to the employee.

The following is a schedule of changes in compensated absences during the year:

Balance as of June 30, 2016	\$1,966,811
Increases during the year	2,585,348
Decreases during the year	<u>(2,477,071)</u>
Balance as of June 30, 2017	2,075,088
Less amount due within 1 year	<u>2,075,088</u>
Amount due after 1 year	<u><u> </u></u>

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

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 between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Workers' Compensation Claims

A liability for workers compensation claims is shown on the Statement of Net Assets. The short-term portion of the liability is estimated based on historical claims paid during a recent for the preceding year beginning September 1st through August 31st of the current year. Additional information is presented in Note 11.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities.

Property Taxes

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

In 1993, the District entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. The Teeter Plan calls for the County to advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected. The receivable on the balance sheet is for unsecured property taxes.

Special fire and paramedic tax charges are assessed by the District Board of Directors before September 1 and adopted by ordinance. These special tax charges are incorporated on property tax bills, and therefore are attached as an enforceable lien on real property located within the District.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUTURE GASB PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) pronouncements that will take effect in the next few years.

Effective in fiscal year 2017-18:

GASB 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

GASB 81 – Irrevocable Split-Interest Agreements

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB 85 – Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB 86 – Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EFFECTIVE FISCAL YEAR 2018/19:

GASB 83 – Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and investments consisted of the following:

Cash with County Treasurer's Pool	\$15,853,061
Cash in banks, unrestricted	1,771,102
Cash in banks, restricted	55,216
Petty cash	50
Total	\$17,679,429

The District maintains most of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as “Cash and Cash Equivalents.”

The County Pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County’s investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The fair value of the District’s position of the pool is the same as the value of the pool shares. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

INTEREST RATE RISK

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2017, the County’s investment pool had a weighted average maturity of 231 days.

For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.

CREDIT RISK

State law and the County’s Investment Policy limits investments in commercial paper, corporate bonds, and medium term notes to the rating of “A” or higher as provided by Moody’s Investors Service or Standard & Poor’s Corporation. The County’s Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Agency obligations with a credit quality rating of “AAA.”

CONCENTRATION OF CREDIT RISK

The following is a summary of the concentration of credit risk by investment type as a percentage of the fair value of the County’s investment pool at June 30, 2017.

Investment types in investment pool	Percent of portfolio
Federal agency - coupon	28%
Federal agency - discount	70%
Money market funds	2%
	100%

CUSTODIAL CREDIT RISK

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County’s investment pool had no securities exposed to custodial credit risk.

FAIR VALUE HIERARCHY

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

At June 30, 2017, the District’s investment in the County Treasurer’s Pool was an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

LOCAL AGENCY INVESTMENT FUND

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

Cash held with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts.

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2017, were as follows:

	Balance June 30, 2016	Additions	Dispositions	Transfers	Balance June 30, 2017
Nondepreciable capital assets:					
Land	\$3,028,295				\$3,028,295
Construction in progress		\$69,547		(\$69,547)	
Total capital assets not being depreciated	<u>3,028,295</u>	<u>69,547</u>		<u>(69,547)</u>	<u>3,028,295</u>
Capital assets being depreciated:					
Buildings and building improvements	20,287,802		(\$20,445)	69,547	20,336,904
Furniture, fixtures and equipment	4,152,224	152,593	(213,279)		4,091,538
Fire apparatus and vehicles	6,540,440	389,807	(33,916)		6,896,331
Total capital assets being depreciated	<u>30,980,466</u>	<u>542,400</u>	<u>(267,640)</u>	<u>69,547</u>	<u>31,324,773</u>
Less accumulated depreciation for:					
Buildings and building improvements	8,069,264	681,801			8,751,065
Furniture, fixtures and equipment	2,924,285	411,292	(213,279)		3,122,298
Fire apparatus and vehicles	4,515,503	365,890	(33,916)		4,847,477
Total accumulated depreciation	<u>15,509,052</u>	<u>1,458,983</u>	<u>(247,195)</u>		<u>16,720,840</u>
Total depreciable assets	<u>15,471,414</u>	<u>(916,583)</u>	<u>(20,445)</u>	<u>69,547</u>	<u>14,603,933</u>
Governmental activity capital assets, net	<u>\$18,499,709</u>	<u>(\$847,036)</u>	<u>(\$20,445)</u>		<u>\$17,632,228</u>

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 4 - NOTE AND LOAN PAYABLE

On December 16, 2003, real property located at 95 Rowland Way, Novato, was purchased for \$3,650,000. A loan of \$2,700,000 was secured with Bank of Marin to finance the purchase. The loan was due in December 2013, at a fixed rate of 3.5% per annum for the first 60 months, with monthly payments of \$12,202. After the fixed rate period, the rate was adjusted for the remaining 60 months to 0.25% in excess of the most current month's 5-year Treasury Constant Maturity. On May 5, 2013, the District refinanced the outstanding balance of this Note with a new Note which bears interest at 2.763% with a monthly repayment schedule that ends May 15, 2023.

On June 10, 2014, the District entered into an agreement with Bank of the West for a loan of \$3,000,000 to partially finance the construction of the District's Fire Station 64. This loan bears an interest rate of 1.9%. Semi-annual payments of the loan will be made on February 1 and August 1 of each year, beginning on February 1, 2015 and ending on August 1, 2024. This loan includes a 1% penalty if the loan is prepaid in the first two years.

The following is a summary of the District's future annual obligations:

Year ending June 30	Principal	Interest	Total
2018	\$500,440	\$77,357	\$577,797
2019	513,411	65,848	579,259
2020	523,495	54,102	577,597
2021	535,866	41,983	577,849
2022	548,361	29,627	577,988
2023-2025	1,029,648	25,722	1,055,370
Total obligation	3,651,221	294,639	3,945,860
Less amount due within 1 year	500,440	77,357	577,797
Amount due after 1 year	<u>\$3,150,781</u>	<u>\$217,282</u>	<u>\$3,368,063</u>

CHANGES IN NOTE AND LOAN PAYABLE

The following is a schedule of changes in note and loan payable during the year:

	Note payable
Balance as of June 30, 2016	\$4,140,854
Repayments	(489,633)
Balance as of June 30, 2017	3,651,221
Less amount due within 1 year	(500,440)
Amount due after 1 year	<u>\$3,150,781</u>

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 5 - CAPITAL LEASE OBLIGATIONS

The District has entered into the following capital leases:

	<u>Fire Engines</u>	<u>Water Tender</u>	<u>Ladder Truck</u>
Date of lease	January 2007	June 2008	May 2013
Semi-annual payment	\$50,493	\$22,315	
Annual Payment			\$167,625
Number of payments left		1	2
Interest rate	2.10%	2.30%	2.15%
Cost of equipment	915,468	193,511	1,096,882

The following is a summary of the District's future annual obligations:

<u>Year ending June 30</u>	<u>Water Tender</u>	<u>Ladder Truck</u>	<u>Total</u>
2018	\$11,156	\$167,625	\$178,781
2019		167,626	167,626
Total payments	11,156	335,251	346,407
Less: Interest	127	10,511	10,638
Net	11,029	324,740	335,769
Less: Amount due within 1 year	(11,029)	(160,644)	(171,673)
Amount due after 1 year	<u>\$0</u>	<u>\$164,096</u>	<u>\$164,096</u>

CHANGES IN CAPITAL LEASE OBLIGATIONS

The following is a schedule of changes in leases payable during the year:

	<u>Balances as of June 30, 2016</u>	<u>Repayments</u>	<u>Balances as of June 30, 2017</u>
Engines	\$49,968	(\$49,968)	\$0
Water Tender	32,716	(21,687)	11,029
Ladder Truck	482,002	(157,262)	324,740
Total	<u>\$564,686</u>	<u>(\$228,917)</u>	<u>\$335,769</u>

NOTE 6 - CREDIT LINE

The District utilizes a credit card with a credit limit of \$175,000. As of July 11, 2017 (the closest date to June 30, 2017), the available credit was approximately \$151,186. The interest rate is based on the prime rate identified in the Wall Street Journal, as described in the credit card agreement. At the end of the year, the interest rate was approximately 15.24%. The District routinely pays the credit card balance in full each month and therefore is not subject to interest charges.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 7 - FUND BALANCE

The District's fund balance is reported in classifications as described in Note 1. The following amounts are classified as nonspendable:

Prepaid items	<u>\$26,778</u>
	<u><u>\$26,778</u></u>

In September 2013, the District established a Rainy Day Fund. The establishment or modification of, or transfer to or from the Rainy Day Fund requires a unanimous decision by the Board of Directors. The Fund should be used to provide the District with contingency funding only in the following situations: (a) when actual District revenue is 15% or more below expected District revenue, or (b) when a state of emergency is declared by the District Board or when a state of emergency is declared by the County of Marin for an area that includes any area within District boundaries, such emergencies are non-routine and are not expected to occur frequently. The declaration of a state of emergency by either the District or the County of Marin is a non-routine action. The balance in the Rainy Day Fund, as of June 30, 2017, is \$4,199,942 and is included in committed fund balance.

The following are assigned fund balances as of the balance sheet date:

Assigned for:	
Unemployment Insurance	\$35,100
Management Information Systems	250,000
Apparatus and Equipment Replacement	4,760,000
Worker's Compensation Fund	1,050,300
Retiree Health Benefits	2,466,693
Future Debt Service	355,772
Compensated Absences	<u>750,000</u>
Total	<u><u>\$9,667,865</u></u>

NOTE 8 - DEFERRED COMPENSATION PLAN

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since assets held under these plans are not the District's property and are not subject to District control, they have been excluded from these financial statements.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 - PENSION PLAN

Plan Description

The District's retirement plan is administered by the Marin County Employees' Retirement Association (MCERA). All full-time and permanent part-time employees who work at least 75% of a full time position are eligible to participate.

MCERA is a cost-sharing multiple-employer retirement system governed by the 1937 Act of the California Government Code. MCERA acts as a common administrative and investment agent for defined benefit retirement plan for various local governmental agencies within the County of Marin. MCERA provides retirement, disability, and death benefits based on the employee's years of service, age, and final compensation. Employees vest after five years of service and are eligible to receive retirement benefits after 10 years of service and having attained the age of 50, or 30 years of service (20 years for safety employees) regardless of age. Copies of MCERA's annual financial reports, which include required supplementary information for each participant in the plan, may be obtained from the Marin County Employees' Retirement Association, One McInnis Parkway, Suite 100, San Rafael, California 94903.

FUNDING POLICY

Participants are required to contribute a percentage of their annual covered salary. Contributions vary depending on the age and classification at hire date and range from 7.85% to 19.49% of covered payroll. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members averaging an additional 50.90% of covered payroll. The actuarial methods and assumptions used are those adopted by the Association's Board of Retirement. Due to contractual arrangements, the District pays a portion of the required contribution of plan members. The contribution requirements of the plan members are established by State statute and the employer contribution rates are determined by annual actuarial valuations.

PENSION LIABILITY AND PENSION EXPENSE

At June 30, 2017, the District reported a liability of \$21,814,657 for its proportionate share of the net pension liability, deferred inflows of \$716,000, and deferred outflows of \$9,932,249. Consequently, the net impact on the District's Statement of Net Position at June 30, 2017 is \$12,598,408.

The proportionate share of the annual pension expense is \$3,893,004, or 42.88% of payroll.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 9 - PENSION PLAN (Continued)

The table below provides a summary of the key results during this reporting period.

Summary of Results		
Description	Measurement Date	
	6/30/2016	6/30/2015
Net Pension Liability	\$21,814,657	\$17,430,800
Deferred Inflows	716,000	4,141,694
Deferred Outflows	(5,272,344)	(4,885,001)
Additional Deferred Outflows - Actual FY 17 Contributions	(4,659,905)	(4,848,895)
Net Impact on Statement of Net Position	12,598,408	11,838,598
Pension Expense (\$ Amount)	3,893,004	2,340,182
Covered Payroll (\$Amount)	9,078,616	8,567,206
Pension Expense (% of Payroll)	42.88%	27.32%

PROJECTION OF TOTAL PENSION LIABILITY AND NET PENSION LIABILITY

Total Pension Liability (TPL) is the actuarial present value of projected benefit payments attributed to past periods of employee service. For the purposes of Governmental Accounting Standards Board Statement No. 68 (GASB 68), MCERA and the District have adopted a measurement date of June 30, 2016. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2015. The TPL at the end of the measurement year, June 30, 2016, is also measured as of the valuation date of June 30, 2015, and projected to June 30, 2016.

The Plan Fiduciary Net Position (FNP) is the fair or market value of assets. The FNP at the beginning of the year is based on the actuarial valuation as of June 30, 2015. The FNP at the end of the measurement year, June 30, 2016, is also measured as of the valuation date of June 30, 2015, and projected to June 30, 2016.

The Net Pension Liability (NPL) is the District liability for benefits provided through its defined benefit plan administered by MCERA. It is calculated by reducing the TPL by the FNP.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 9 - PENSION PLAN (Continued)

ACTUARIAL ASSUMPTIONS

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

- Inflation: 3.00%
- Salary increases: 3.00% plus merit component
- COLA increases:
 - 2.7% for those with a 4% COLA cap,
 - 2.6% for those with a 3% COLA cap, and
 - 1.9% for those with a 2% COLA cap
- Investment rate of return: 7.25% net of investment expense assumed
- Post-Retirement Mortality: Adopted CalPERS mortality tables projected generationally using Scale MP2014

These assumptions constitute a slight change from those used in prior actuarial valuations: The investment rate of return assumption of 7.25%, coupled with an inflation assumption of 3.00%.

During the measurement year, the service cost and interest cost increased the NPL while contributions and investment earnings offset by administrative expenses decreased the NPL. As a result, the Net Pension Liability (NPL) increased from approximately \$17.4 million as of June 30, 2015, to approximately \$21.8 million as of June 30, 2016. This amount is used for the purpose of reporting the District's share of NPL in the current reporting year, because the only MCERA GASB 67/68 report available at the time of the audit was that prepared as of June 30, 2016.

ASSET ALLOCATION POLICY AND EXPECTED LONG-TERM RATE OF RETURN

The MCERA Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA's investments. The IPS establishes MCERA's investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32%	5.10%
International Equity	22%	5.30%
Fixed Income	23%	0.75%
Real Estate	8%	3.75%
Real Assets	7%	3.55%
Private Equity	8%	5.90%
Total	<u>100%</u>	

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 9 - PENSION PLAN (Continued)

DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.25%. Related to the discount rate is the funding assumption that employees will continue to contribute to the plan at the required rates and employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (23 years remaining as of the June 30, 2015 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (15 years remaining as of the June 30, 2015 actuarial valuation).

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 71%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 59%.

The table below shows the sensitivity of the NPL to a one percent decrease and a one percent increase in the discount rate:

Description	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$133,187,900	\$117,607,594	\$104,798,298
Fiduciary Net Position	95,792,937	95,792,937	95,792,937
Net Pension Liability	<u>\$37,394,963</u>	<u>\$21,814,657</u>	<u>\$9,005,361</u>

PENSION EXPENSE, DEFERRED OUTFLOWS AND INFLOWS OF PENSION RESOURCES

The impact of experience gains or losses and assumption changes on the Total Pension Liability (TPL) are recognized in the proportionate share of the pension expense over the average expected remaining service life of all active and inactive members of the plan. As of the measurement date, this recognition period was 4 years.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 9 - PENSION PLAN (Continued)

The following tables show the current balance and sources of deferred outflows and inflows related to the District's defined benefit retirement plan, and the scheduled recognition of these deferred amounts:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$5,272,344	
Changes in proportion and difference between District contributions and proportionate share of contributions		\$716,000
Actual FY 16-17 contributions (post measurement date)	4,659,905	
Net difference between projected and actual earnings on pension plan investments		0
Net Deferred Inflows and Outflows	\$9,932,249	\$716,000

\$4,659,905 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Annual Amortization
2017	\$1,075,467
2018	1,075,467
2019	1,427,908
2020	977,501

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 9 - PENSION PLAN (Continued)

For the year ended June 30, 2017, the District recognized a pension expense of \$3,893,000. The table below presents the sources of the pension expense.

Pension Expense for the year ended June 30, 2017

Operating Expenses	
Service cost	\$2,519,952
Employee contributions	(1,114,550)
Administrative expenses	199,910
Sub-total	1,605,312
Financing Expenses	
Interest cost	8,059,123
Expected return on assets	(6,846,898)
Sub-total	1,212,225
Changes	
Benefit changes	
Recognition of assumption changes	1,651,784
Recognition of liability gains and losses	(356,787)
Recognition of investment gains and losses	(219,530)
Sub-total	1,075,467
Pension Expense	\$3,893,004
Pension Expense as % of Payroll	42.88%

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

PLAN DESCRIPTION

In accordance with its agreement with the Novato Professional Firefighters Association, the District provides post-retirement health care benefits to its retirees through the Novato Fire Protection District Retiree Health Plan (Plan). The Plan is a single-employer plan for which audited financial statements are not available.

ELIGIBILITY AND BENEFITS

The following were eligibility and benefits as of the June 30, 2015 actuarial valuation date:

Management and Administrative Support Staff

Management and Administrative Support Staff retiring that terminate service and commence a retirement or disability are eligible. Members must be employed prior to July 1, 2009 to be eligible for tier 1. All members hired after June 30, 2009 are eligible for tier 2. In addition, the member must have been enrolled in the healthcare plan at retirement. Surviving spouses/domestic partners of eligible retirees are eligible for the mandated subsidy only. Surviving spouses/domestic partners of deceased active employees are eligible for the mandated subsidy only if the employee had attained age 55 with ten years of service.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

For members under tier 1, the District will pay 100% of single coverage or 83.29% of two person or family coverage. Members under tier 2 may purchase medical insurance through the District in retirement and the District will pay the minimum contribution required under the PEMCHA law.

Chief Officers Association

Chief Officers Association members retiring that terminate service commence a retirement or disability are eligible. Members must retire prior to January 1, 2011, to be eligible for tier 1 benefits. Members must be employed prior to July 1, 2009 and retire after December 31, 2010 to be eligible for tier 2, all members hired after June 30, 2009 are eligible for tier 3. In addition, the member must have been enrolled in the healthcare plan at retirement.

