

# Novato Fire Protection District

Novato, California

Comprehensive Annual Financial Report  
For The Year Ended June 30, 2018



Photo Credit: Robert Tong/Marin Independent Journal



# 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

Colleen Walraven, Purchasing/Contracts Manager

Novato Fire Protection District

95 Rowland Way

Novato, CA 94945

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018

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NOVATO FIRE PROTECTION DISTRICT  
DIRECTORY OF OFFICIALS

2018 Board of Directors



President William Davis



Vice President James Galli



Secretary Lj Silverman



Director Worth "Skip" Fenner, Jr.

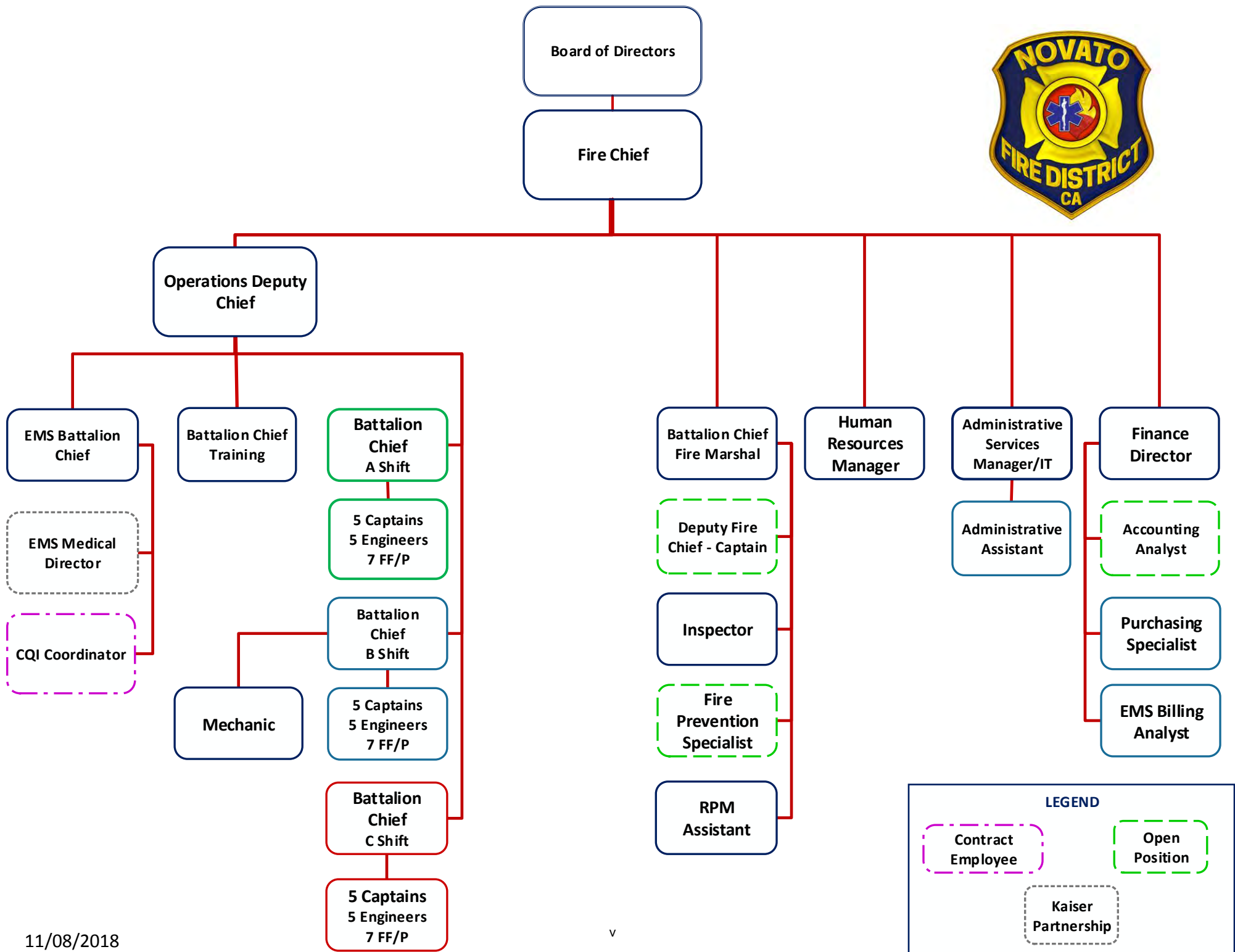


Director Steven Metcho

NOVATO FIRE PROTECTION DISTRICT  
DIRECTORY OF OFFICIALS

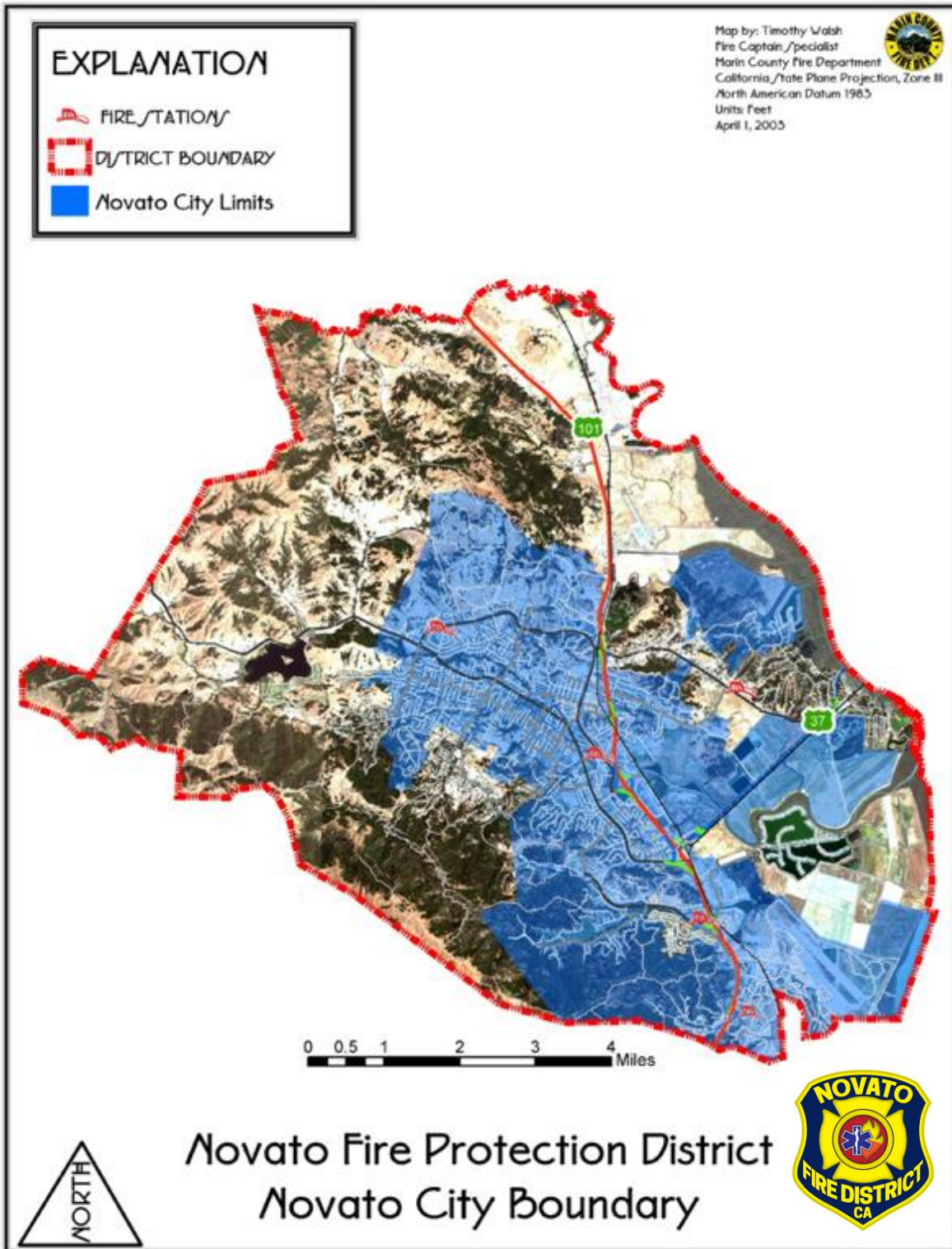
Executive and Command Staff

Fire Chief	Bill Tyler, CFO
Deputy Fire Chief	Jeffrey Veliquette
Acting Battalion Chief, Fire Marshal	Lori Jessell
Battalion Chief, Emergency Medical Services	Kyle Dague
Battalion Chief, Training Division	Robert LaCroix
Battalion Chief, Operations:	
A Shift	Dmitri Menzel
B Shift	Jeffrey Whittet
C Shift	Gerald McCarthy
Finance Director	Dan Hom, CPA
Human Resources Manager	Gretchen Felciano
Administrative Services Manager/IT	Jeanne Villa



# NOVATO FIRE PROTECTION DISTRICT DISTRICT MAP

DISTRICT MAP





NOVATO FIRE PROTECTION DISTRICT  
FIRE STATIONS AND FACILITIES



**Administration Building**  
95 Rowland Way



**Station 61**  
7025 Redwood Blvd



**Station 62**  
450 Atherton Avenue



**Station 63**  
65 San Ramon Way



**Station 64**  
319 Enfronte Drive



**Station 65**  
5 Bolling Drive



# Novato Fire District

Fire Chief Bill Tyler

95 Rowland Way, Novato, CA 94945 415.878.2690 Fax 415.878.2660 [www.novatofire.org](http://www.novatofire.org)

November 14, 2018

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, 2018. This is the eleventh consecutive CAFR prepared by the Fire Chief and the District 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, 2018, are fairly presented in conformity with GAAP in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” 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 the US 101 Freeway and Highway 37 corridors, the Sonoma Marin Area Rail Transit (SMART) and Northern Pacific Railroad Authority, 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 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, three 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, Emergency Medical Services (EMS) Division and the Operations Shift Battalion Chiefs.

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 sixteen 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 which 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; 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, communications 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 nine years ago. There are positive signs of sustained economic recovery. Real estate valuations have been on the rise for six consecutive years. The local unemployment rate has decreased over the last nine 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 2019 through 2020. 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. However, recent increases in mortgage interest rates will have an impact on future property tax growth. 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.

**Financial Policies** – The District adopted the provisions of GASB 54 and GASB 75 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.

**New Initiatives** - There are several initiatives that are identified in the 2018-2020 strategic plan, reflected in the District budget, and will have financial impact, including but not limited to: Provide well maintained apparatus, facilities and equipment that enable personnel to perform their jobs safely and effectively; Identify, establish & support programs to enhance personal and professional development as well as health, safety and welfare of our people and our communities; we will plan and act for a sustainable future; we will define, maintain and update core District documents within established timeframes; and elevate effective internal and external communications and enhance our use of current and future technology.

## **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, 2017. This was the tenth 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,

A handwritten signature in black ink, appearing to read "Bill Tyler", with a long horizontal stroke extending to the right.