Tier 1 benefits for Chief Officers Association members are listed below:

<u>Position District Pays for:</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
Fire Chief or Deputy Fire Chief (retired 1992 or later)	100% for retired member and dependents until the death of both parties	100% for retired member and spouse	100% for retired member and spouse
Fire Chief or Deputy Fire Chief (retired 1991 or earlier)	100% for retired member and dependents until the death of both parties	100% for retired member and spouse	0% of premium
Division Chief or Battalion Chief (retired 1992 or later)	100 % of Kaiser Family rate or 83.29% of higher premium	100% for retired member and spouse	100% for retired member and spouse
Division Chief or Battalion Chief (retired 1991 or earlier)	100% of Kaiser Family rate or 83.29% of higher premium	100% for retired member and spouse	0% of premium

Beginning January 1, 2012, for those under tier 2, the Supplemental Retiree Benefit Allowance paid by the District will decrease by 2.00% until reaching a percentage of 82% for members retiring in 2020. The Supplemental Retiree Benefit Allowance paid by the District is fixed at the rate in effect the year in which the member retires. For example, in the year 2016 the Supplemental Retiree Benefit Allowance paid by the District for retired members will be 90%. Retired members are responsible for paying the difference between the cost of their selected medical insurance premium and the established Supplemental Benefit Allowance Cap. The following table provides the Supplemental Retiree Benefit Allowance percentage paid by the District for retired members medical insurance premiums beginning in 2010 through 2020, when the percentage of 82% is reached.

Members under tier 3 may purchase medical insurance through the District in retirement and the District will pay the minimum contribution required under the PEMHCA law.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Firefighters

Firefighters retiring that terminate service and commence a retirement or disability are eligible. Members must retire prior to December 31, 2010, to be eligible for tier 1 benefits. Members must be employed prior to July 1, 2009 and retire after December 31, 2010 to be eligible for tier 2, all members hired after June 30, 2009 are eligible for tier 3. In addition, the member must have been enrolled in the healthcare plan at retirement.

Surviving spouses/domestic partners of eligible retirees are eligible for the mandated subsidy only. Surviving spouses/domestic partners of deceased active employees are eligible for the mandated subsidy only if the employee had attained age 50 with ten years of service.

Under tier 1, eligible members retired prior to December 31, 2010, the District will pay 100% of single coverage or 83.29% of two person or family coverage.

Under tier 2, beginning January 1, 2011 the District will provide a Supplemental Retiree Benefit Allowance based upon a vesting formula. Each member shall fall into a category below based on current years of service as of July 1, 2010.

Current Years of Service as of July 1, 2010	Vesting Based
0-5	55%
5-10	60%
10-15	65%
15-20	70%
20-25	75%
25-30	80%

Each member shall accrue additional coverage at 0.75% for each year of service. This accrual will be in addition to the vesting base percentage described above. The sum of these two calculations shall be the total percentage of healthcare premium that is paid for by the District covering family, member and spouse or single of the Kaiser HMO Premium to a maximum of 80% on January 1, 2011, 75% on April 1, 2023 and 70% on April 1, 2028.

Members under tier 3 may purchase medical insurance through the District in retirement and the District will pay the minimum contribution required under the PEMHCA law.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

FUNDING POLICY

The required contribution rate is based on the annual required contribution (ARC), and amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the District over a period not to exceed twenty-five years.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

During the year ended June 30, 2010, the District began partial pre-funding of the retiree health care liabilities. Previously, only current benefit costs were funded (pay-go funding). In addition to the pay-go contribution of \$834,490, a pre-funding contribution of \$993,225 was made to the CalPERS Trust during fiscal year 2015-16.

Annual required contribution	\$1,644,462
Interest on net OPEB obligation	172,829
Adjustment to annual required contribution	<u>(179,311)</u>
Annual OPEB cost	1,637,980
Contributions made	<u>(1,827,715)</u>
Increase (decrease) in net OPEB obligation	(189,735)
Net OPEB obligation - beginning of the year	<u>2,271,074</u>
Net OPEB obligation - ending of the year	<u><u>\$2,081,339</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ending June 30	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$1,528,781	\$1,708,517	112%	\$2,441,185
2016	1,609,092	1,779,203	111%	2,271,074
2017	1,637,980	1,827,715	112%	2,081,339

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

FUNDING STATUS AND FUNDING PROGRESS

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

As of June 30, 2015, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$17,568,461
Actuarial value of plan assets	4,001,111
Unfunded actuarial accrued liability (UAAL)	<u>\$13,567,350</u>
Funded ratio (actuarial value of plan assets/AAL)	22.77%
Covered payroll (annual payroll of active employees covered by the plan)	\$8,354,000
UAAL as a percentage of covered payroll	162.4%

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions include a 7.28% discount rate assuming the District continues to fully fund for its retiree health benefits through the CERBT under investment Strategy 1 and a general inflation rate of 3.0%. Health care cost trend rate increase was assumed to be 4.0%. The unfunded actuarial liability is being amortized as a level-percent of payroll on a closed basis. The remaining amortization period at June 30, 2015 was fifteen years.

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, loss or damage to assets, injuries to employees, errors and omissions, for which the District carries commercial insurance or is self-insured up to a certain limit. During the years, the District maintained the following types of insurance: property (\$4,336,551 limit, \$1,000 deductible per occurrence), general liability (\$3,000,000 general aggregate limit), auto (\$1,000,000 limit), workers' compensation, management liability (\$3,000,000 aggregate limit, \$0 deductible), public employee blanket bond (\$1,000,000 limit, \$0 deductible), commercial excess liability insurance (\$20,000,000 aggregate limit).

Fire Districts Association of California – Fire Association Self Insurance System

Effective July 2014, the District became self-insured for Workers' Compensation coverage as a member of the Fire Districts Association of California – Fire Association Self- Insurance System (the System). The System is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The System manages one pool for all member agencies. Each member pays an annual premium to the system based on the number of personnel, an estimated dollar amount of payroll and an experience factor. At fiscal year-end, when actual payroll expenditures are available, an adjustment to the year's annual premium is made. The System reinsures through the Local Agency Excess Workers' Compensation Authority (LAWCX), a joint powers authority, for claims in excess of \$500,000 for each insured event. The most recent condense financial information (unaudited) for the System is as of June 30, 2017.

Total assets	\$50,044,626
Total liabilities	31,976,928
Fund equity	\$18,067,698
Total operating revenues	\$10,519,771
Total operating expenses	10,568,124
Operating income (loss)	(48,353)
Non-operating Income (loss)	732,712
Net income (loss)	\$684,359

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 11 - RISK MANAGEMENT (Continued)

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

The following schedule presents the changes in the liability for workers' compensation claims:

Balance as of June 30, 2016	\$3,501,000
Change in provision for prior year claims	(849,167)
Claims paid during the year	224,167
	224,167
Balance as of June 30, 2017	2,876,000
Less amount due within 1 year	(434,781)
	(434,781)
Amount due after 1 year	\$2,441,219

At June 30, 2017, the District did not record a liability for outstanding claims other than workers' compensation, as it believes the claims were minimal.

NOTE 12 - JOINT VENTURE

The District entered into a Joint Powers Agreement in February 1998, establishing the Marin Emergency Radio Authority (the Authority). The Authority is responsible to acquire, construct, and improve a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. Of the \$27 million in Revenue Bonds, the District will be responsible for 4.894%, or approximately \$1.3 million. Each year through August 2020, approximately \$104,000 annual payments will be due to the Authority from the District. Including interest and principal, it is anticipated the District's total obligation over 20 years will be approximately two million dollars.

The financial statements of the Authority are available at the County of Marin office. The most recent condensed financial information (unaudited) for the Authority is presented below for the year ended June 30, 2016:

Total Assets and Deferred Outflows of Resources	\$47,569,006
Total Liabilities	46,253,487
	46,253,487
Net Position	\$1,315,519
Total Revenues	\$7,804,083
Total Expenses	5,609,742
	5,609,742
Net Increase (Decrease) in Net Position	\$2,194,341

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The District's balance sheet (governmental fund) includes a reserve for encumbrances of \$87,988 to provide for commitments related to unperformed contracts for goods and services.

NOVATO FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

On November 2, 2016, the Board approved the purchase of two Type 1 fire engines in an amount not to exceed \$1.3 million. As of June 30, 2017, the outstanding commitment of this contract amounted to \$1,330,632.

The District participates in several Federal grant programs. These programs are subject to audits performed by the District's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

Required Supplemental Information

**NOVATO FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017**

**Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 years***

	Measurement Date		
	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
District's proportionate share	4.5644%	4.4996%	6.0754%
Proportionate share of total pension liability	\$117,607,594	\$111,107,282	\$137,047,192
Proportionate share of fiduciary net position	<u>95,792,937</u>	<u>93,676,482</u>	<u>122,032,482</u>
Proportionate share of the net pension liability	<u>\$21,814,657</u>	<u>\$17,430,800</u>	<u>\$15,014,710</u>
Plan fiduciary net position as a percentage of the total pension liability	81.45%	84.31%	89.04%
Covered payroll	\$9,078,616	\$8,567,206	\$8,759,278
Net pension liability as a percentage of covered employee payroll	240.29%	203.46%	171.41%

* - The fiscal year ended June 30, 2015 was the first year of implementation, therefore no prior year information is shown.

**NOVATO FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017**

**Schedule of Contributions
Novato Fire Protection District, a Cost-Sharing Defined Benefit Pension
As of June 30
Last 10 years, subject to available information
(first year of implementation was Fiscal Year ended June 30, 2015)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$4,659,905	\$4,848,895	\$4,604,649
Contributions in Relation to the Contractually required contribution	<u>4,659,905</u>	<u>4,848,895</u>	<u>4,604,649</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$9,186,610	\$9,078,616	\$8,567,206
Contributions as a percentage of covered employee payroll	50.72%	53.41%	53.75%

Notes to Schedule

Valuation Date / Timing 6/30/2015 (for Contributions made in fiscal year FY 2016-2017)

Key Methods and Assumptions Used to Determine Contribution Rates (for fiscal year 2016-17):

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll with separate period for Extraordinary Actuarial Loss from 2009
Remaining Amortization period	Unfunded liability - 15 years / Extraordinary Actuarial Loss - 23 years
Asset valuation method	5-year smoothed market, 80% /120% corridor around market
Inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Investment Rate of Return	7.25%
Retirement Age	Classic Tiers: Safety - 50-55, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	CalPERS 2014 Pre-Retirement Non-Industrial Death rates (plus Duty-Related Death rates for Safety Members), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014
Disabled Mortality	CalPERS 2014 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males and Females (Miscellaneous and Safety) with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014

**NOVATO FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2017**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
6/30/2011	\$15,797,069	\$954,116	\$16,751,185	5.39%	\$8,389,546	199.7%
6/30/2013	13,189,027	1,963,630	13,189,027	12.96%	7,447,000	177.1%
6/30/2015	17,568,461	4,001,111	13,567,350	26.41%	8,354,000	162.4%

NOVATO FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Current Year Budget		Actual				Variance with Final Budget Positive (Negative)
			Encumbrances		Revenue and Expenditures	Prior Year Unexpended	
	Original	Final					
RESOURCES (Inflows):							
Property taxes - secured and unsecured	\$24,684,811	\$24,684,811	\$25,009,486			\$25,009,486	\$324,675
Charges for services	2,549,898	2,549,898	2,998,025			2,998,025	448,127
Interest income	16,032	16,032	55,464			55,464	39,432
Intergovernmental	890,096	1,113,096	1,107,589			1,107,589	(5,507)
Other	36,278	36,278	47,772			47,772	11,494
Total Revenues	28,177,115	28,400,115	29,218,336			29,218,336	818,221
APPROPRIATIONS/EXPENDITURES (Outflows):							
Salaries and benefits							
Emergency medical services	7,239,969	7,444,969	7,131,327			7,131,327	313,642
Risk reduction prevention and mitigation	1,199,145	1,201,145	1,178,942			1,178,942	22,203
Operations	10,128,882	10,418,882	10,245,108			10,245,108	173,774
Organizational resources and support	3,533,670	3,194,670	3,155,421			3,155,421	39,249
Training	373,777	413,777	376,750			376,750	37,027
Total salaries and benefits	22,475,443	22,673,443	22,087,548			22,087,548	585,895
Services and supplies:							
Emergency medical services	511,165	511,165	581,408	(\$1,250)		580,158	(68,993)
Risk reduction prevention and mitigation	204,280	159,280	86,479	(1,928)		84,551	74,729
Operations	249,200	204,200	179,320	(550)		178,770	25,430
Organizational resources and support	2,998,830	2,983,830	2,934,564	(84,260)		2,850,304	133,526
Training	38,400	38,400	24,004			24,004	14,396
Total services and supplies	4,001,875	3,896,875	3,805,775	(87,988)		3,717,787	179,088
Capital outlay:							
Emergency medical services							
Organizational resources and support	517,900	617,900	577,193			577,193	40,707
Total capital outlay	517,900	617,900	577,193			577,193	40,707
Debt service:							
Principal	718,700	718,700	718,550			718,550	150
Interest	101,800	101,800	101,068			101,068	732
Total debt service	820,500	820,500	819,618			819,618	882
Total Appropriations/Expenditures	27,815,718	28,008,718	27,290,134	(\$87,988)		27,202,146	806,572
EXCESS REVENUE OVER (UNDER) APPROPRIATIONS	\$361,397	\$391,397	\$1,928,202			\$2,016,190	\$1,624,793

**NOVATO FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2017**

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).

Statistical Section



NOVATO FIRE PROTECTION DISTRICT

STATISTICAL SECTION

Statistical Section Information

This part of the District Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The detailed schedules presented in the Statistical Section are grouped into five sections pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information and operating information. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends – These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds
5. Expenditures by Function

Revenue Capacity – These schedules contain information to help the reader assess the District's most significant local revenue source, property tax:

1. General Revenues by Source
2. Assessed Value of Taxable Property
3. Secured Assessed Valuation
4. Assessed and Estimated Actual Value of Taxable Property
5. Property Tax Levies and Collections
6. Property Tax Rates, All Overlapping Governments
7. Principal Property Taxpayers

Debt Capacity – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin

NOVATO FIRE PROTECTION DISTRICT STATISTICAL SECTION

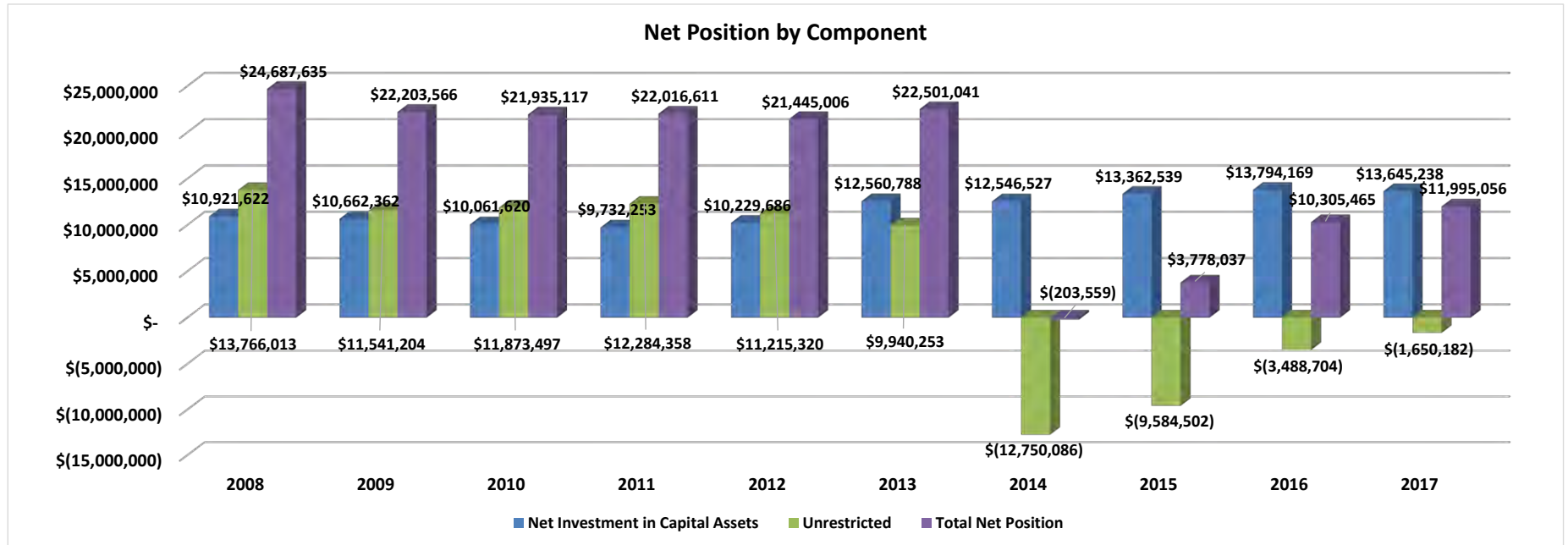
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place:

1. Demographic Statistics
2. Demographic and Economic Statistics
3. Principal Employers

Operating Information – These schedules contain data to help the reader understand how the information in the financial reports relates to the services the District provides and the activities it performs:

1. Summary of District Activities
2. Apparatus Inventory
3. Full and Part-time Employees by Function
4. Comparative Annual Graph, Total Responses
5. Emergency Response Category Definitions
6. Emergency Responses by Incident Type
7. Emergency Response Detail Analysis
8. Average Incident Response Time
9. District Response Times
10. Call Frequency Analysis by Station
11. Call Frequency Analysis by Hour
12. Call Frequency Analysis by Month
13. Call Frequency Analysis by Type
14. Fire Loss Management Activities
15. Fire Training Activity (Public Education)
16. Personnel Training Hours, Detail
17. Service Connected Illness/Injury Report

**Novato Fire Protection District Net Position by
Component Last Ten Fiscal Years
(Accrual Basis of Accounting)**



Fiscal Year Ended June 30

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities										
Net investment in capital assets	\$ 10,921,622	\$ 10,662,362	\$ 10,061,620	\$ 9,732,253	\$ 10,229,686	\$ 12,560,788	\$ 12,546,527	\$ 13,362,539	\$ 13,794,169	\$ 13,645,238
Unrestricted	13,766,013	11,541,204	11,873,497	12,284,358	11,215,320	9,940,253	(12,750,086)	(9,584,502)	(3,488,704)	(1,650,182)
Total governmental activities net position	<u>\$ 24,687,635</u>	<u>\$ 22,203,566</u>	<u>\$ 21,935,117</u>	<u>\$ 22,016,611</u>	<u>\$ 21,445,006</u>	<u>\$ 22,501,041</u>	<u>\$ (203,559)</u>	<u>\$ 3,778,037</u>	<u>\$ 10,305,465</u>	<u>\$ 11,995,056</u>

Note: Due to the implementation of GASB Statements 68 and 71 during the fiscal year ended June 30, 2015, financial data shown for previous years have not been restated and may not be comparable.

Source: Novato Fire Protection District audited financial statements as restated, if applicable

**Novato Fire Protection District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	<u>Fiscal Year Ended June 30</u>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses					
Governmental Activities					
Public Safety					
Emergency Medical Services	\$ 6,576,005	\$ 7,347,578	\$ 6,414,578	\$ 5,963,435	\$ 6,134,622
Risk Reduction Prevention & Mitigation	766,523	1,061,040	679,312	700,917	721,211
Operations	10,158,796	12,230,966	10,521,052	10,559,537	10,695,745
Organizational Resources & Support	3,874,173	4,634,295	4,443,688	4,765,194	5,222,395
Training	527,477	697,271	578,193	645,603	605,719
Interest on long term debt	134,585	147,426	137,946	127,164	124,200
Total Governmental Activities Expenses	<u>22,037,559</u>	<u>26,118,576</u>	<u>22,774,769</u>	<u>22,761,850</u>	<u>23,503,892</u>
Program Revenues					
Governmental Activities					
Charges for services					
Emergency Medical Services	1,739,845	1,645,048	1,986,620	2,030,507	2,336,029
Risk Reduction Prevention & Mitigation	50,517	85,785	60,622	58,358	43,803
Operations	735,709	876,482	282,250	24,415	89,631
Organizational Resources & Support	79,279	117,141	215,528	178,769	79,376
Training	9,661	6,262	10,317	7,756	3,780
Capital grants and contributions					
Organizational Resources & Support	93,974	27,739	97,348	184,831	222,668
Total Governmental Activities Program Revenues	<u>2,708,985</u>	<u>2,758,457</u>	<u>2,652,685</u>	<u>2,484,636</u>	<u>2,775,287</u>
Net (Expense) / Revenue					
Governmental Activities Net (Expense) / Revenue	<u>(19,328,574)</u>	<u>(23,360,119)</u>	<u>(20,122,084)</u>	<u>(20,277,214)</u>	<u>(20,728,605)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property taxes	20,495,437	20,366,923	19,578,876	20,077,824	19,958,352
Investment earnings	571,587	313,072	152,546	90,190	52,838
Grants not restricted to specific programs	107,148	107,565	97,428	96,502	94,786
Miscellaneous	48,146	88,490	24,785	94,192	51,024
Total Governmental Activities General Revenues	<u>21,222,318</u>	<u>20,876,050</u>	<u>19,853,635</u>	<u>20,358,708</u>	<u>20,157,000</u>
Changes in Net Position					
Governmental Activities Changes in Net Position	<u>\$ 1,893,744</u>	<u>\$ (2,484,069)</u>	<u>\$ (268,449)</u>	<u>\$ 81,494</u>	<u>\$ (571,605)</u>

Note: Due to the implementation of GASB Statements 68 and 71 during the fiscal year ended June 30, 2015, financial data shown for previous years have not been restated as prior year data is not determinable.

(Continued)

Source: Novato Fire Protection District audited financial statements as restated, if applicable

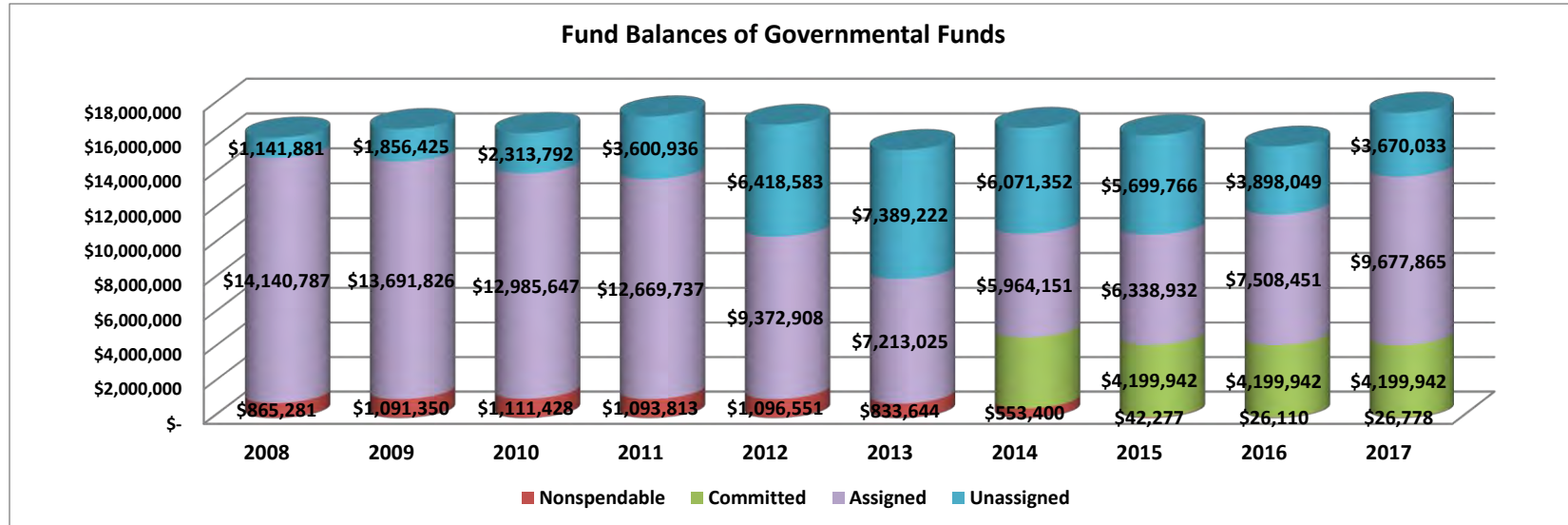
Novato Fire Protection District
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

(Continued)	<u>Fiscal Year Ended June 30</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses					
Governmental Activities					
Public Safety					
Emergency Medical Services	\$ 5,989,297	\$ 6,825,460	\$ 6,751,698	\$ 4,745,677	\$ 7,736,712
Risk Reduction Prevention & Mitigation	903,791	1,030,362	1,013,766	776,513	1,268,089
Operations	9,666,919	12,395,749	6,467,037	7,196,023	10,644,531
Organizational Resources & Support	5,821,370	6,491,194	6,706,078	8,191,531	7,326,320
Training	477,324	259,977	185,094	342,627	401,821
Interest on long term debt	100,698	91,586	189,738	115,486	97,736
Total Governmental Activities Expenses	<u>22,959,399</u>	<u>27,094,328</u>	<u>21,313,411</u>	<u>21,367,857</u>	<u>27,475,209</u>
Program Revenues					
Governmental Activities					
Charges for services					
Emergency Medical Services	2,385,637	2,402,208	2,303,330	2,395,121	2,793,548
Risk Reduction Prevention & Mitigation	53,377	56,437	45,118	52,586	37,813
Operations	266,420	290,304	414,107	1,277,761	835,655
Organizational Resources & Support	77,839	294,510	127,959	139,656	110,861
Training	2,220	2,550	2,220	2,430	2,265
Capital grants and contributions					
Organizational Resources & Support	1,050,570	36,800	32,414	27,862	70,722
Total Governmental Activities Program Revenues	<u>3,836,063</u>	<u>3,082,809</u>	<u>2,925,148</u>	<u>3,895,416</u>	<u>3,850,864</u>
Net (Expense) / Revenue					
Governmental Activities Net (Expense) / Revenue	<u>(19,123,336)</u>	<u>(24,011,519)</u>	<u>(18,388,263)</u>	<u>(17,472,441)</u>	<u>(23,624,345)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property taxes	19,998,893	21,560,994	22,103,053	23,712,159	25,009,489
Investment earnings	29,602	29,114	28,330	29,950	55,464
Grants not restricted to specific programs	91,247	90,076	88,388	86,993	84,983
Miscellaneous	59,629	158,529	150,088	170,767	164,000
Total Governmental Activities General Revenues	<u>20,179,371</u>	<u>21,838,713</u>	<u>22,369,859</u>	<u>23,999,869</u>	<u>25,313,936</u>
Changes in Net Position					
Governmental Activities Changes in Net Position	<u>\$ 1,056,035</u>	<u>\$ (2,172,806)</u>	<u>\$ 3,981,596</u>	<u>\$ 6,527,428</u>	<u>\$ 1,689,591</u>

Note: Due to the implementation of GASB Statements 68 and 71 during the fiscal year ended June 30, 2015, financial data shown for previous years have not been restated as prior year data is not determinable.

Source: Novato Fire Protection District audited financial statements as restated, if applicable

**Novato Fire Protection District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Nonspendable	\$ 865,281	\$ 1,091,350	\$ 1,111,428	\$ 1,093,813	\$ 1,096,551	\$ 833,644	\$ 553,400	\$ 42,277	\$ 26,110	\$ 26,778
Committed	-	-	-	-	-	-	4,115,948	4,199,942	4,199,942	4,199,942
Assigned	14,140,787	13,691,826	12,985,647	12,669,737	9,372,908	7,213,025	5,964,151	6,338,932	7,508,451	9,677,865
Unassigned	1,141,881	1,856,425	2,313,792	3,600,936	6,418,583	7,389,222	6,071,352	5,699,766	3,898,049	3,670,033
Total General Fund	<u>\$ 16,147,949</u>	<u>\$ 16,639,601</u>	<u>\$ 16,410,867</u>	<u>\$ 17,364,486</u>	<u>\$ 16,888,042</u>	<u>\$ 15,435,891</u>	<u>\$ 16,704,851</u>	<u>\$ 16,280,917</u>	<u>\$ 15,632,552</u>	<u>\$ 17,574,618</u>

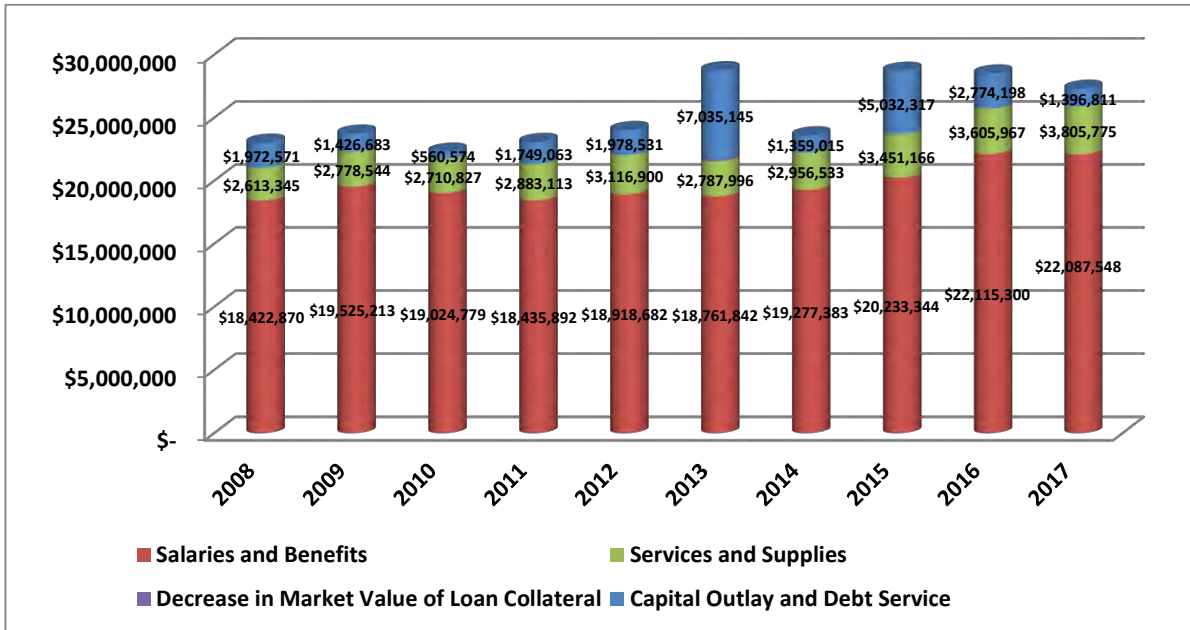
Source: Novato Fire Protection District audited financial statements as restated, if applicable

Novato Fire Protection District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Property taxes	\$ 20,524,997	\$ 20,363,987	\$ 19,586,946	\$ 20,082,534	\$ 19,947,983	\$ 19,999,008	\$ 21,561,012	\$ 22,094,132	\$ 23,714,256	\$ 25,009,486
Charges for services	1,852,664	2,072,509	1,740,789	2,397,589	2,707,045	2,506,149	2,552,768	2,426,304	2,530,794	2,998,025
Interest income	571,587	313,072	152,546	90,190	52,838	29,603	29,114	28,330	29,950	55,464
Intergovernmental	842,857	984,047	454,864	349,183	307,825	1,084,338	116,552	88,540	1,494,065	1,107,589
Miscellaneous	142,120	116,229	132,301	102,191	147,064	362,140	557,145	648,779	69,315	47,772
Total Revenues	<u>23,934,225</u>	<u>23,849,844</u>	<u>22,067,446</u>	<u>23,021,687</u>	<u>23,162,755</u>	<u>23,981,238</u>	<u>24,816,591</u>	<u>25,286,085</u>	<u>27,838,380</u>	<u>29,218,336</u>
Expenditures										
Current - Public Safety:										
Salaries and benefits	18,422,870	19,525,214	19,024,779	18,435,892	18,918,682	18,761,842	19,277,383	20,233,344	22,115,300	22,087,548
Services and supplies	2,613,345	2,778,544	2,710,827	2,883,113	3,116,900	2,787,996	2,956,533	3,451,166	3,605,967	3,805,775
Decrease in market value of loan collateral	-	-	-	-	-	170,777	-	-	-	-
Capital outlay	1,641,594	1,022,541	156,433	344,922	1,563,488	4,310,712	684,160	4,144,519	1,835,124	577,193
Debt service:										
Principal	196,392	256,716	266,195	276,977	290,843	2,623,735	583,269	725,357	820,213	718,550
Interest	134,585	147,426	137,946	127,164	124,200	100,698	91,586	162,441	118,861	101,068
Total Expenditures	<u>23,008,786</u>	<u>23,730,441</u>	<u>22,296,180</u>	<u>22,068,068</u>	<u>24,014,113</u>	<u>28,755,760</u>	<u>23,592,931</u>	<u>28,716,827</u>	<u>28,495,465</u>	<u>27,290,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>925,439</u>	<u>119,403</u>	<u>(228,734)</u>	<u>953,619</u>	<u>(851,358)</u>	<u>(4,774,522)</u>	<u>1,223,660</u>	<u>(3,430,742)</u>	<u>(657,085)</u>	<u>1,928,202</u>
Other Financing Sources (Uses)										
Issuance of debt from capital lease transaction										
	193,510	372,249	-	-	341,694	1,101,832	-	-	-	-
Issuance of debt	-	-	-	-	-	2,135,691	-	3,000,000	-	-
Sales of assets	-	-	-	-	33,220	84,848	45,300	6,808	8,720	13,864
Total Other Financing Sources (Uses)	<u>193,510</u>	<u>372,249</u>	<u>-</u>	<u>-</u>	<u>374,914</u>	<u>3,322,371</u>	<u>45,300</u>	<u>3,006,808</u>	<u>8,720</u>	<u>13,864</u>
Net Change in Fund Balances	<u>\$ 1,118,949</u>	<u>\$ 491,652</u>	<u>\$ (228,734)</u>	<u>\$ 953,619</u>	<u>\$ (476,444)</u>	<u>\$ (1,452,151)</u>	<u>\$ 1,268,960</u>	<u>\$ (423,934)</u>	<u>\$ (648,365)</u>	<u>\$ 1,942,066</u>
Debt Service as a Percentage of Noncapital Expenditures										
	1.5%	1.8%	1.8%	1.9%	1.8%	11.1%	2.9%	3.6%	3.5%	3.2%

Source: Novato Fire Protection District audited financial statements as restated, if applicable