Bill Tyler, CFO  
Fire Chief

A handwritten signature in black ink, appearing to read "Dan Hom", with a long horizontal stroke extending to the right.

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, 2017**

*Christopher P. Morrill*

Executive Director/CEO



# Financial Section

Thomas Fire, 2018



## 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, 2018, 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, 2018, 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.

***Change in Accounting Principles***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 1.

The emphasis of this matter does not constitute a modification to our opinion.

***Other Matters***

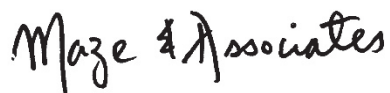
***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other 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.



Pleasant Hill, California  
November 2, 2018



# Novato Fire District

Fire Chief Bill Tyler

95 Rowland Way, Novato, CA 94945 415.878.2690 Fax 415.878.2660 [www.novatofire.org](http://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, 2018. 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 \$5,945,803
- The total Program Expenses were \$28,340,501.
- The total Program Revenues were \$4,531,999.
- The total General Revenues were \$26,155,525.
- The change in Net Position represents an increase of \$2,347,023 in revenues over expenses.

#### GENERAL FUND

- The General Fund revenues exceeded expenditures by \$421,324.
- The actual resources received in the General Fund exceeded final budget by \$550,694, while actual expenditures were less than final budget by \$2,742,857.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,393,248 or 11% 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 15.

**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.

**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.

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

**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, 2018 and 2017  
(in thousands)

	Governmental Activities		
	2018	2017	Increase (decrease)
Current assets	\$ 18,922	\$ 18,679	\$ 243
Net capital assets	18,214	17,632	582
Total assets	37,136	36,311	825
Deferred outflows	10,598	9,932	666
Current liabilities	3,918	3,881	37
Non-current liabilities	34,253	29,652	4,601
Total liabilities	38,171	33,533	4,638
Deferred inflows	3,617	716	2,901
Net Position:			
Net investment in capital assets	14,899	13,645	1,254
Unrestricted	(8,953)	(1,650)	(7,303)
<b>Total Net Position</b>	<b>\$ 5,946</b>	<b>\$ 11,995</b>	<b>\$ (6,049)</b>

Due to the implementation of GASB Statement 75 during the fiscal year ended June 30, 2018, financial data shown for previous years have not been restated and may not be comparable.

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

- Current assets increased by approximately \$243,000 or 1%, due primarily to the increase in cash and cash equivalents (\$387,000) resulting from revenues exceeding expenditures.
- Net capital assets decreased by approximately \$582,000 or 3% due primarily to acquisition of equipment and vehicles (\$2,031,000) offset by depreciation for the year (\$1,386,000).
- Deferred outflows increased by approximately \$666,000 or 7%, due to a decrease in net pension liability resulting from the implementation of GASB Statements 68 and 71 (\$837,000) offset by an increase in net OPEB liability resulting from the implementation of GASB Statement 75 (\$1,503,000).

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

- Non-current liabilities increased by approximately \$4,601,000 or 16%, due primarily to an increase in Net OPEB Liability (\$9,327,000) offset by decreases in net pension liability (\$3,363,000), Workers Compensation claims (\$685,000), and in notes payable to bank and capital leases (\$672,000).
- Deferred inflows increased by approximately \$2,901,000 or 405%, due to deferred inflows related to pension (\$2,750,000) and OPEB (\$151,000).
- Net investment in capital assets increased by approximately \$1,254,000 or 9%, due primarily to acquisition of equipment and vehicles (\$2,031,000), paying down related debt (\$672,000), offset by depreciation expense (\$1,386,000).
- Unrestricted net position decreased by approximately \$7,303,000 or 443%, due primarily to a prior period adjustment resulting from the implementation of GASB Statement 75 (\$8,396,000) offset by net Change in Net Position (\$2,347,000).