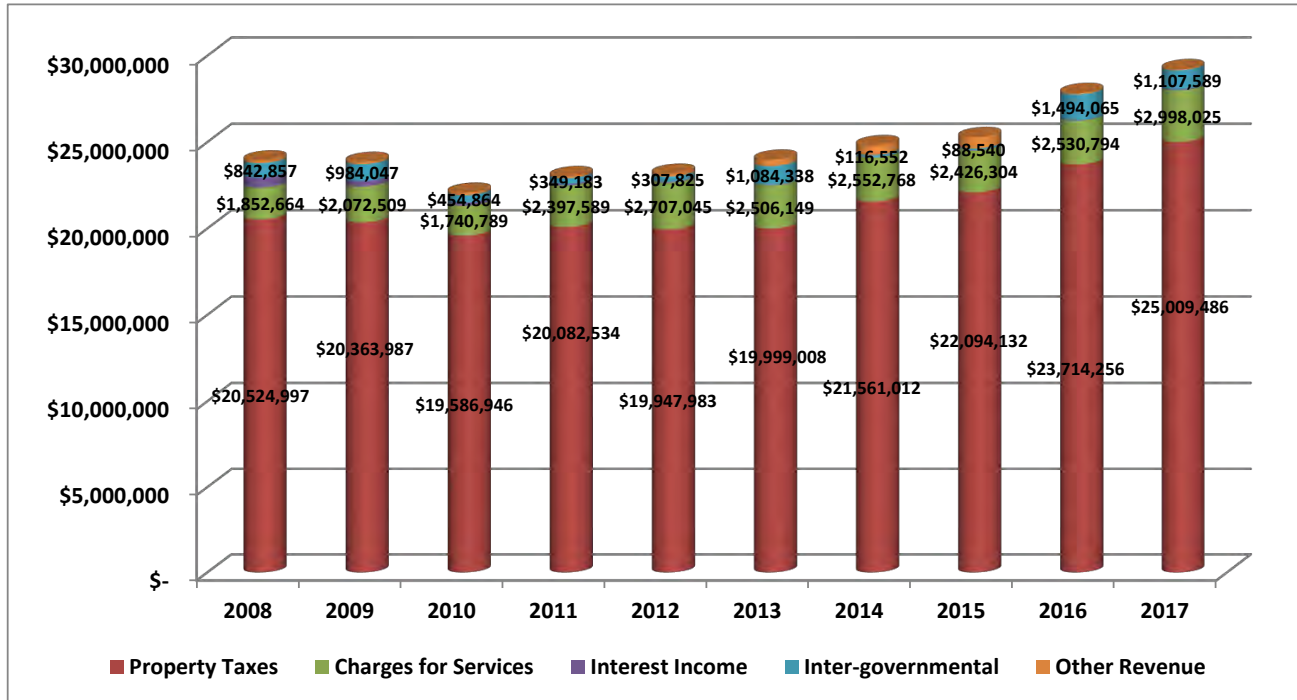
**Novato Fire Protection District
Expenditures By Function
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30	Salaries and Benefits	Services and Supplies	Decrease in Market Value of Loan Collateral	Capital Outlay and Debt Service	Total
2008	\$ 18,422,870	\$ 2,613,345	\$ -	\$ 1,972,571	\$ 23,008,786
2009	19,525,213	2,778,544	-	1,426,683	23,730,440
2010	19,024,779	2,710,827	-	560,574	22,296,180
2011	18,435,892	2,883,113	-	1,749,063	23,068,068
2012	18,918,682	3,116,900	-	1,978,531	24,014,113
2013	18,761,842	2,787,996	\$ 170,777	7,035,145	28,755,760
2014	19,277,383	2,956,533	-	1,359,015	23,592,931
2015	20,233,344	3,451,166	-	5,032,317	28,716,827
2016	22,115,300	3,605,967	-	2,774,198	28,495,465
2017	22,087,548	3,805,775	-	1,396,811	27,290,134

Source: Novato Fire Protection District audited financial statements as restated, if applicable

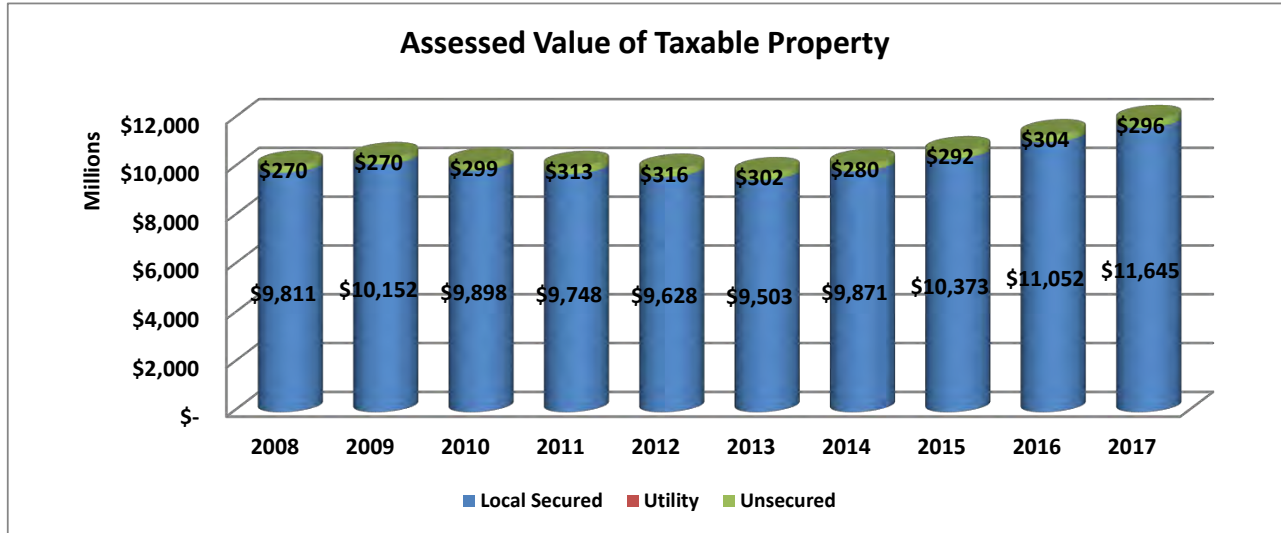
**Novato Fire Protection District
General Revenues By Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30	Property Taxes	Charges for Services	Interest Income	Inter-governmental	Other Revenue	Total
2008	\$ 20,524,997	\$ 1,852,664	\$ 571,587	\$ 842,857	\$ 142,120	\$ 23,934,225
2009	20,363,987	2,072,509	313,072	984,047	116,229	23,849,844
2010	19,586,946	1,740,789	152,546	454,864	132,301	22,067,446
2011	20,082,534	2,397,589	90,190	349,183	102,191	23,021,687
2012	19,947,983	2,707,045	52,838	307,825	147,064	23,162,755
2013	19,999,008	2,506,149	29,603	1,084,338	362,140	23,981,238
2014	21,561,012	2,552,768	29,114	116,552	557,145	24,816,591
2015	22,094,132	2,426,304	28,330	88,540	648,779	25,286,085
2016	23,714,256	2,530,794	29,950	1,494,065	69,315	27,838,380
2017	25,009,486	2,998,025	55,464	1,107,589	47,772	29,218,336

Source: Novato Fire Protection District audited financial statements as restated, if applicable

**Novato Fire Protection District
Assessed Value of Taxable Property
Last Ten Fiscal Years**

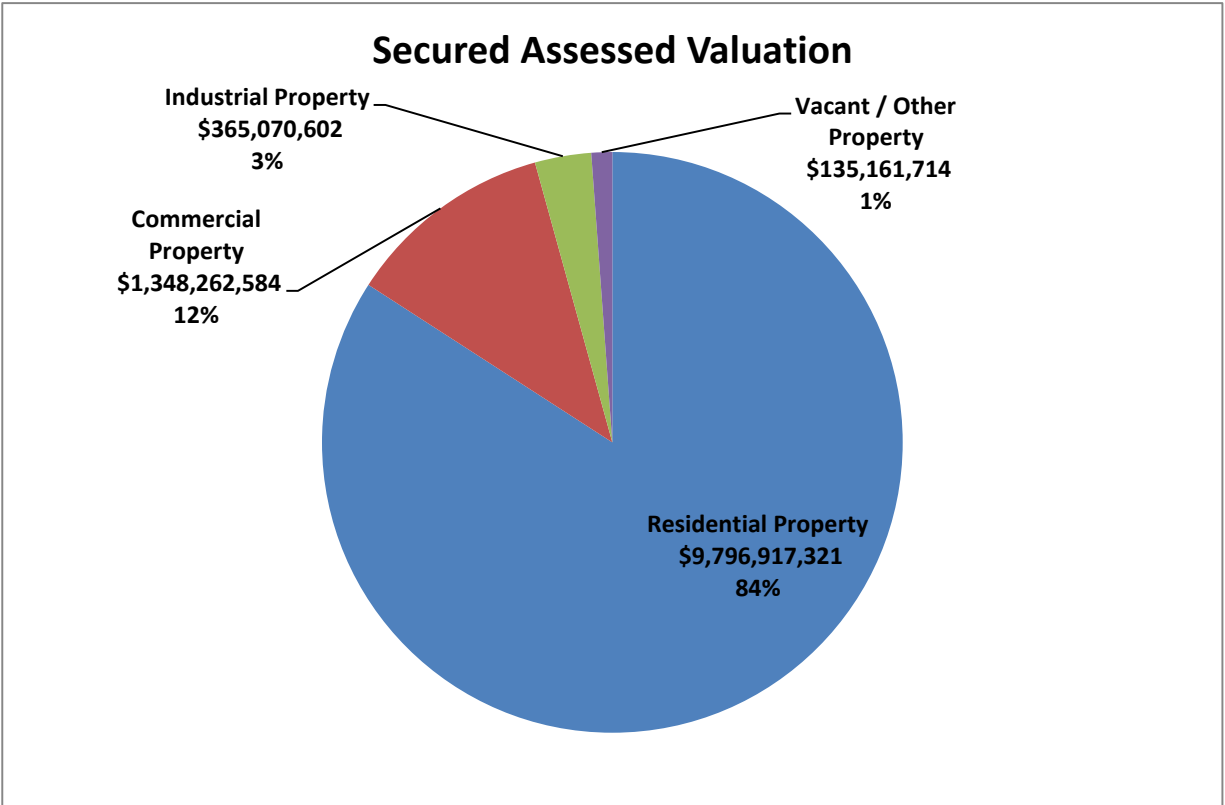


Fiscal Year	Local Secured	Utility	Unsecured	Total Assessed Value	Total Direct Tax Rate (1)
2008	\$ 9,811,066,105	\$ 2,129,938	\$ 269,701,502	\$ 10,082,897,545	1.00%
2009	10,151,650,276	1,076,288	269,851,009	10,422,577,573	1.00%
2010	9,897,874,531	1,076,288	299,425,424	10,198,376,243	1.00%
2011	9,748,163,343	1,076,288	312,818,366	10,062,057,997	1.00%
2012	9,627,705,724	1,571,094	315,996,135	9,945,272,953	1.00%
2013	9,503,198,165	950,235	301,852,222	9,806,000,622	1.00%
2014	9,870,803,727	950,235	279,698,868	10,151,452,830	1.00%
2015	10,372,806,854	950,235	292,302,642	10,666,059,731	1.00%
2016	11,051,799,730	950,235	304,389,514	11,357,139,479	1.00%
2017	11,645,412,221	950,215	296,124,588	11,942,487,024	1.00%

(1) California cities do not set their own direct tax rate. The state constitution establishes the tax rate at 1.00% and allocates a portion of that amount by an annual calculation, to all taxing entities within a tax rate area.

Sources: County of Marin Department of Finance and California Municipal Statistics, Inc

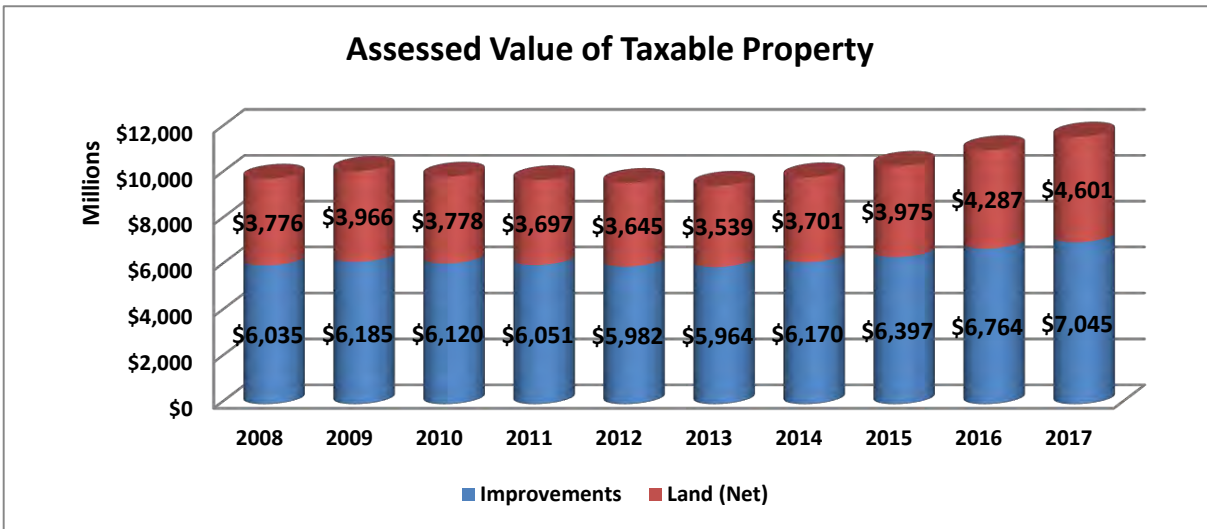
**Novato Fire Protection District
Secured Assessed Valuation
Fiscal Year 2016 - 2017**



Residential Property	Commercial Property	Industrial Property	Vacant / Other Property	Total Secured Property
\$ 9,796,917,321	\$ 1,348,262,584	\$ 365,070,602	\$ 135,161,714	\$ 11,645,412,221

Source: California Municipal Statistics, Inc

Novato Fire Protection District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years



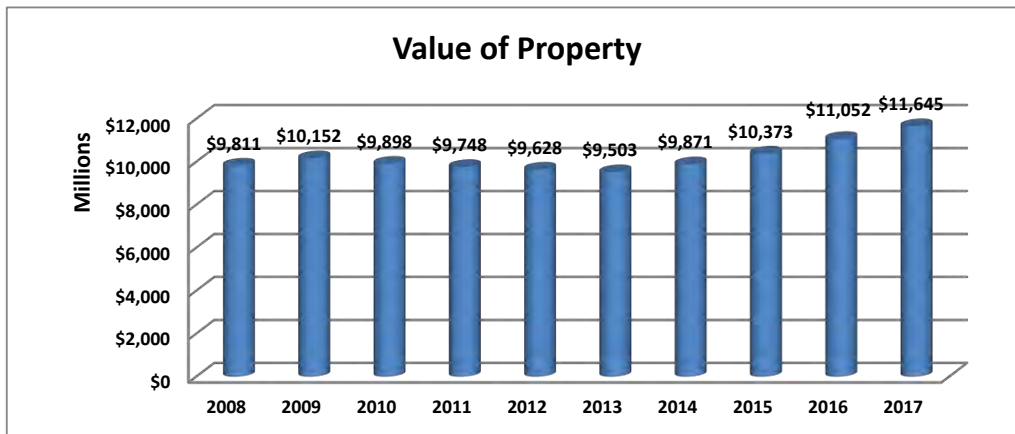
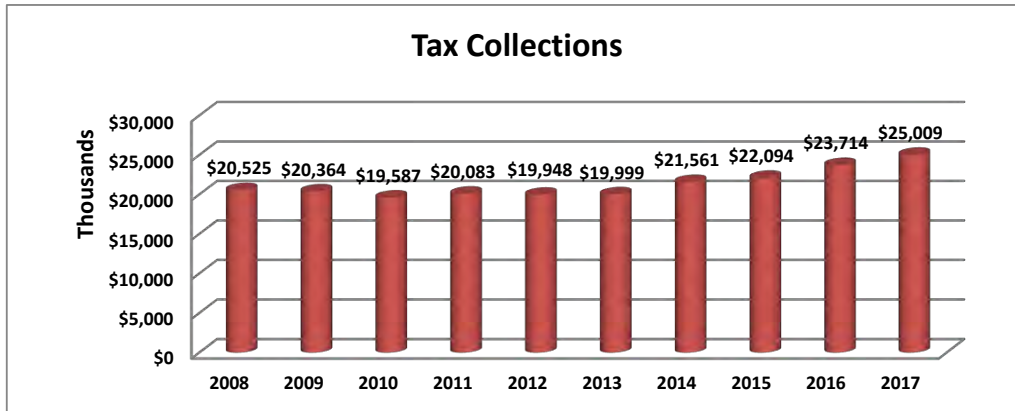
Fiscal Year	Land	Improvements	Other	Exemptions	Total Secured Assessed Value
2008	\$ 4,223,446,020	\$ 5,964,584,491	\$ 70,072,181	\$ (447,036,587)	\$ 9,811,066,105
2009	4,424,642,469	6,115,549,738	69,872,235	(458,414,166)	10,151,650,276
2010	4,246,559,817	6,015,655,951	104,389,336	(468,730,573)	9,897,874,531
2011	4,163,485,840	5,938,497,151	112,224,015	(466,043,663)	9,748,163,343
2012	4,126,115,560	5,873,572,572	108,857,458	(480,839,866)	9,627,705,724
2013	4,049,270,620	5,851,311,686	112,761,491	(510,145,632)	9,503,198,165
2014	4,243,415,593	6,058,929,869	111,081,433	(542,623,168)	9,870,803,727
2015	4,515,448,549	6,284,088,146	113,391,720	(540,121,561)	10,372,806,854
2016	4,825,660,635	6,627,468,943	136,934,016	(538,263,864)	11,051,799,730
2017	5,146,349,757	6,885,338,406	159,267,367	(545,543,309)	11,645,412,221

Fiscal Year	Total Secured Assessed Value	Utility	Unsecured Property	Total Assessed Value	Estimated Market Value (1)
2008	\$ 9,811,066,105	\$ 2,129,938	\$ 269,701,502	\$ 10,082,897,545	\$ 10,082,897,545
2009	10,151,650,276	1,076,288	269,851,009	10,422,577,573	10,422,577,573
2010	9,897,874,531	1,076,288	299,425,424	10,198,376,243	10,198,376,243
2011	9,748,163,343	1,076,288	312,818,366	10,062,057,997	10,062,057,997
2012	9,627,705,724	1,571,094	315,996,135	9,945,272,953	9,945,272,953
2013	9,503,198,165	950,235	301,852,222	9,806,000,622	9,806,000,622
2014	9,870,803,727	950,235	279,698,868	10,151,452,830	10,151,452,830
2015	10,372,806,854	950,235	292,302,642	10,666,059,731	10,666,059,731
2016	11,051,799,730	950,235	304,389,514	11,357,139,479	11,357,139,479
2017	11,645,412,221	950,215	296,124,588	11,942,487,024	11,942,487,024

(1) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be market values.