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

Table 2  
Condensed Statement of Activities  
For the Years Ended June 30, 2018 and 2017  
(in thousands)

	Governmental Activities		
	2018	2017	Increase (decrease)
<b>Expenses</b>			
Personnel	\$ 22,991	\$ 22,141	\$ 850
Material and services	3,884	3,777	107
Depreciation	1,386	1,459	(73)
Interest on debt	79	98	(19)
Total expenses	28,340	27,475	865
<b>Program revenues</b>			
Charges for services	4,532	3,780	752
Capital grants	-	71	(71)
Total program revenues	4,532	3,851	681
Net program expense	23,808	23,624	184
<b>General revenues</b>			
Property taxes	\$ 25,685	\$ 25,010	\$ 675
Investment earnings	133	56	77
Grants	85	84	1
Miscellaneous	252	164	88
Total general revenues	26,155	25,314	841
Change in Net Position	2,347	1,690	657
Net Position - beginning of year	3,599	10,305	(6,706)
Prior Period Adjustment	-	(8,396)	8,396
<b>Net Position - end of year</b>	\$ 5,946	\$ 3,599	\$ 2,347

Due to the implementation of GASB Statement 75 during the fiscal year ended June 30, 2018, financial data shown for previous years have not been restated and may not be comparable.

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

- Personnel expenses increased by approximately \$850,000 or 4%, 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).

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

- Material and services increased by approximately \$107,000 or 3%, due primarily to overall inflationary increase in costs.
- Charges for services increased by approximately \$752,000 or 20% primarily due to an increase in OES reimbursements for out of county incidents (\$807,000) offset by a decrease in ambulance service fees (\$176,000).
- Property taxes increased by \$675,000 or 3% primarily due to recovery of real estate valuations, secured property taxes (\$845,000) and special assessment taxes (\$163,000) offset by a decrease in redevelopment agencies (\$371,000).

### **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 15, the government fund balance increased by \$536,640. 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 (\$655,000) due to the recovery of real estate valuations, offset by an increase in salaries and benefits (\$1,554,000), services and supplies (\$12,000) and increase in capital outlay (\$1,572,000).

On page 16, 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 \$421,000, or 1.3%, between the original and final amended budget. The increase was principally due to salaries and benefits of (\$1,155,000) offset by an increase in intergovernmental revenue (\$1,233,000).

Significant variances between final amended budget and actual include approximately \$175,000 negative variance for property taxes attributable to decrease from redevelopment agencies, and approximately \$1,254,000 positive variance for salaries and benefits resulting primarily from savings from regular salaries (\$478,000), retirement (\$324,000), health insurance (\$265,000) and workers' compensation (\$196,000).

Additional details comparing budget to actual are shown on page 51.

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

**CAPITAL ASSETS**

As of June 30, 2018, the District had approximately \$18,214,000 in net capital assets.

Table 3  
Capital Assets  
As of June 30, 2018 and 2017  
(in thousands)

	Governmental Activities		
	2018	2017	Increase (decrease)
<b>Nondepreciable capital assets:</b>			
Land	\$ 3,028	\$ 3,028	\$ -
Construction in progress	1,726	-	1,726
Total nondepreciable capital assets	4,754	3,028	1,726
<b>Depreciable capital assets:</b>			
Buildings and improvements	20,302	20,337	(35)
Equipment	3,814	4,092	(278)
Apparatus and vehicles	6,535	6,896	(361)
Total depreciable capital assets	30,651	31,325	(674)
Less accumulated depreciation	(17,191)	(16,721)	(470)
<b>Capital Assets, net</b>	\$ 18,214	\$ 17,632	\$ 582

Capital assets purchased or acquired with an original cost of \$5,000 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. Additional details about capital assets are shown in Notes 1 and 4 in the financial statements.

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

**DEBT ADMINISTRATION**

As of June 30, 2018, the District had approximately \$3,315,000 in outstanding debt.

Table 4  
Outstanding Debt  
As of June 30, 2018 and 2017  
(in thousands)

	Governmental Activities		
	2018	2017	Increase (decrease)
Notes payable	\$ 3,151	\$ 3,651	\$ (500)
Capital leases payable	164	336	(172)
<b>Total Debt</b>	<b>\$ 3,315</b>	<b>\$ 3,987</b>	<b>\$ (672)</b>

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 nine years ago. There are positive signs of sustained economic recovery. Real estate valuations have been on the rise for six consecutive years. The local unemployment rate has decreased over the last nine 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 2019 through 2020. 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. However, recent increases in mortgage interest rates will have an impact on future property tax growth. 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 "Bill Tyler", with a horizontal line extending to the right.

Bill Tyler, CFO  
Fire Chief

## **Basic Financial Statements**

NOVATO FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018

	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents (Note 2)	\$18,011,232
Receivables:	
Due from other governments	321,224
Ambulance service fees, net allowance for doubtful accounts of \$3,902,029	264,251
Property taxes	304,088
Prepaid items	21,004
Total current assets	18,921,799
<b>NON-CURRENT ASSETS</b>	
Land and construction-in-progress (Note 3)	4,754,178
Depreciable capital assets, net (Note 3)	13,459,722
Total non-current assets	18,213,900
Total assets	37,135,699
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows related to pension (Note 9)	9,095,266
Deferred outflows related to OPEB (Note 10)	1,502,716
Total Deferred Outflows	10,597,982
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	289,603
Accrued expense	191,850
Interest payable	17,523
Notes and loan payable to bank (Note 4)	513,411
Capital lease obligations (Note 5)	164,096
Compensated absences (Note 1)	2,421,379
Workers' compensation claims (Note 11)	320,105
Total current liabilities	3,917,967
<b>NON-CURRENT LIABILITIES</b>	
Notes and loan payable to bank (Note 4)	2,637,370
Workers' compensation claims (Note 11)	1,755,895
Net OPEB liability (Note 10)	11,407,732
Net Pension Liability (Note 9)	18,451,828
Total non-current liabilities	34,252,825
Total liabilities	38,170,792
<b>DEFERRED INFLOWS</b>	
Deferred inflows related to pension (Note 9)	3,466,470
Deferred inflows related to OPEB (Note 10)	150,616
Total Deferred Inflows	3,617,086
<b>NET POSITION (Note 1)</b>	
Net investment in capital assets	14,899,023
Unrestricted	(8,953,220)
Total net position	\$5,945,803