Sources: County of Marin Department of Finance and California Municipal Statistics, Inc

**Novato Fire Protection District
Property Tax Levies and Collections
Last Ten Fiscal Years**

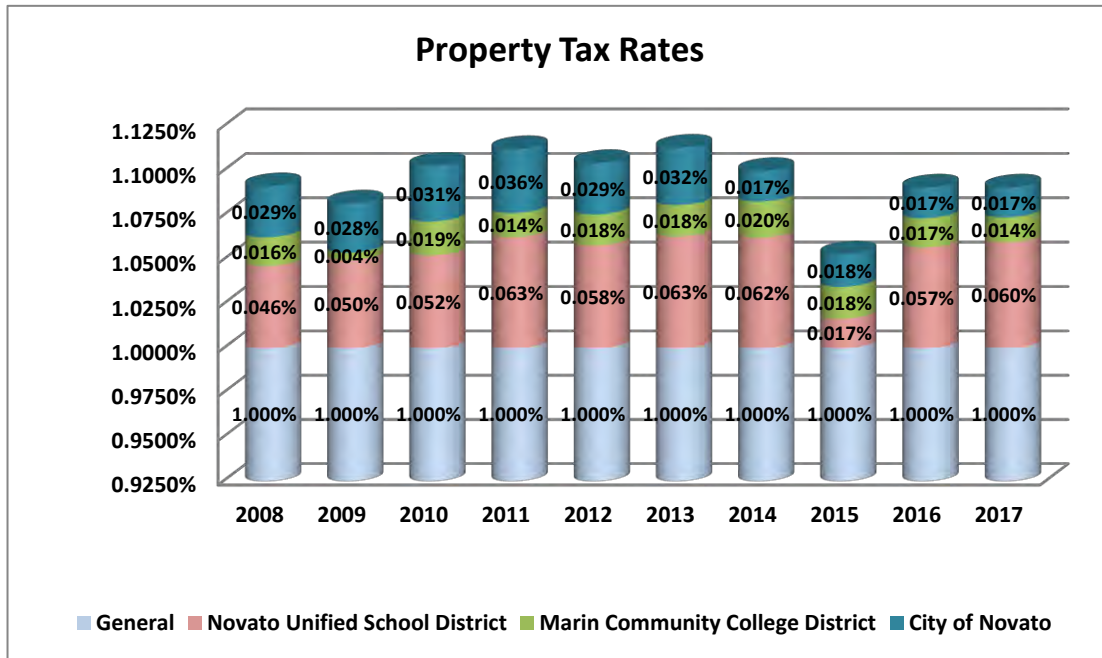


Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Value of Property Subject to Local Tax Rate
2008	\$ 20,524,997	\$ 20,524,997	100.0%	\$ 9,811,066,105
2009	20,363,987	20,363,987	100.0%	10,151,650,276
2010	19,586,946	19,586,946	100.0%	9,897,874,531
2011	20,082,534	20,082,534	100.0%	9,748,163,343
2012	19,947,983	19,947,983	100.0%	9,627,705,724
2013	19,999,008	19,999,008	100.0%	9,503,198,165
2014	21,561,012	21,561,012	100.0%	9,870,803,727
2015	22,094,132	22,094,132	100.0%	10,372,806,854
2016	23,714,256	23,714,256	100.0%	11,051,799,730
2017	25,009,486	25,009,486	100.0%	11,645,412,221

Note: In 1993, the District entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. Under the Teeter Plan, the District receives 100% of the secured property taxes billed each year without regard to delinquencies. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

Sources: County of Marin Auditor Controller and California Municipal Statistics, Inc.

**Novato Fire Protection District
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years**



	General	Novato Unified School District	Marin Community College District	City of Novato	Total
2008	1.0000%	0.0463%	0.0163%	0.0287%	1.0913%
2009	1.0000%	0.0497%	0.0042%	0.0277%	1.0816%
2010	1.0000%	0.0523%	0.0192%	0.0313%	1.1028%
2011	1.0000%	0.0626%	0.0136%	0.0360%	1.1122%
2012	1.0000%	0.0579%	0.0175%	0.0290%	1.1044%
2013	1.0000%	0.0629%	0.0178%	0.0323%	1.1130%
2014	1.0000%	0.0623%	0.0204%	0.0172%	1.0999%
2015	1.0000%	0.0167%	0.0180%	0.0183%	1.0530%
2016	1.0000%	0.0568%	0.0165%	0.0173%	1.0906%
2017	1.0000%	0.0596%	0.0142%	0.0168%	1.0906%

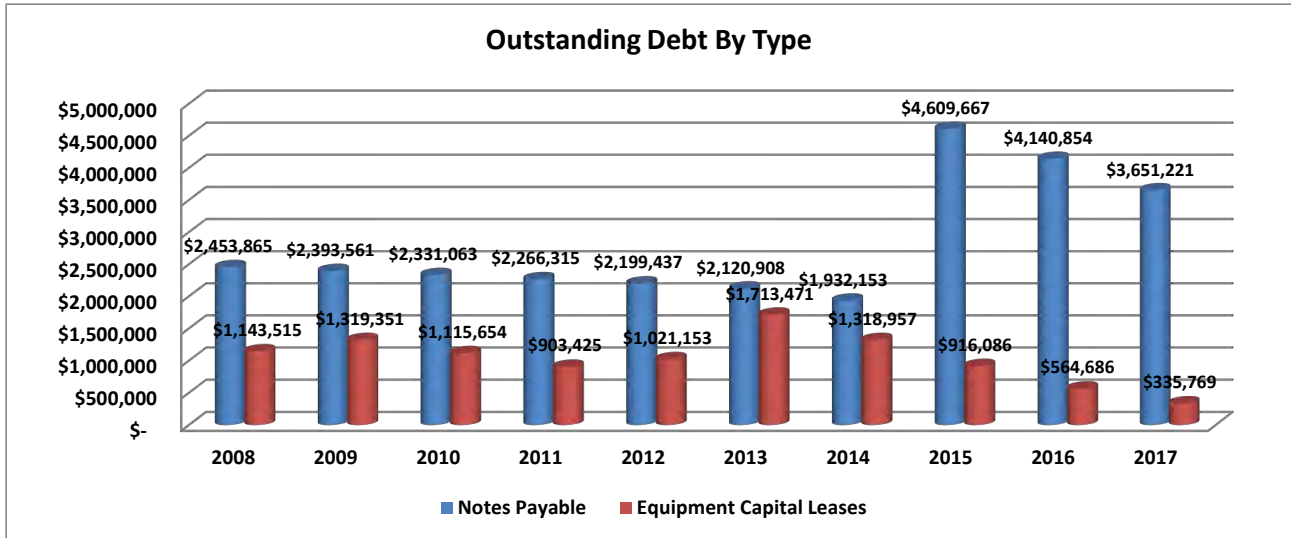
Source: California Municipal Statistics, Inc.

**Novato Fire Protection District
Principal Property Taxpayers
Current Year and Nine Years Ago**

Property Taxpayer	Fiscal Year 2016/2017			Fiscal Year 2007/2008		
	Assessed Valuation	Rank	Percent of Assessed Valuation	Assessed Valuation	Rank	Percent of Assessed Valuation
BioMarin Pharmaceutical Inc.	\$ 165,816,832	1	1.42%	\$ 37,635,243	6	0.38%
Novato FF Property LLC	128,000,000	2	1.10%	-		0.00%
HL Novato LLC	85,250,000	3	0.73%	-		0.00%
Steven J. Scarpa	75,325,713	4	0.65%	62,207,103	2	0.63%
JCC Cal Properties LLC	64,104,929	5	0.55%	-		0.00%
Professional Investors Security Funds	49,603,833	6	0.43%	25,384,861	10	0.26%
Contesta Novato Investors LLC	48,011,550	7	0.41%	-		0.00%
Hamilton Marketplace LLC	44,729,089	8	0.38%	-		0.00%
Redwood Landfill Inc.	37,319,791	9	0.32%	24,658,829	12	0.25%
Karen Pell 2011 Revocable Trust	33,461,682	10	0.29%	29,566,693	7	0.30%
Condiotti Enterprises Inc.	31,167,605	11	0.27%	26,624,585	9	0.27%
Novato Fair Shopping Center LLC	26,643,087	12	0.23%	23,290,156	14	0.24%
BSP Rowland Plaza LLC	25,279,724	13	0.22%	-		0.00%
Lexington Wood Hollow	24,000,000	14	0.21%	41,386,800	5	0.42%
Sutter Health	22,637,282	15	0.19%	-		0.00%
ARV Assisted Living Inc.	21,333,439	16	0.18%	-		0.00%
Costco Wholesale Corp.	19,917,518	17	0.17%	-		0.00%
Bayview Ignacio LLC	19,814,762	18	0.17%	21,603,510	15	0.22%
Whole Foods Market Cal Inc.	19,081,650	19	0.16%	-		0.00%
Novato Redwood Properties Inc	18,579,892	20	0.16%	16,044,802	18	0.16%
First States Investors 239 LLC	-		0.00%	193,800,000	1	1.98%
James Campbell Co LLC	-		0.00%	53,255,328	3	0.54%
Hamilton Marin LLC	-		0.00%	43,695,627	4	0.45%
Riggs National Bank	-		0.00%	29,544,976	8	0.30%
Golden Gate Plaza Office Ltd	-		0.00%	25,089,088	11	0.26%
Woodside Office Center LLC	-		0.00%	24,313,050	13	0.25%
Grosvenor USA Ltd	-		0.00%	18,207,000	16	0.19%
Nave Brothers	-		0.00%	17,970,440	17	0.18%
Marin Country Club Inc	-		0.00%	15,374,796	19	0.16%
Marion Park Associates	-		0.00%	14,751,029	20	0.15%
Total	\$ 960,078,378		8.24%	\$ 744,403,916		7.59%

Source: California Municipal Statistics, Inc.

**Novato Fire Protection District
Ratio of Outstanding Debt By Type
Last Ten Fiscal Years**



Fiscal Year	Equipment		Total Primary Government	Total Personal Income	Percentage of		Per Capita
	Notes Payable	Capital Leases			Personal Income	Total Population	
2008	\$ 2,453,865	\$ 1,143,515	\$ 3,597,380	\$ 2,815,131,944	0.13%	64,817	\$ 55.50
2009	2,393,561	1,319,351	3,712,912	2,842,444,143	0.13%	65,043	57.08
2010	2,331,063	1,115,654	3,446,717	2,793,075,189	0.12%	65,579	52.56
2011	2,266,315	903,425	3,169,740	2,807,032,380	0.11%	64,293	49.30
2012	2,199,437	1,021,153	3,220,590	2,735,553,480	0.12%	64,460	49.96
2013	2,120,908	1,713,471	3,834,379	2,881,513,712	0.13%	64,592	59.36
2014	1,932,153	1,318,957	3,251,110	2,897,470,800	0.11%	65,100	49.94
2015	4,609,667	916,086	5,525,753	3,042,658,176	0.18%	65,847	83.92
2016	4,140,854	564,686	4,705,540	3,276,350,100	0.14%	67,290	69.93
2017	3,651,221	335,769	3,986,990	3,383,117,346	0.12%	67,011	59.50

Sources: Novato Fire Protection District audited financial statements and California Department of Finance

**Novato Fire Protection District
Computation of Direct and Overlapping Debt
June 30, 2017**

2016 / 17 Assessed Valuation \$ 11,942,487,024

	Total Debt 6/30/2017	Percentage Applicable (1)	District's Share of Debt 6/30/2017
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Marin Community College District	\$ 313,510,000	16.879%	\$ 52,917,353
Sonoma County Joint Community College District	279,950,000	0.012%	33,594
Novato Unified School District	121,295,000	99.997%	121,291,361
Petaluma City Joint Union High School District	60,332,700	0.082%	49,473
Marin Healthcare District	157,385,000	0.0003%	472
City of Novato	10,372,907	100.000%	10,372,907
City of Novato Community Facilities District No. 1	12,775,295	100.000%	12,775,295
City of Novato Community Facilities District No. 1994-1	10,547,342	100.000%	10,547,342
City of Novato Community Facilities District No. 2002-1	8,955,000	100.000%	8,955,000
City of Novato Community Facilities District No. 2014-1	315,368	100.000%	315,368
City of Novato 1915 Act Bonds	565,000	100.000%	565,000
Novato Sanitary District Assessment District No. 2000-1	830,000	100.000%	830,000
Bel Marin Keys Community Services District Community Facilities District No. 2001-1	3,232,992	100.000%	3,232,992
Marin County Open Space Assessment Districts	251,443	100.000%	251,443
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	16.868%	5,566,440
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 227,704,040
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Marin County General Fund Obligations	\$ 90,392,081	16.868%	\$ 15,247,336
Marin County Pension Obligations	95,475,000	16.868%	16,104,723
Marin Community College District General Fund Obligations	2,420,834	16.879%	408,613
Sonoma County Joint Community College District General Fund Obligations	1,280,000	0.012%	154
Petaluma Joint Union High School District Certificates of Participation	5,670,000	0.082%	4,649
City of Novato General Fund Obligations	986,678	100.000%	986,678
City of Novato Pension Obligations	16,246,066	100.000%	16,246,066
Novato Fire Protection District Notes Payable	3,651,221	100.000%	3,651,221
Novato Fire Protection District Lease Purchase Obligations	335,769	100.000%	335,769
Marin County Transit District Authority General Fund Obligations	111,628	16.868%	18,829
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 53,004,038
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 41,235,000	100.000%	\$ 41,235,000
TOTAL DIRECT DEBT			\$ 3,986,990
TOTAL OVERLAPPING DEBT			\$ 317,956,088
COMBINED TOTAL DEBT			\$ 321,943,078 (2)

- (1) The percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the Fire Protection District divided by the overlapping District's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

RATIOS TO 2016 / 17 ASSESSED VALUATION

Total Overlapping Tax and Assessment Debt	1.91%
Total Direct Debt (\$3,986,990)	0.03%
Combined Total Debt	2.70%

RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUATION (\$1,657,489,017):

Total Overlapping Tax Increment Debt	2.49%
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Source: California Municipal Statistics, Inc.

**Novato Fire Protection District
Computation of Legal Bonded Debt Margin
June 30, 2017**

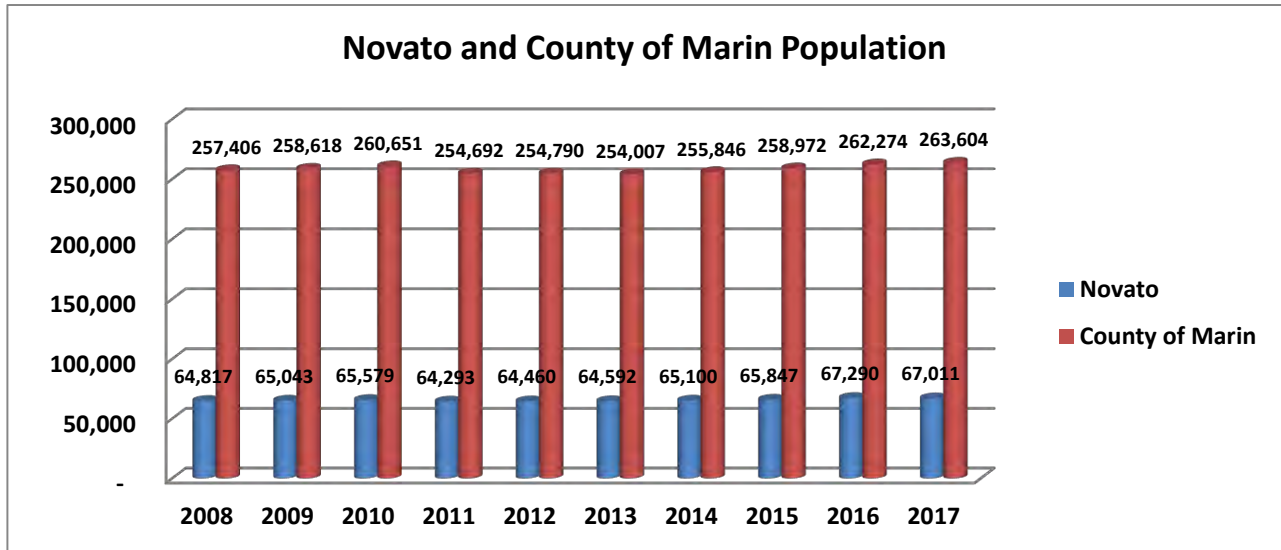
Gross Assessed Valuation	\$ 11,942,487,024
Debt Margin Ratio (1)	3.75%
Debt Margin	<u>\$ 447,843,263</u>
Less: Outstanding General Obligations	<u>-</u>
Net Debt Margin	<u><u>\$ 447,843,263</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to the Limit as Percentage of Debt Limit</u>
2008	\$ 378,108,658	\$ -	\$ 378,108,658	0.00%
2009	390,846,659	-	390,846,659	0.00%
2010	382,439,109	-	382,439,109	0.00%
2011	377,327,175	-	377,327,175	0.00%
2012	372,947,736	-	372,947,736	0.00%
2013	367,725,023	-	367,725,023	0.00%
2014	380,679,481	-	380,679,481	0.00%
2015	399,977,240	-	399,977,240	0.00%
2016	425,892,730	-	425,892,730	0.00%
2017	447,843,263	-	447,843,263	0.00%

(1) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

Sources: County of Marin Department of Finance and California Municipal Statistics, Inc.