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Governmental Activities</b>					
	Total	Emergency Medical Services	Risk Reduction Prevention and Mitigation	Operations	Organizational Resources & Support	Training
<b>EXPENSES</b>						
Personnel	\$22,990,911	\$7,544,163	\$1,061,967	\$9,989,682	\$4,070,064	\$325,035
Material and services	3,883,965	639,940	176,246	123,942	2,915,282	28,555
Depreciation	1,386,291	4,764		205,584	1,175,943	
Interest on debt and fiscal charges	79,334				79,334	
Total expenses	<u>28,340,501</u>	<u>8,188,867</u>	<u>1,238,213</u>	<u>10,319,208</u>	<u>8,240,623</u>	<u>353,590</u>
<b>PROGRAM REVENUES:</b>						
Charges for services	<u>4,531,999</u>	<u>2,606,996</u>	<u>30,946</u>	<u>1,642,352</u>	<u>250,415</u>	<u>1,290</u>
Net program expense	<u>23,808,502</u>	<u>\$5,581,871</u>	<u>\$1,207,267</u>	<u>\$8,676,856</u>	<u>\$7,990,208</u>	<u>\$352,300</u>
<b>GENERAL REVENUES</b>						
Property taxes	25,684,707					
Investment earnings	133,664					
Grants not restricted to specific programs	84,756					
Miscellaneous	<u>252,398</u>					
Total general revenues	<u>26,155,525</u>					
Change in net position	2,347,023					
NET POSITION-BEGINNING OF THE YEAR, AS ADJUSTED (Note 1)	<u>3,598,780</u>					
NET POSITION-END OF THE YEAR	<u>\$5,945,803</u>					

See accompanying notes to financial statements



NOVATO FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL (GENERAL) FUND  
JUNE 30, 2018

**ASSETS**

Cash and cash equivalents (Note 2)	\$18,011,232
Receivables:	
Due from other government	321,224
Ambulance service fees, net allowance for doubtful accounts of \$3,902,029	264,251
Property taxes	304,088
Prepaid items	21,004
Total assets	\$18,921,799

**LIABILITIES**

Accounts payable	\$289,603
Accrued liabilities	191,850
Total liabilities	481,453

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue	329,088
Total Deferred Inflows of Resources	329,088

**FUND BALANCE**

Nonspendable (Note 7)	21,004
Committed (Note 7)	4,199,942
Assigned (Note 7)	10,497,064
Unassigned	3,393,248
Total fund balance	18,111,258
Total liabilities, deferred inflows of resources and fund balance	\$18,921,799

See accompanying notes to financial statements

NOVATO FIRE PROTECTION DISTRICT  
 Reconciliation of the  
 GOVERNMENTAL (GENERAL) FUND  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2018

Total fund balances reported on the governmental fund balance sheet	\$18,111,258
<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>	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	18,213,900
Ambulance service, property tax receivable and intergovernmental, that are not available to pay current period expenditures and therefore are deferred in the balance sheet.	329,088
Certain liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	
Notes payable	(3,150,781)
Interest payable	(17,523)
Leases payable	(164,096)
Compensated absences payable	(2,421,379)
Workers compensation claims	(2,076,000)
Deferred outflow related to pension	9,095,266
Net pension liability	(18,451,828)
Deferred inflow related to pension	(3,466,470)
Deferred outflow related to OPEB	1,502,716
Net OPEB liability	(11,407,732)
Deferred inflow related to OPEB	(150,616)
	\$5,945,803
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$5,945,803

See accompanying notes to basic financial statements

NOVATO FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL (GENERAL) FUND  
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES:

Property taxes	\$25,664,354
Charges for services	3,007,521
Interest income	133,664
Intergovernmental	1,940,145
Miscellaneous	39,360
Total Revenues	30,785,044

EXPENDITURES:

Current:	
Public Safety	
Salaries and benefits	23,641,977
Services and supplies	3,817,625
Capital outlay	2,149,621
Debt service	
Principal	672,113
Interest and fiscal charges	82,384
Total Expenditures	30,363,720

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	421,324
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OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	115,316
Total Other Financing Sources	115,316

NET CHANGE IN FUND BALANCES	536,640
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Fund balances at beginning of year	17,574,618
Fund balances at end of year	\$18,111,258

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, 2018

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 \$536,640

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	2,149,621
Non-capitalized expenditures are reduced from fund balance	(118,314)
Loss in disposal of capital assets is deducted from fund balance	(63,343)
Depreciation expense is deducted from the fund balance	(1,386,292)

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	(97,520)
Compensated absences	(346,291)
Net OPEB liability	421,983
Workers' compensation claims	800,000

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	500,440
Change in interest payable on note payable	3,050
Payments to reduce obligations under capital leases	171,673

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

(224,624)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$2,347,023

See accompanying notes to basic financial statements

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**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, 2018**

**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, 2018**

**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, 2018.

*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.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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, 2018.

**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 \$5,000. 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 – 40 years
- Fire apparatus 15 – 20 years
- Ambulances 15 - 20 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, 2018**

**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, 2017	\$2,075,088
Increases during the year	2,934,507
Decreases during the year	<u>(2,588,216)</u>
Balance as of June 30, 2018	2,421,379
Less amount due within 1 year	<u>2,421,379</u>
Amount due after 1 year	<u><u>                    </u></u>

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

**NOVATO FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Prior Period Adjustment**

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended June 30, 2018.

In June 2015 GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the District to make prior period adjustments. As a result, the beginning net position of the Governmental Activities was reduced by \$8,396,276 from \$11,995,065 to \$3,598,780. See Note 10 for additional information.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB** - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**FUTURE GASB PRONOUNCEMENTS**

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

**Effective in 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.

***GASB 84 – Fiduciary Activities***

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**Effective in fiscal year 2019-20:**

***GASB 87 – Leases***

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and investments consisted of the following:

Cash with County Treasurer's Pool	\$16,719,854
Cash in banks, unrestricted	1,291,328
Petty cash	50
Total	\$18,011,232

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.

**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, 2018, the County’s investment pool had a weighted average maturity of 211 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.”

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

**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, 2018.

Investment types in investment pool	Percent of portfolio
Federal Agency - Coupon	30%
Federal Agency - Discount	68%
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, 2018, 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.

**LOCAL AGENCY INVESTMENT FUND**

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments matured in an average of 193 days.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 3 - CAPITAL ASSETS**

Capital assets activities for the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Dispositions	Balance June 30, 2018
Nondepreciable capital assets:				
Land	\$3,028,295			\$3,028,295
Construction in progress		\$1,725,883		1,725,883
Total capital assets not being depreciated	3,028,295	1,725,883		4,754,178
Capital assets being depreciated:				
Buildings and building improvements	20,336,904		(\$35,026)	20,301,878
Furniture, fixtures and equipment	4,091,538	174,517	(451,992)	3,814,063
Fire apparatus and vehicles	6,896,331	130,907	(492,172)	6,535,066
Total capital assets being depreciated	31,324,773	305,424	(979,190)	30,651,007
Less accumulated depreciation for:				
Buildings and building improvements	8,751,065	680,876	(1,008)	9,430,933
Furniture, fixtures and equipment	3,122,298	345,352	(422,667)	3,044,983
Fire apparatus and vehicles	4,847,477	360,064	(492,172)	4,715,369
Total accumulated depreciation	16,720,840	1,386,292	(915,847)	17,191,285
Total depreciable assets	14,603,933	(1,080,868)	(63,343)	13,459,722
Governmental activity capital assets, net	\$17,632,228	\$645,015	(\$63,343)	\$18,213,900

**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.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 4 - NOTE AND LOAN PAYABLE (Continued)**