**Novato Fire Protection District
Demographic Statistics
Last Ten Fiscal Years**

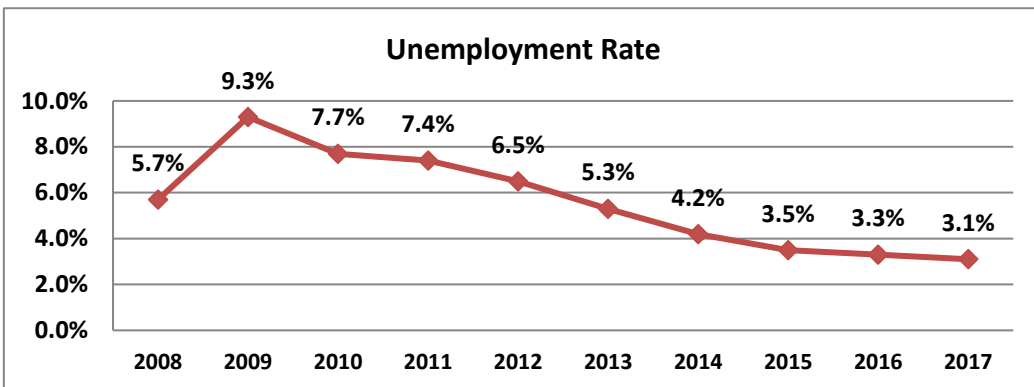
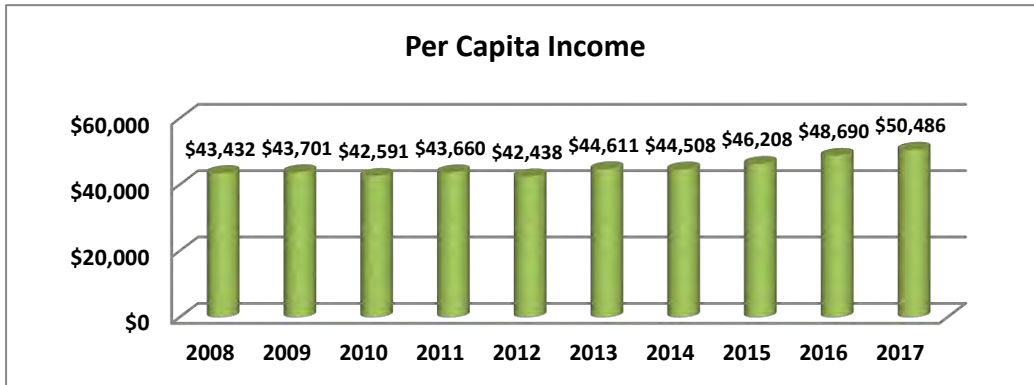


Fiscal Year	City of Novato Population	Unincorporated Population (1)	Total Population	% Change	County of Marin	% of County
2008	52,737	12,080	64,817	0.6%	257,406	25.2%
2009	52,921	12,122	65,043	0.3%	258,618	25.2%
2010	53,357	12,222	65,579	0.8%	260,651	25.2%
2011	52,311	11,982	64,293	-2.0%	254,692	25.2%
2012	52,447	12,013	64,460	0.3%	254,790	25.3%
2013	52,554	12,038	64,592	0.2%	254,007	25.4%
2014	52,967	12,133	65,100	0.8%	255,846	25.4%
2015	53,575	12,272	65,847	1.1%	258,972	25.4%
2016	54,749	12,541	67,290	2.2%	262,274	25.7%
2017	54,522	12,489	67,011	-0.4%	263,604	25.4%

(1) Estimated

Source: California Department of Finance

**Novato Fire Protection District
Demographic and Economic Statistics
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Total Population</u>	<u>Total Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2008	64,817	\$ 2,815,131,944	43,432	5.7%
2009	65,043	2,842,444,143	43,701	9.3%
2010	65,579	2,793,075,189	42,591	7.7%
2011	64,293	2,807,032,380	43,660	7.4%
2012	64,460	2,735,553,480	42,438	6.5%
2013	64,592	2,881,513,712	44,611	5.3%
2014	65,100	2,897,470,800	44,508	4.2%
2015	65,847	3,042,658,176	46,208	3.5%
2016	67,290	3,276,350,100	48,690	3.3%
2017	67,011	3,383,117,346	50,486	3.1%

Sources: California Department of Finance and Employment Development Department

**Novato Fire Protection District
Principal Employers
Current Year and Nine Years Ago**

Employer	Fiscal Year 2016/2017			Fiscal Year 2007/2008		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Novato Unified School District	838	1	2.93%	830	2	3.40%
BioMarin Pharmaceuticals	765	2	2.68%	402	4	1.64%
2K/Visual Concepts Entertainment	600	3	2.10%			
Novato Community Hospital	333	4	1.17%	356	5	1.46%
Safeway Stores	298	5	1.04%	252	6	1.03%
Costco Wholesale	297	6	1.04%	240	7	0.98%
City of Novato	291	7	1.02%	232	9	0.95%
Bradley Electric	255	8	0.89%	234	8	0.96%
Brayton Purcell	225	9	0.79%			
Novato Healthcare Center	209	10	0.73%			
Fireman's Fund				1,152	1	4.71%
Greenpoint Mortgage				513	3	2.10%
Target Store				219	10	0.90%
Total	4,111		14.39%	4,430		18.13%

Sources: City of Novato and Employment Development Department

**Novato Fire Protection District
Summary of District Activities
Fiscal Year 2016-2017**

Category / Description	2016-2017	2015-2016	Change	% Change
District Population	67,011	67,290	(279)	-0.4%
Per Capita Income	\$ 50,486	\$ 48,690	\$ 1,796	3.7%
Unemployment Rate	3.1%	3.3%	-0.2%	-6.1%
Total Number of Employees	77	79	(2)	-2.5%
Total Incidents	5,479	5,479	-	0.0%
Fire / Explosion Incidents	114	119	(5)	-4.2%
Property Loss	\$ 1,281,550	\$ 914,135	\$ 367,415	40.2%
False Alarm Incidents	379	350	29	8.3%
Rescue / Emergency Medical Incidents	4,038	3,676	362	9.8%
Ratio - Rescue / Emergency Medical Incidents to All Incidents	67.8%	67.1%	0.7%	1.0%
Average Response Time - Rescue / Emergency Medical Incidents	05:39	05:49	-00:10	-2.9%
Hour of Day With Highest Call Frequency	Noon - 1 P.M. 379	11 A.M. - 12 P.M. 341	38	11.1%
Hour of Day With Lowest Call Frequency	4 A.M. - 5 A.M. 104	4 A.M. - 5 A.M. 82	22	26.8%
Total Training Hours	20,112	21,063	(951)	-4.5%
Number of Citizens receiving Fire / Life Safety Instruction (CPR, Fire Extinguisher Use, CERT Training, etc.;	25,973	25,519	454	1.8%

Sources: California Department of Finance and Employment Development Department, District Emergency Response System database, Annual Budget, CPR database, Risk Reduction Prevention & Mitigation Division, Target Solutions database.

**Novato Fire Protection District
Apparatus Inventory
Fiscal Year 2016-2017**

The District utilizes a variety of apparatus to respond to a diverse range of emergency situations, as well as vehicles for use by administrative staff. Type 1 engines are housed at all five of the District stations; a Ladder Truck is housed at Station 64. Two Type 1 engines are kept in reserve, and are stationed at Station 61 and Station 62. Type 1 engines respond to all types of emergency operations, including commercial and residential fires, medical calls, hazardous material calls, and wildland/urban interface fires.

The District inventory includes two Type 3 engines equipped for off road capability, all of which respond to wildland fires. For an independent water source, the District uses a Water Tender. The Truck Company cross-staffs a 103 foot aerial ladder truck and a Type 1 engine. Of the five ambulances, three are kept in service daily, with two in reserve. The reserve ambulances are housed at Stations 61 and 63. Specialty apparatus includes a medium duty Rescue Unit.

The Fire Chief drives an SUV capable of responding “Code 3” when a life or property emergency exists. The three shift Battalion Chiefs have pickups that are equipped as command vehicles, outfitted to run incident command. In addition, the Battalion Chiefs who head the Training Division and the EMS Division have “Code 3” vehicles and can respond to emergency incidents.

The Fire Loss Management Division utilizes several SUVs for inspections, investigations, and fire response. For Public Education purposes, the District maintains an SUV and a golf cart. There are two pool vehicles (a hybrid car and a 12 passenger van) utilized by all staff for administrative needs.

District Apparatus Inventory by Station:

Station 61: Type 1 engine, Ambulance, Water Tender, B/C Command SUV, Reserve Ambulance, Off Road Utility, Reserve Type 1 Engine

Station 62: Type 1 Engine, 1 Reserve Type 1, 1 Ambulance, OES Type 1 engine, Golf Cart

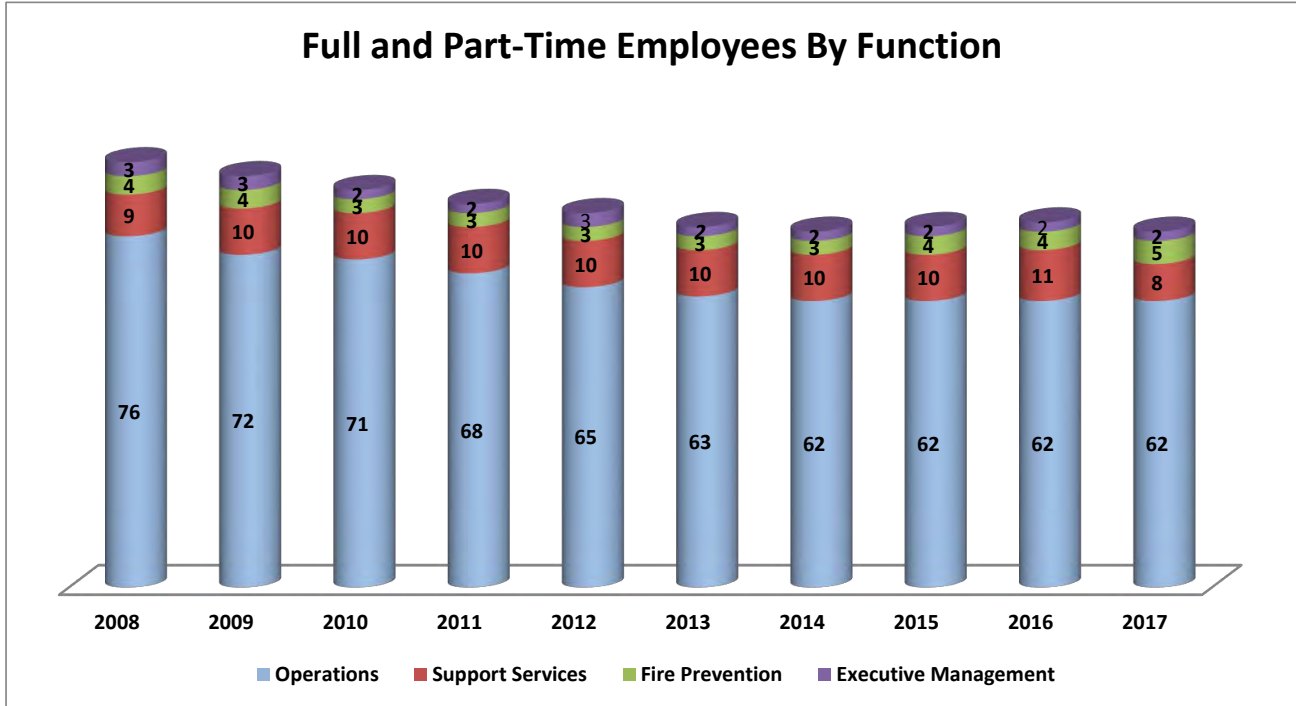
Station 63: Type 1 engine, Type 3 engine, 1 Reserve Ambulance, Off Road Utility

Station 64: Type 1 engine, Ladder Truck, Ambulance

Station 65: Type 1 engine, Type 3 engine, Medium Duty Rescue Unit, Off Road Utility

Source: District Mechanics Bureau

**Novato Fire Protection District
Full-time and Part-time Employees By Function
Last Ten Fiscal Years**

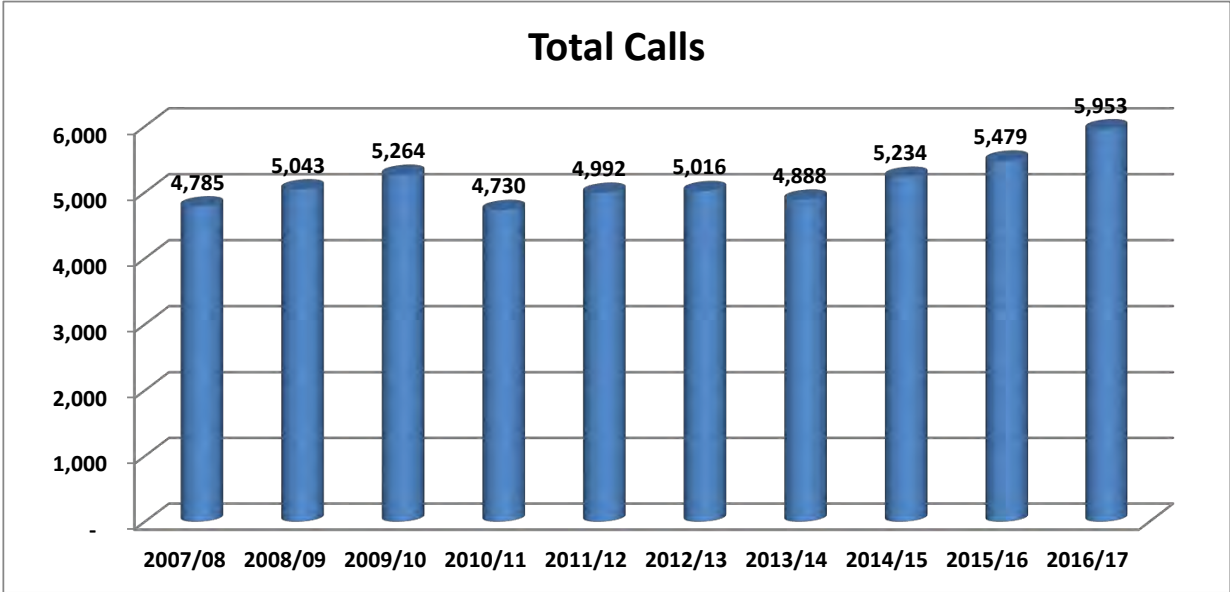


Fiscal Year Ended June 30

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety:										
Executive Management	3	3	2	2	3	2	2	2	2	2
Operations	76	72	71	68	65	63	62	62	62	62
Fire Prevention	4	4	3	3	3	3	3	4	4	5
Support Services	9	10	10	10	10	10	10	10	11	8
Total Public Safety	92	89	86	83	81	78	77	78	79	77

Source: Annual Budgets - funded positions

**Novato Fire Protection District
Comparative Annual Graph - Total Responses
Last Ten Fiscal Years**



<u>Fiscal Year</u>	<u>Total Calls</u>
2007/08	4,785
2008/09	5,043
2009/10	5,264
2010/11	4,730
2011/12	4,992
2012/13	5,016
2013/14	4,888
2014/15	5,234
2015/16	5,479
2016/17	5,953

Source: District NFIRS database, Emergency Reporting Systems

Novato Fire Protection District
Emergency Response Category Definitions

Fire, Explosion: This category includes fire responses, even if the fire has been extinguished upon arrival. This category also includes combustion explosions with no resulting fire. Examples of this category include structure fires, rubbish fires, dumpster fires and vehicle fires.

Over-Pressure/Rupture: This category includes vessels or containers that suffer failure or near failure due to extreme pressure from either an outside source, such as direct heating, or internally due to a cooling system failure or over-filling, such as a propane tank. Examples of this category also include explosions from bombs, dynamite or similar explosives.

Rescue/EMS Call: This category includes all medical aids, illness and heart attacks, as well as traffic accidents and missing persons.

Hazardous Condition Standby: This category includes Hazardous Materials incidents; electrical wire arcing; suspected drug labs; or situations where there is a perceived problem that may prove to be a potential emergency.

Service Call: This category includes incidents for persons in distress, such as a lock-in or lock-out of a vehicle or dwelling creating an emergency situation or critical need, and smoke or odor problems. This category would also include moving units from one station to another to provide area coverage.

Good Intent Call: This category includes incidents that are cleared prior to arrival, such as a medical aid where the injured party has left the scene, or the initial information indicated that there were injuries and upon arrival no persons were injured. This category may also include calls where the informant has mistaken steam for smoke.

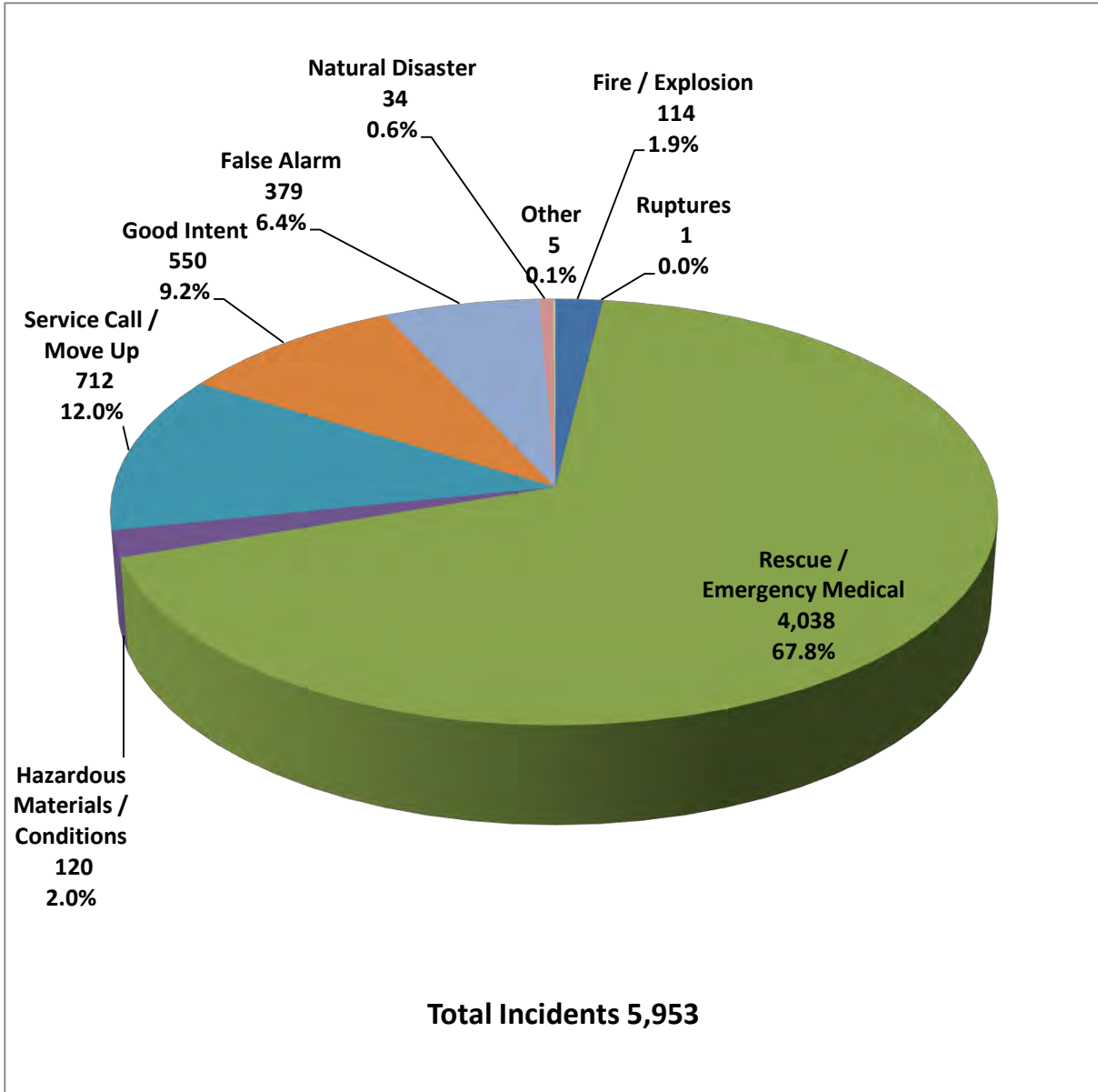
False Alarm: Some examples of the incidents in this category are malicious mischief calls, system malfunctions and the accidental tripping of an interior alarm sensor or device.