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

Year ending June 30	Principal	Interest	Total
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	540,634	16,405	557,039
2024-2025	489,014	9,317	498,331
Total obligation	3,150,781	217,282	3,368,063
Less amount due within 1 year	513,411	65,848	579,259
Amount due after 1 year	<u>\$2,637,370</u>	<u>\$151,434</u>	<u>\$2,788,804</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, 2017	\$3,651,221
Repayments	(500,440)
Balance as of June 30, 2018	3,150,781
Less amount due within 1 year	(513,411)
Amount due after 1 year	<u>\$2,637,370</u>

**NOTE 5 - CAPITAL LEASE OBLIGATIONS**

The District has entered into the following capital leases:

	Water Tender	Ladder Truck
Date of lease	June 2008	May 2013
Semi-annual payment	\$22,315	
Annual Payment		\$167,624
Number of payments left	0	1
Interest rate	2.30%	2.15%
Cost of equipment	193,511	1,096,882



**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 5 - CAPITAL LEASE OBLIGATIONS (Continued)**

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

Year ending June 30	Ladder Truck
2019	\$167,624
Total payments	167,624
Less: Interest	3,528
Net	164,096
Less: Amount due within 1 year	(164,096)
Amount due after 1 year	\$0

**CHANGES IN CAPITAL LEASE OBLIGATIONS**

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

	Balances as of June 30, 2017	Repayments	Balances as of June 30, 2018
Water Tender	\$11,029	(\$11,029)	\$0
Ladder Truck	324,740	(160,644)	164,096
Total	\$335,769	(\$171,673)	\$164,096

**NOTE 6 - CREDIT LINE**

The District utilizes a credit card with a credit limit of \$175,000. As of July 11, 2018 (the closest date to June 30, 2017), the available credit was approximately \$164,490. 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 15.99%. 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, 2018**

**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	\$21,004
	\$21,004

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, 2018, 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:	
EMS Capital Equipment Reserve	\$100,000
Unemployment Insurance	35,100
Management Information Systems	210,000
Apparatus and Equipment Replacement	3,322,000
Facility Capital Improvement	500,000
Retirement Unfunded Liability	1,000,000
Worker's Compensation Fund	1,150,400
Retiree Health Benefits	3,005,432
Future Debt Service	164,097
Protective Equipment Reserve	180,000
Compensated Absences	830,035
Total	\$10,497,064

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**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.

**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 48.06% 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.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 9 - PENSION PLAN (Continued)**

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

<b>Summary of Results</b>		
Description	Measurement Date	
	6/30/2017	6/30/2016
Net Pension Liability	\$18,451,828	\$21,814,657
Deferred Inflows	3,466,470	716,000
Deferred Outflows	(4,499,566)	(5,272,344)
Additional Deferred Outflows - Actual FY 18 Contributions	(4,595,700)	(4,659,905)
Net Impact on Statement of Net Position	12,823,032	12,598,408
Pension Expense (\$ Amount)	3,486,552	3,893,004
Covered Payroll (\$Amount)	9,186,610	9,078,616
Pension Expense (% of Payroll)	37.95%	42.88%

**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, 2017. The beginning of year measurement of TPL is based on the actuarial valuation as of June 30, 2016. The TPL at the end of the measurement year, June 30, 2017, is also measured as of the valuation date of June 30, 2016, and projected to June 30, 2017.

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, 2016. The FNP at the end of the measurement year, June 30, 2017, is also measured as of the valuation date of June 30, 2016, and projected to June 30, 2017.

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, 2018**

**NOTE 9 - PENSION PLAN (Continued)**

**ACTUARIAL ASSUMPTIONS**

The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

- Inflation: 2.75%
- 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%.

During the measurement year, the Net Pension Liability (NPL) decreased from approximately \$21.8 million as of June 30, 2016, to approximately \$18.5 million as of June 30, 2017. 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, 2017.

**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, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32%	4.60%
International Equity	22%	4.75%
Fixed Income	23%	0.75%
Real Assets	15%	5.60%
Private Equity	8%	8.00%
Total	<u>100%</u>	

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**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 (22 years remaining as of the June 30, 2016 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (14 years remaining as of the June 30, 2016 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 96%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 79%.

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	\$152,037,840	\$134,352,856	\$119,805,582
Fiduciary Net Position	115,901,028	115,901,028	115,901,028
Net Pension Liability	<u>\$36,136,812</u>	<u>\$18,451,828</u>	<u>\$3,904,554</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, 2018**

**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
Differences between expected and actual experience		\$427,746
Changes in assumptions	\$1,810,796	
Changes in proportion	1,366,212	1,543,200
Changes in proportion and difference between District contributions and proportionate share of contributions	1,322,558	
Actual FY 17-18 contributions (post measurement date)	4,595,700	
Net difference between projected and actual earnings on pension plan investments		1,495,524
<b>Net Deferred Inflows and Outflows</b>	<b>\$9,095,266</b>	<b>\$3,466,470</b>

\$4,595,700 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, 2019. 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
2018	\$258,274
2019	258,274
2020	258,274
2021	258,274

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 9 - PENSION PLAN (Continued)**

For the year ended June 30, 2018, the District recognized a pension expense of \$3,486,552. The table below presents the sources of the pension expense.

<b>Operating Expenses</b>	
Service cost	\$2,856,708
Employee contributions	(1,403,755)
Prior Period Adjustment	(210,049)
Contribution difference	838,251
Administrative expenses	220,377
Sub-total	<u>2,301,532</u>
<b>Financing Expenses</b>	
Interest cost	9,213,987
Expected return on assets	(7,558,697)
Sub-total	<u>1,655,290</u>
<b>Changes</b>	
Benefit changes	
Recognition of assumption changes	1,810,796
Recognition of liability gains and losses	(402,451)
Recognition of investment gains and losses	(1,214,286)
Change in Proportion	(664,329)
Sub-total	<u>(470,270)</u>
<b>Pension Expense</b>	<b><u><u>\$3,486,552</u></u></b>
<b>Pension Expense as % of Payroll</b>	<b><u><u>37.95%</u></u></b>

**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 an agent multiple-employer plan for which audited financial statements are not available.

**ELIGIBILITY AND BENEFITS**

The following were eligibility and benefits as of the June 30, 2017 actuarial valuation date:



**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

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

*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.

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:

Position District Pays for:	Medical	Dental	Vision
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 1992 or earlier)	100% of Kaiser Family rate or 83.29% of higher premium	100% for retired member and spouse	0% of premium

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

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.

***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.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

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

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.

For the year ended June 30, 2018, the District's contributions to the Plan were \$136,617.

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at June 30, 2018 :

Active plan members	73
Inactive employees or beneficiaries currently receiving benefit payments	90
Inactive employees entitled to but not yet receiving benefit payments	-
Total	163

**Net OPEB Liability**

**Actuarial Methods and Assumptions** – The District's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the total OPEB liability at June 30, 2018. In the June 30, 2017 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions include a 7.0% 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 6.0%. The unfunded actuarial liability is being amortized as a level-percent of payroll on a closed basis. The remaining amortization period at June 30, 2017 was thirteen years.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
CERBT		
US Equity	30%	4.85%
International Equity	27%	5.85%
REITs	8%	3.65%
US Fixed Income	27%	2.35%
Commodities	3%	1.75%
Inflation Assets	5%	1.50%
Total	100%	

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

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

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7 %. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in Net OPEB Liability**

The changes in the Net OPEB Liability follows:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary Net	Net OPEB
	Liability	Position	Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at 6/30/17 Valuation Date	\$17,465,760	\$4,998,651	\$12,467,109
Changes Recognized for the Measurement Period:			
Service Cost	291,911		291,911
Interest on the total OPEB liability	1,208,168		1,208,168
Changes in benefit terms	-		
Difference between expected and actual experience	-		
Changes of assumptions	-		
Contributions from the employer	-	1,989,494	(1,989,494)
Net investment income	-	572,838	(572,838)
Administrative expenses	-	(2,876)	2,876
Benefit payments and refunds	(996,269)	(996,269)	-
Net Changes	503,810	1,563,187	(1,059,377)
Balance at 6/30/17 (Measurement Date)	\$17,969,570	\$6,561,838	\$11,407,732

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued plan financial report that may be obtained from the client. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$996,269.