Natural Disaster: This category includes incidents that are not normal occurrences, such as earthquakes, lightning strikes, hurricanes and other weather or natural events.

Other: This includes citizen complaints and reports of fire code or ordinance violations.

Source: Operations Department, Novato Fire Protection District

**Novato Fire Protection District
Emergency Responses by Incident Type
Fiscal Year 2016-2017**



Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2016-2017**

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
Fire / Explosion				
100	Fire, other	10	\$ 20,050	-
111	Building fire	12	601,200	-
113	Cooking fire, confined to container	17	500	-
114	Chimney or flue fire, confined to chimney or flue	1	-	-
118	Trash or rubbish fire, contained	12	125	-
121	Fire in mobile home used as fixed residence	1	-	-
122	Fire in motor home, camper, recreational vehicle	2	1,000	-
130	Mobile property (vehicle) fire, other	5	1,000	-
131	Passenger vehicle fire	6	5,500	-
132	Road freight or transport vehicle fire	1	-	-
140	Natural vegetation fire, other	6	-	26.00
141	Forest, woods or wildland fire	6	-	4,474.00
142	Brush, or brush and grass mixture fire	6	235,000	8.25
143	Grass fire	12	-	-
150	Outside rubbish fire, other	2	-	-
151	Outside rubbish, trash or waste fire	4	-	-
154	Dumpster or other outside trash receptacle fire	1	-	-
160	Special outside fire, other	6	50	-
161	Outside storage fire	1	50	-
162	Outside equipment fire	3	6,075	-
Total Fire / Explosion		114	870,550	4,508.25
Over-Pressure / Rupture				
240	Explosion (no fire), other	1	-	-
Total Over-Pressure / Rupture		1	-	-
Rescue / EMS Call				
300	Rescue, emergency medical call (EMS) call, other	2	-	-
311	Medical assist, assist EMS crew	4	-	-
320	Emergency medical service, other (conversion only)	15	-	-
321	EMS call, excluding vehicle accident with injury	3,702	-	-
322	Vehicle accident with injuries	225	-	-
323	Motor vehicle/pedestrian accident (MV Ped)	11	-	-
324	Motor vehicle accident with no injuries	75	-	-
331	Lock-in (if lock out , use 511)	1	-	-
342	Search for person in water	1	-	-
363	Swift water rescue	1	-	-
365	Watercraft rescue	1	-	-
Total Rescue / EMS Call		4,038	-	-

**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2016-2017**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
Hazardous Condition				
400	Hazardous condition, other	16	-	-
410	Flammable gas or liquid condition, other	5	-	-
411	Gasoline or other flammable liquid spill	9	-	-
412	Gas leak (natural gas or LPG)	24	-	-
413	Oil or other combustible liquid spill	3	-	-
420	Toxic condition, other	1	-	-
422	Chemical spill or leak	2	-	-
424	Carbon monoxide incident	4	-	-
440	Electrical wiring/equipment problem, other	14	-	-
441	Heat from short circuit (wiring), defective/worn	3	-	-
442	Overheated motor	6	-	-
444	Power line down	23	-	-
445	Arcing, shorted electrical equipment	9	-	-
461	Building or structure weakened or collapsed	1	-	-
Total Hazardous Condition		120	-	-
Service Call				
500	Service Call, other	69	-	-
510	Person in distress, other	66	-	-
511	Lock-out	37	-	-
512	Ring or jewelry removal	2	-	-
520	Water problem, other	23	-	-
521	Water evacuation	6	-	-
522	Water or steam leak	14	-	-
531	Smoke or odor removal	12	-	-
540	Animal problem, other	2	-	-
542	Animal rescue	5	-	-
550	Public service assistance, other	90	-	-
551	Assist police or other governmental agency	15	-	-
552	Police matter	6	-	-
553	Public service	69	10,000	-
554	Assist invalid	255	-	-
561	Unauthorized burning	6	-	-
571	Cover assignment, standby, moveup	35	-	-
Total Service Call		712	10,000	-

**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2016-2017**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
Good Intent				
600	Good intent call, other	24	-	-
611	Dispatched & canceled en route	276	-	-
621	Wrong location	2	-	-
622	No incident found on arrival at dispatch address	113	-	-
631	Authorized controlled burning	1	-	-
650	Steam, other gas mistaken for smoke, other	4	-	-
651	Smoke scare, odor of smoke	110	-	-
652	Steam, vapor, fog or dust thought to be smoke	8	-	-
653	Barbecue, tar kettle	8	-	-
671	Hazmat release investigation w/ no hazmat	4	-	-
Total Good Intent		550	-	-
False Alarm				
700	False alarm or false call, other	87	-	-
710	Malicious, mischievous false call, other	2	-	-
711	Municipal alarm system, malicious false alarm	1	-	-
714	Central station, malicious false alarm	3	-	-
715	Local alarm system, malicious false alarm	5	-	-
730	System malfunction, other	19	-	-
731	Sprinkler activation due to malfunction	3	-	-
732	Extinguishing system activation due to malfunction	1	-	-
733	Smoke detector activation due to malfunction	36	-	-
734	Heat detector activation due to malfunction	4	-	-
735	Alarm system sounded due to malfunction	54	-	-
736	CO detector activation due to malfunction	24	-	-
740	Unintentional transmission of alarm, other	30	-	-
741	Sprinkler activation, no fire - unintentional	2	-	-
743	Smoke detector activation, no fire - unintentional	36	1,000	-
744	Detector activation, no fire - unintentional	6	-	-
745	Alarm system sounded, no fire - unintentional	57	-	-
746	Carbon monoxide detector activation, no CO	9	-	-
Total False Alarm		379	1,000	-

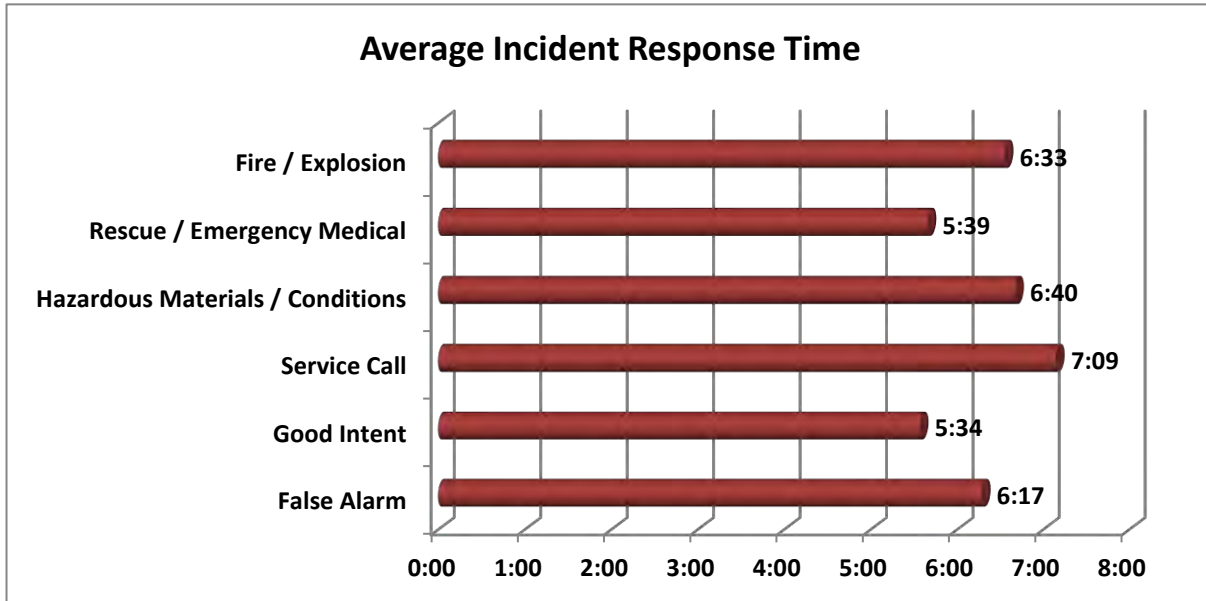
**Novato Fire Protection District
Emergency Response Detail Analysis
Fiscal Year 2016-2017**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
Natural Disaster				
800	Severe weather or natural disaster, other	19	400,000	-
812	Flood assessment	6	-	-
813	Wind storm, tornado/hurricane assessment	9	-	-
Total Natural Disaster		34	400,000	-
Other				
900	Special type of incident, other	1	-	-
911	Citizen complaint	4	-	-
Total Other		5	-	-
Grand Total		5,953	\$ 1,281,550	4,508.25

Source: District NFIRS database, Emergency Reporting Systems

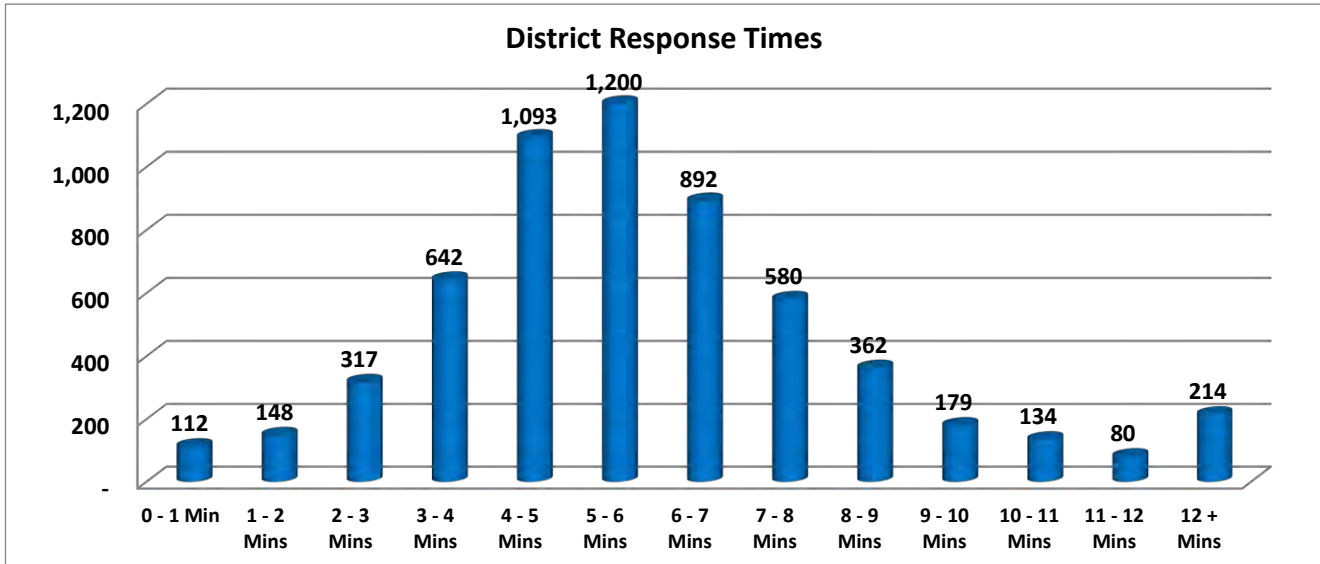
**Novato Fire Protection District
Average Incident Response Time
Fiscal Year 2016-2017**



<u>Incident Type</u>	<u>Average Response Time Minutes</u>
Fire / Explosion	6:33
Rescue / Emergency Medical	5:39
Hazardous Materials / Conditions	6:40
Service Call	7:09
Good Intent	5:34
False Alarm	6:17

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District
District Response Times Fiscal
Year 2016-2017**



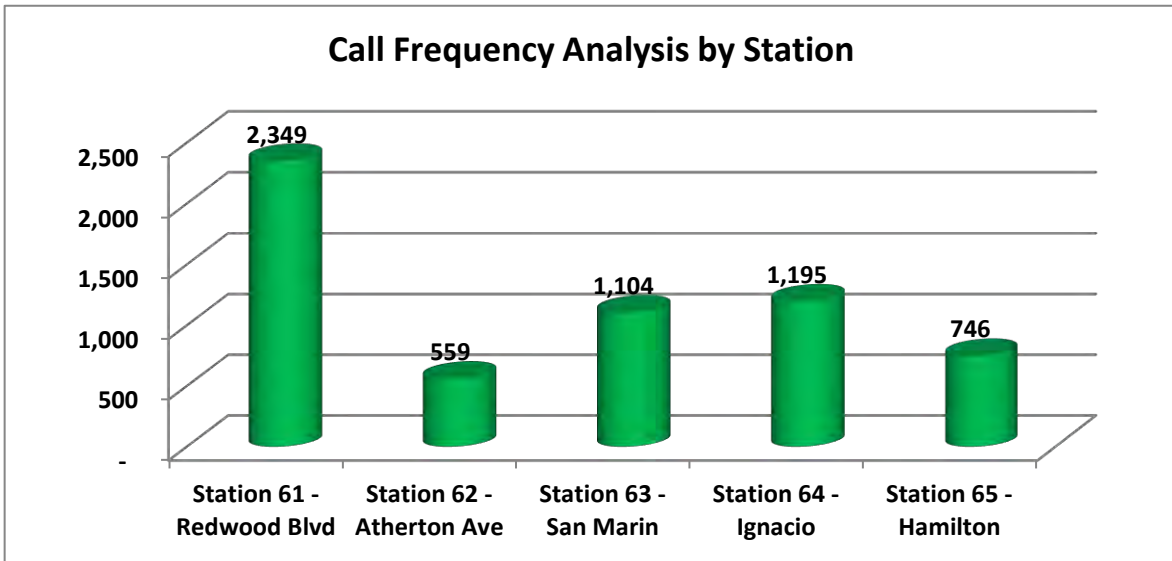
Incident Type	0 - 1 Min	1 - 2 Mins	2 - 3 Mins	3 - 4 Mins	4 - 5 Mins	5 - 6 Mins	6 - 7 Mins	7 - 8 Mins	8 - 9 Mins	9 - 10 Mins	10 - 11 Mins	11 - 12 Mins	12 + Mins	Total
Fire / Explosion	1	2	4	6	16	28	19	12	7	4	2	1	12	114
Ruptures	-	-	-	-	-	-	-	-	-	1	-	-	-	1
Rescue / Emergency														
Medical	63	74	178	508	899	878	602	343	208	94	66	37	88	4,038
Hazardous Materials / Conditions	5	4	3	7	11	14	23	20	13	7	6	2	5	120
Service Call	22	6	16	34	58	124	126	110	68	41	33	20	54	712
Good Intent	7	52	98	57	63	79	48	41	30	15	19	10	31	550
False Alarm	8	9	18	28	44	74	71	51	34	14	7	8	13	379
Natural Disaster	5	1	-	1	2	2	1	3	2	3	1	2	11	34
Other	1	-	-	1	-	1	2	-	-	-	-	-	-	5
Total	112	148	317	642	1,093	1,200	892	580	362	179	134	80	214	5,953

Mutual aid responses to areas outside Novato Fire Protection District are included

District objective is to respond to 80% of all calls within 8 minutes.

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District
Call Frequency Analysis by Station
Fiscal Year 2016-2017**

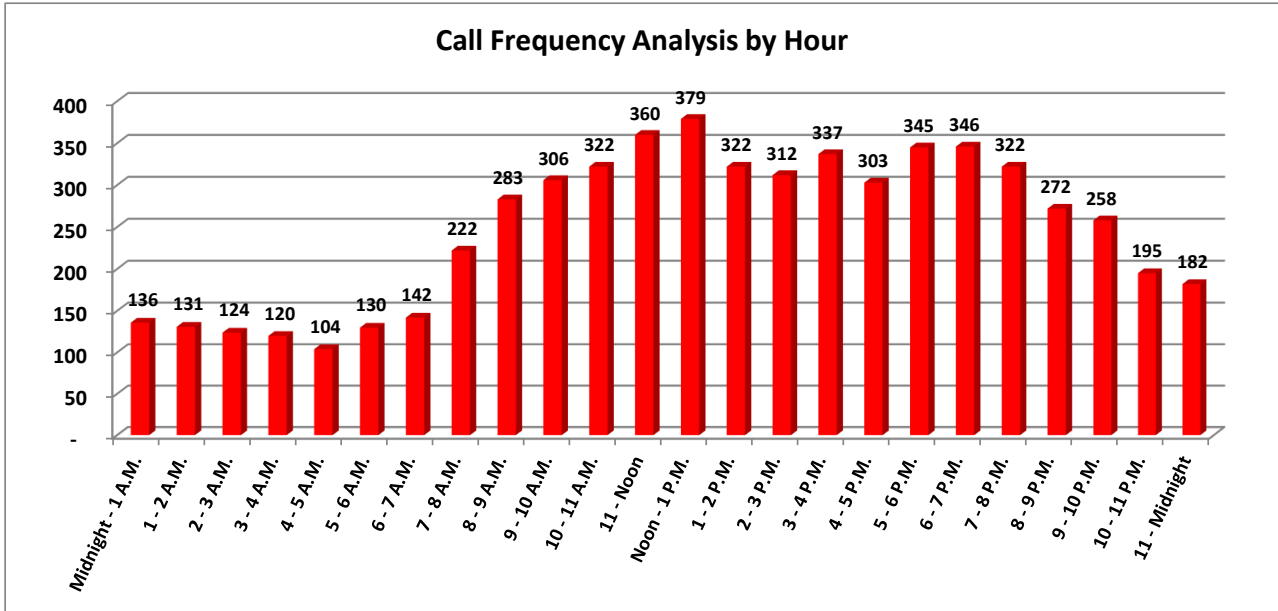


Station Location	Total Calls	% of Total
Station 61 - Redwood Blvd *	2,349	39.5%
Station 62 - Atherton Ave	559	9.4%
Station 63 - San Marin	1,104	18.5%
Station 64 - Ignacio	1,195	20.1%
Station 65 - Hamilton	746	12.5%
Total	<u>5,953</u>	<u>100.0%</u>

* Station 61 is centrally located near Novato's downtown area and covers a large portion of the residentially populated zones. It is the largest station in terms of staffing and apparatus, including an ambulance and an engine company, and therefore has a proportionally higher call volume.