**Sensitivity of the Net OPEB Liability**

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (- 1 percent) or 1-percentage-point higher (+1 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(6.00%)	Rate (7.00%)	(8.00%)
\$13,679,568	\$11,407,732	\$9,532,449

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (-1 percent) or 1-percentage-point higher (+1 percent) than the current healthcare cost trend rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Health Care Cost	Discount Rate +1%
(5.00% HMO/5.50% PPO decreasing to (4.00% HMO/4.00% PPO)	Trend Rates (6.00% HMO/ 6.50% PPO decreasing to 5.00% HMO/5.00% PPO)	(7.00% HMO/7.50% PPO decreasing to (6.00% HMO/6.00% PPO)
\$9,389,559	\$11,407,732	\$13,860,666

***OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2018, the District recognized OPEB Expense of \$1,080,733. As of fiscal year ended June 30, 2018, the District reported deferred outflows and inflows of resources related to OPEB from the GASB 75 actuarial report:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments		(\$150,616)
Employer contributions made subsequent to the measurement date	\$1,502,716	
Total	\$1,502,716	(\$150,616)

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life for the June 30, 2018 measurement period is four years.

\$1,502,716 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$37,654
2019	37,654
2020	37,654
2021	37,654
	\$150,616

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**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	\$51,599,388
Total liabilities	35,213,576
Fund equity	\$16,385,812
Total operating revenues	\$11,516,298
Total operating expenses	9,779,197
Operating income (loss)	1,737,101
Non-operating Income (loss)	(3,418,987)
Net income (loss)	(\$1,681,886)

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, 2017	\$2,876,000
Change in provision for prior year claims	(663,453)
Claims paid during the year	(136,547)
Balance as of June 30, 2018	2,076,000
Less amount due within 1 year	(320,105)
Amount due after 1 year	\$1,755,895

At June 30, 2018, the District did not record a liability for outstanding claims other than workers' compensation, as it believes the claims were minimal.

**NOVATO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018**

**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, 2017:

Total Assets and Deferred Outflows of Resources	\$48,963,741
Total Liabilities	<u>45,087,981</u>
Net Position	<u><u>\$3,875,760</u></u>
Total Revenues	\$8,258,168
Total Expenses	<u>5,697,927</u>
Net Increase (Decrease) in Net Position	<u><u>\$2,560,241</u></u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

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, 2018**

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

	Measurement Date			
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
District's proportionate share	5.0038%	4.5644%	4.4996%	6.0754%
Proportionate share of total pension liability	\$134,352,856	\$117,607,594	\$111,107,282	\$137,047,192
Proportionate share of fiduciary net position	<u>115,901,028</u>	<u>95,792,937</u>	<u>93,676,482</u>	<u>122,032,482</u>
<b>Proportionate share of the net pension liability</b>	<u>\$18,451,828</u>	<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	86.27%	81.45%	84.31%	89.04%
Covered payroll	\$9,186,610	\$9,078,616	\$8,567,206	\$8,759,278
Net pension liability as a percentage of covered payroll	200.86%	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, 2018**

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	(\$4,595,700)	\$4,659,905	\$4,848,895	\$4,604,649
Contributions in Relation to the Contractually required contribution	<u>(4,595,700)</u>	<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>	<u>\$0</u>
Covered payroll	\$9,182,914	\$9,186,610	\$9,078,616	\$8,567,206
Contributions as a percentage of covered payroll	-50.05%	50.72%	53.41%	53.75%

**Notes to Schedule**

Valuation Date / Timing 6/30/2016 (for Contributions made in fiscal year FY 2017-2018)

**Key Methods and Assumptions Used to Determine Contribution Rates (for fiscal year 2017-18):**

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 - 13 years / Extraordinary Actuarial Loss - 21 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	7.00%
Retirement Age	Classic Tiers: Safety - 50-55, Miscellaneous - 55; PEPRA Tiers: Safety - 57, Miscellaneous - 62
Healthy Mortality	CalPERS 2017 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 2014 using Scale MP-2017
Disabled Mortality	CalPERS 2017 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 2014 using Scale MP-2017

**NOVATO FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018**

**Schedule of the District's Changes in Net OPEB Liability and Related Ratios  
Last 10 years\***

<b>Measurement Date</b>	<u><b>6/30/17</b></u>
<b>Total OPEB Liability</b>	
Service Cost	\$291,911
Interest	1,208,168
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	(996,269)
<b>Net change in total OPEB liability</b>	<u>503,810</u>
<b>Total OPEB liability - beginning</b>	<u>17,465,760</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$17,969,570</u></u>
 <b>OPEB fiduciary net position</b>	
Contributions - employer	\$1,989,494
Contributions - employee	
Net investment income	572,838
Administrative expense	(2,876)
Benefit payments, including refunds of employee contributions	(996,269)
<b>Net change in plan fiduciary net position</b>	<u>1,563,187</u>
<b>Plan fiduciary net position - beginning</b>	<u>4,998,651</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$6,561,838</u></u>
 Net OPEB liability - ending (a)-(b)	 <u><u>\$11,407,732</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 <u><u>36.5%</u></u>
 Covered employee payroll	 <u><u>\$8,685,000</u></u>
 Net OPEB liability as a percentage of covered employee payroll	 <u><u>131.3%</u></u>

**Notes to schedule:**

\* - Fiscal year 2018 was the first year of implementation.

**NOVATO FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018**

**SCHEDULE OF CONTRIBUTIONS**

Last 10 years\*

<b>Fiscal Year Ended June 30,</b>	<b>2018</b>
Actuarially determined contribution	\$1,502,716
Contributions in relation to the actuarially determined contributions	1,502,716
Contribution deficiency (excess)	-----
Covered employee payroll	=====
Contributions as a percentage of covered employee payroll	

**Notes to Schedule**

Valuation date: 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll basis
Remaining Amortization	13 years remaining as of June 30, 2017
Asset Valuation Method	Market Value Basis
Inflation	3% per annum
Payroll Growth	3.50%
Investment Rate of Return	7% per annum
Healthcare Cost-Trend Rates	5% to 6.50%
Retirement Age	Must retire from PERS on or after age 50 (age 55 for Miscellaneous employees) with at least 10 years of District service.
Mortality	The RPH-2014 Total Dataset Mortality Tables Projected Fully Generational using Scale MP-2014. Rates are assumed to have sufficient provisions to reasonably reflect future mortality improvements.

\* - Fiscal year 2018 was the first year of implementation.

NOVATO FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	Current Year Budget		Revenue and Expenditures	Actual		Total	Variance with Final Budget Positive (Negative)
				Encumbrances			
	Original	Final		Prior Year Unexpended	Current Year Unexpended		
<b>RESOURCES (Inflows):</b>							
Property taxes - secured and unsecured	\$25,839,858	\$25,839,858	\$25,664,354			\$25,664,354	(\$175,504)
Charges for services	2,765,678	2,765,678	3,007,521			3,007,521	241,843
Interest income	34,830	34,830	133,664			133,664	98,834
Intergovernmental	329,983	1,563,061	1,940,145			1,940,145	377,084
Other	433,001	30,923	39,360			39,360	8,437
<b>Total Revenues</b>	<b>29,403,350</b>	<b>30,234,350</b>	<b>30,785,044</b>			<b>30,785,044</b>	<b>550,694</b>
<b>APPROPRIATIONS/EXPENDITURES (Outflows):</b>							
<b>Salaries and benefits</b>							
Emergency medical services	7,614,185	8,119,185	7,791,569			7,791,569	327,616
Risk reduction prevention and mitigation	1,207,599	1,235,599	1,094,520			1,094,520	141,079
Operations	10,697,749	10,832,549	10,302,192			10,302,192	530,357
Organizational resources and support	3,853,849	4,311,049	4,115,639			4,115,639	195,410
Training	367,684	397,684	338,057			338,057	59,627
<b>Total salaries and benefits</b>	<b>23,741,066</b>	<b>24,896,066</b>	<b>23,641,977</b>			<b>23,641,977</b>	<b>1,254,089</b>
<b>Services and supplies:</b>							
Emergency medical services	645,065	645,065	639,941			639,941	5,124
Risk reduction prevention and mitigation	219,350	286,850	176,246			176,246	110,604
Operations	183,800	162,300	123,942			123,942	38,358
Organizational resources and support	3,065,801	3,822,101	2,848,941			2,848,941	973,160
Training	40,250	40,250	28,555			28,555	11,695
<b>Total services and supplies</b>	<b>4,154,266</b>	<b>4,956,566</b>	<b>3,817,625</b>			<b>3,817,625</b>	<b>1,138,941</b>
<b>Capital outlay:</b>							
Emergency medical services							
Organizational resources and support	2,426,645	2,496,645	2,149,621			2,149,621	347,024
<b>Total capital outlay</b>	<b>2,426,645</b>	<b>2,496,645</b>	<b>2,149,621</b>			<b>2,149,621</b>	<b>347,024</b>
<b>Debt service:</b>							
Principal	672,400	672,400	672,113			672,113	287
Interest	84,900	84,900	82,384			82,384	2,516
<b>Total debt service</b>	<b>757,300</b>	<b>757,300</b>	<b>754,497</b>			<b>754,497</b>	<b>2,803</b>
<b>Total Appropriations/Expenditures</b>	<b>31,079,277</b>	<b>33,106,577</b>	<b>30,363,720</b>			<b>30,363,720</b>	<b>2,742,857</b>
<b>EXCESS REVENUE OVER (UNDER) APPROPRIATIONS</b>	<b>(\$1,675,927)</b>	<b>(\$2,872,227)</b>	<b>\$421,324</b>			<b>\$421,324</b>	<b>\$3,293,551</b>

**NOVATO FIRE PROTECTION DISTRICT**

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION FOR  
THE YEAR ENDED JUNE 30, 2018**

**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

Fire Training Day, July 2018

# 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

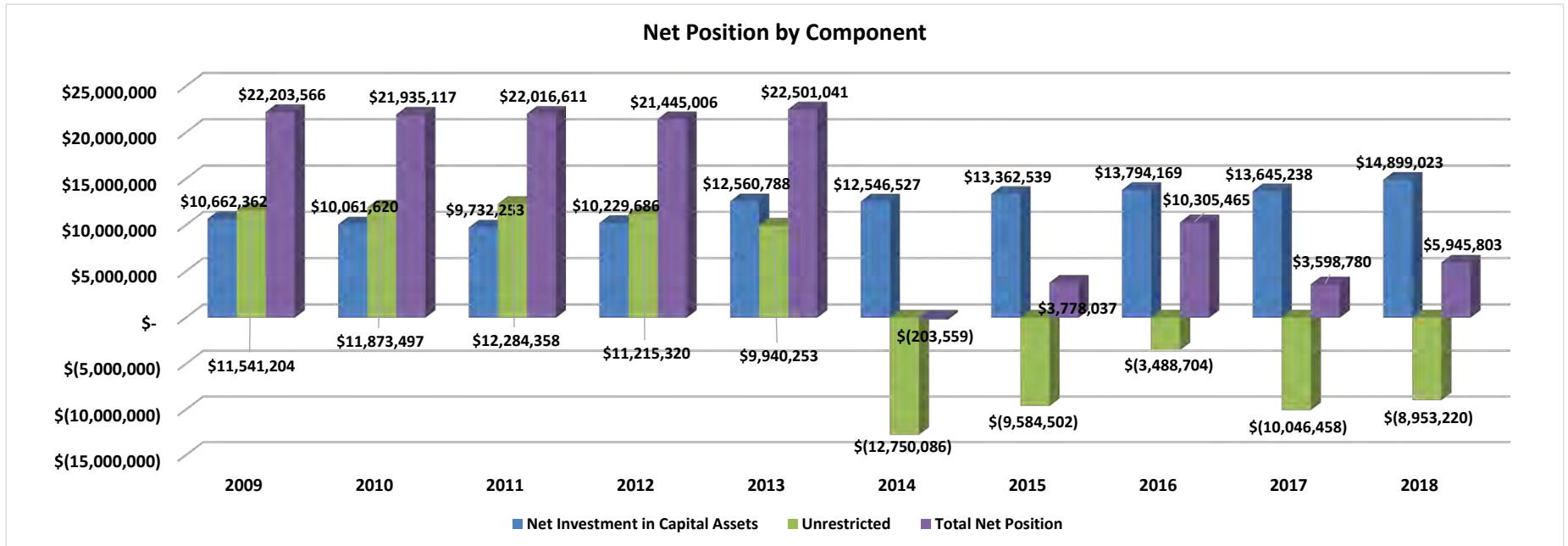
**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place:

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>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>	<u>2018</u>
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 14,899,023
Unrestricted	11,541,204	11,873,497	12,284,358	11,215,320	9,940,253	(12,750,086)	(9,584,502)	(3,488,704)	(10,046,458)	(8,953,220)
Total governmental activities net position	<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>\$ 3,598,780</u>	<u>\$ 5,945,803</u>

Note: Due to the implementation of GASB Statement 75 during the fiscal year ended June 30, 2018 and 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)**