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District
Call Frequency Analysis by Hour
Fiscal Year 2016-2017**

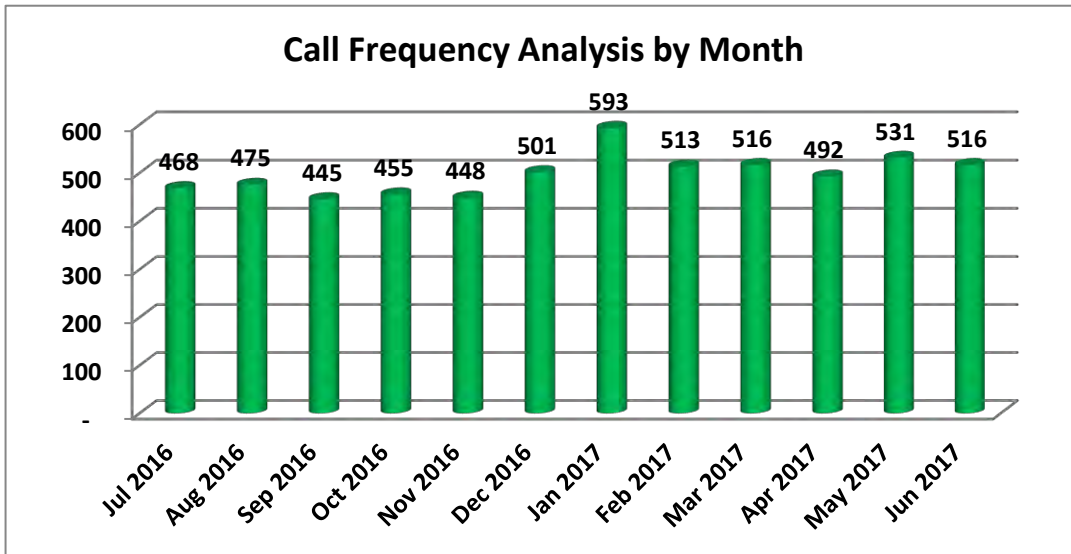


Hour	Number of Calls	% of Total	Hour	Number of Calls	% of Total
Midnight - 1 A.M.	136	2.28%	Noon - 1 P.M.	379	6.37%
1 - 2 A.M.	131	2.20%	1 - 2 P.M.	322	5.41%
2 - 3 A.M.	124	2.08%	2 - 3 P.M.	312	5.24%
3 - 4 A.M.	120	2.02%	3 - 4 P.M.	337	5.66%
4 - 5 A.M.	104	1.75%	4 - 5 P.M.	303	5.09%
5 - 6 A.M.	130	2.18%	5 - 6 P.M.	345	5.80%
6 - 7 A.M.	142	2.39%	6 - 7 P.M.	346	5.81%
7 - 8 A.M.	222	3.73%	7 - 8 P.M.	322	5.41%
8 - 9 A.M.	283	4.75%	8 - 9 P.M.	272	4.57%
9 - 10 A.M.	306	5.14%	9 - 10 P.M.	258	4.33%
10 - 11 A.M.	322	5.41%	10 - 11 P.M.	195	3.28%
11 - Noon	360	6.05%	11 - Midnight	182	3.06%
			Total	5,953	100.00%

Call volume is generally higher from 7:00 A.M. to 10:00 P.M., when people are awake, working, or traveling.

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District
Call Frequency Analysis by Month
Fiscal Year 2016-2017**

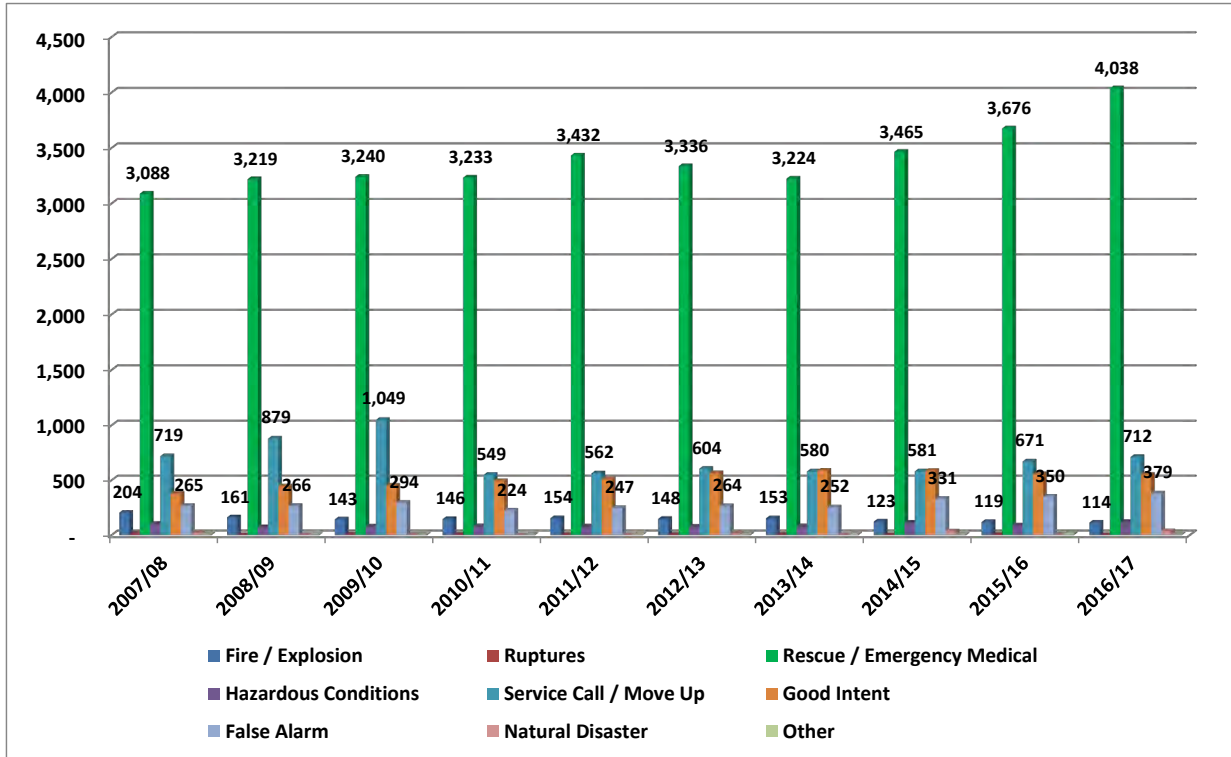


Month	Total Calls	% of Total
Jul 2016	468	7.86%
Aug 2016	475	7.98%
Sep 2016	445	7.48%
Oct 2016	455	7.64%
Nov 2016	448	7.53%
Dec 2016	501	8.42%
Jan 2017	593	9.96%
Feb 2017	513	8.62%
Mar 2017	516	8.67%
Apr 2017	492	8.26%
May 2017	531	8.92%
Jun 2017	516	8.67%
Total	<u>5,953</u>	<u>100.00%</u>

Data includes mutual aid calls.

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District
Call Frequency Analysis by Type
Last Ten Fiscal Years**



Fiscal Year	Fire / Explosion	Ruptures	Rescue / Emergency Medical	Hazardous Materials / Conditions	Service Call / Move Up	Good Intent	False Alarm	Natural Disaster	Other	Total
2007/08	204	9	3,088	102	719	377	265	15	6	4,785
2008/09	161	-	3,219	72	879	443	266	1	2	5,043
2009/10	143	5	3,240	78	1,049	450	294	2	3	5,264
2010/11	146	4	3,233	81	549	491	224	-	2	4,730
2011/12	154	2	3,432	79	562	510	247	1	5	4,992
2012/13	148	2	3,336	77	604	564	264	14	7	5,016
2013/14	153	3	3,224	81	580	586	252	1	8	4,888
2014/15	123	1	3,465	113	581	585	331	33	2	5,234
2015/16	119	3	3,676	88	671	555	350	4	13	5,479
2016/17	114	1	4,038	120	712	550	379	34	5	5,953

Source: District NFIRS database, Emergency Reporting Systems

Novato Fire Protection District
Risk Reduction, Prevention and Mitigation (RPM) Division Activities
Fiscal Year 2016-2017

RPM Inspections and Investigations	Number	Hours
Code Compliance	28	56
R1/R2 Inspections	372	2232
Construction Inspections	208	624
Fire Investigations	14	266
Plan Review	424	1272
UFC Permits	31	62
Total:	1,077	4,512
Weed Abatement	Number	Hours
Vegetation/Weed/Hazard Complaints Investigated and Closed	102	204
Complimentary Vegetation Evaluations	56	84
Pacheco Valle FireWise Inspections	197	295.50
Total:	441	583.50
Grand Total:	1,518	5,095.50

Source: Risk Reduction, Prevention and Mitigation Division, Emergency Reporting System database

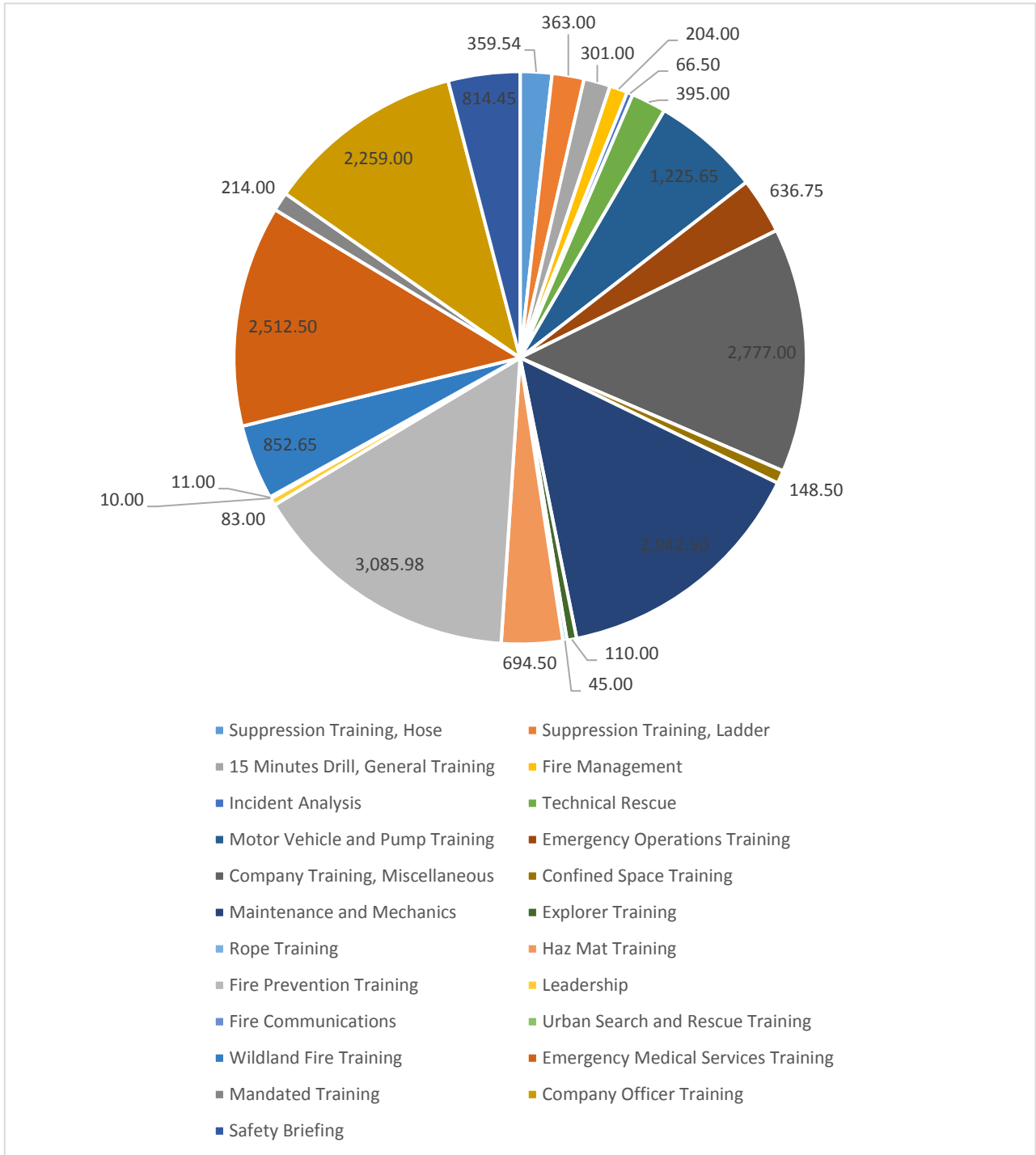
**Novato Fire Protection District
Fire Prevention Activity/Public Education
Fiscal Year 2016-2017**

Category	Class Hours	Est. Number of Citizens Instructed
CPR/AED Training (4 hours per class)	56	158
CERT Training	58	32
Safety House	28	550
Fire Squirts Camp	52	24
Youth Fire Setter Intervention	4	6
Arson Awareness Program	3	582
Fire Extinguisher Training	4	83
Evacuation Drills	3	386
School Programs*	220	4,200
Special Events*	120	6,000
Station Tours	23	560
Vial of Life	10	721
Senior Programs	11	525
Electronic Board Messaging	8	>1,000
Spanish Language Safety Programs	1	27
Car Seat Program	20	27
School Inspection	75	75
Crime Free Housing/Fire Safety	2	17
Social Media*	>100	>11,000
Total	798	25,973

*Large events, attendance estimated

Source: Risk Reduction, Prevention and Mitigation Division, Emergency Reporting System database

**Novato Fire Protection District
Personnel Training Hours Chart
Fiscal Year 2016-2017**



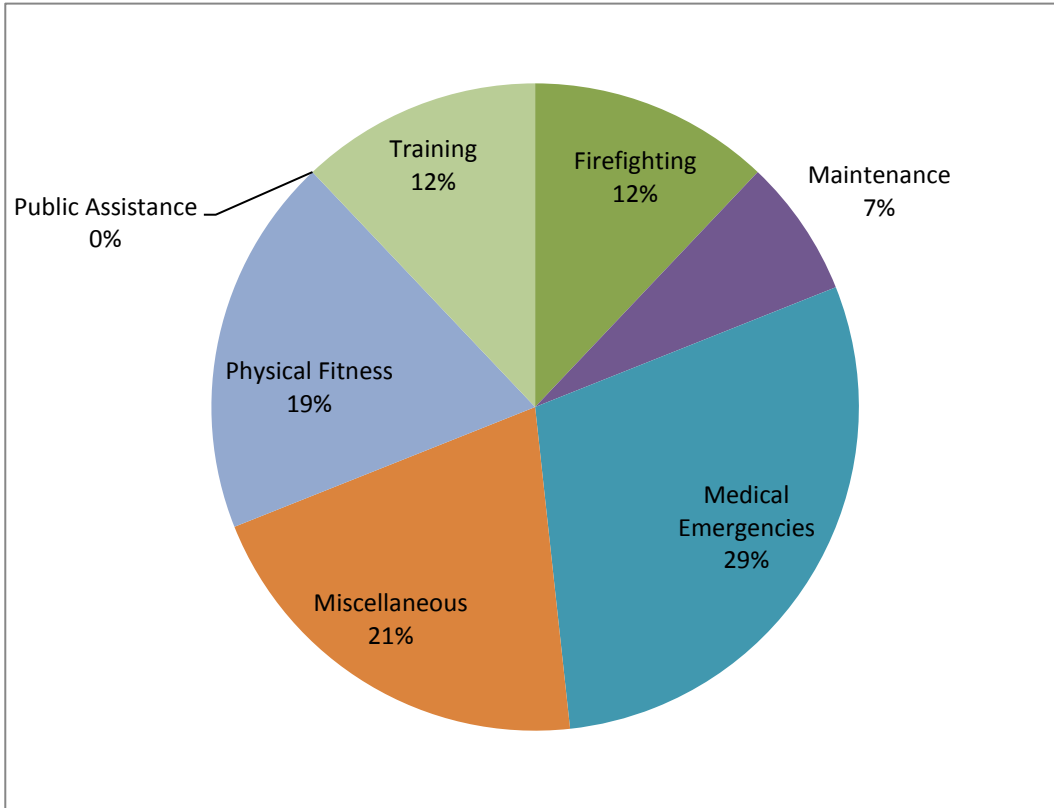
Source: Target Solutions Database

**Novato Fire Protection District
Personnel Training Hours Detail
Fiscal Year 2016-2017**

Training Code	Training Description	Training Hours
1	Suppression Training, Hose	359.54
2	Suppression Training, Ladder	363.00
3	15 Minutes Drill, General Training	301.00
4	Fire Management	204.00
5	Incident Analysis	66.50
6	Technical Rescue	395.00
7	Motor Vehicle and Pump Training	1,225.65
8	Emergency Operations Training	636.75
9	Company Training, Miscellaneous	2,777.00
10	Confined Space Training	148.50
11	Maintenance and Mechanics	2,942.50
12	Explorer Training	110.00
13	Rope Training	45.00
14	Haz Mat Training	694.50
15	Fire Prevention Training	3,085.98
16	Leadership	83.00
17	Fire Communications	10.00
18	Urban Search and Rescue Training	11.00
19	Wildland Fire Training	852.65
20	Emergency Medical Services Training	2,512.50
21	Mandated Training	214.00
22	Company Officer Training	2,259.00
23	Safety Briefing	814.45
	Total Hours	20,111.52

Source: Target Solutions Database

**Novato Fire Protection District
Service Connected Illness/Injury Report
Fiscal Year 2016-2017**



Type of Activity	Number	% of Total
Firefighting	7	12%
Maintenance	4	7%
Medical Emergencies	17	29%
Miscellaneous	12	21%
Physical Fitness	11	19%
Public Assistance	0	0%
Training	7	12%
Total	58	100%

Data from Personnel Workers Compensation files