**Fiscal Year Ended June 30**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>					
Governmental Activities					
Public Safety					
Emergency Medical Services	\$ 7,347,578	\$ 6,414,578	\$ 5,963,435	\$ 6,134,622	\$ 5,989,297
Risk Reduction Prevention & Mitigation	1,061,040	679,312	700,917	721,211	903,791
Operations	12,230,966	10,521,052	10,559,537	10,695,745	9,666,919
Organizational Resources & Support	4,634,295	4,443,688	4,765,194	5,222,395	5,821,370
Training	697,271	578,193	645,603	605,719	477,324
Interest on long term debt	147,426	137,946	127,164	124,200	100,698
Total Governmental Activities Expenses	<u>26,118,576</u>	<u>22,774,769</u>	<u>22,761,850</u>	<u>23,503,892</u>	<u>22,959,399</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for services					
Emergency Medical Services	1,645,048	1,986,620	2,030,507	2,336,029	2,385,637
Risk Reduction Prevention & Mitigation	85,785	60,622	58,358	43,803	53,377
Operations	876,482	282,250	24,415	89,631	266,420
Organizational Resources & Support	117,141	215,528	178,769	79,376	77,839
Training	6,262	10,317	7,756	3,780	2,220
Capital grants and contributions					
Organizational Resources & Support	27,739	97,348	184,831	222,668	1,050,570
Total Governmental Activities Program Revenues	<u>2,758,457</u>	<u>2,652,685</u>	<u>2,484,636</u>	<u>2,775,287</u>	<u>3,836,063</u>
<b>Net (Expense) / Revenue</b>					
Governmental Activities Net (Expense) / Revenue	<u>(23,360,119)</u>	<u>(20,122,084)</u>	<u>(20,277,214)</u>	<u>(20,728,605)</u>	<u>(19,123,336)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Property taxes	20,366,923	19,578,876	20,077,824	19,958,352	19,998,893
Investment earnings	313,072	152,546	90,190	52,838	29,602
Grants not restricted to specific programs	107,565	97,428	96,502	94,786	91,247
Miscellaneous	88,490	24,785	94,192	51,024	59,629
Total Governmental Activities General Revenues	<u>20,876,050</u>	<u>19,853,635</u>	<u>20,358,708</u>	<u>20,157,000</u>	<u>20,179,371</u>
<b>Changes in Net Position</b>					
Governmental Activities Changes in Net Position	<u>\$ (2,484,069)</u>	<u>\$ (268,449)</u>	<u>\$ 81,494</u>	<u>\$ (571,605)</u>	<u>\$ 1,056,035</u>

Note: Due to the implementation of GASB Statement 75 during the fiscal year ended June 30, 2018 and 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.

**(Continued)**

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

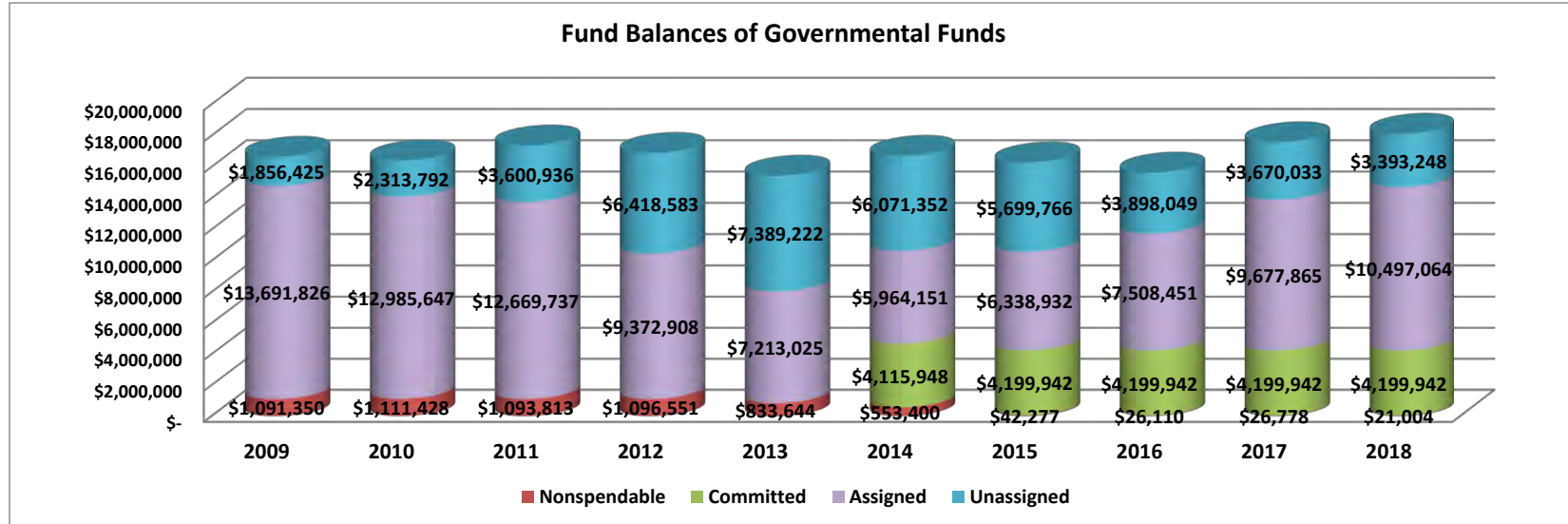
**Novato Fire Protection District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

<b>(Continued)</b>	<u>Fiscal Year Ended June 30</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>					
Governmental Activities					
Public Safety					
Emergency Medical Services	\$ 6,825,460	\$ 6,751,698	\$ 4,745,677	\$ 7,736,712	\$ 8,188,867
Risk Reduction Prevention & Mitigation	1,030,362	1,013,766	776,513	1,268,089	1,238,213
Operations	12,395,749	6,467,037	7,196,023	10,644,531	10,319,208
Organizational Resources & Support	6,491,194	6,706,078	8,191,531	7,326,320	8,161,289
Training	259,977	185,094	342,627	401,821	353,590
Interest on long term debt	91,586	189,738	115,486	97,736	79,334
Total Governmental Activities Expenses	<u>27,094,328</u>	<u>21,313,411</u>	<u>21,367,857</u>	<u>27,475,209</u>	<u>28,340,501</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for services					
Emergency Medical Services	2,402,208	2,303,330	2,395,121	2,793,548	2,606,996
Risk Reduction Prevention & Mitigation	56,437	45,118	52,586	37,813	30,946
Operations	290,304	414,107	1,277,761	835,655	1,642,352
Organizational Resources & Support	294,510	127,959	139,656	110,861	250,415
Training	2,550	2,220	2,430	2,265	1,290
Capital grants and contributions					
Organizational Resources & Support	36,800	32,414	27,862	70,722	-
Total Governmental Activities Program Revenues	<u>3,082,809</u>	<u>2,925,148</u>	<u>3,895,416</u>	<u>3,850,864</u>	<u>4,531,999</u>
<b>Net (Expense) / Revenue</b>					
Governmental Activities Net (Expense) / Revenue	<u>(24,011,519)</u>	<u>(18,388,263)</u>	<u>(17,472,441)</u>	<u>(23,624,345)</u>	<u>(23,808,502)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Property taxes	21,560,994	22,103,053	23,712,159	25,009,489	25,684,707
Investment earnings	29,114	28,330	29,950	55,464	133,664
Grants not restricted to specific programs	90,076	88,388	86,993	84,983	84,756
Miscellaneous	158,529	150,088	170,767	164,000	252,398
Total Governmental Activities General Revenues	<u>21,838,713</u>	<u>22,369,859</u>	<u>23,999,869</u>	<u>25,313,936</u>	<u>26,155,525</u>
<b>Changes in Net Position</b>					
Governmental Activities Changes in Net Position	<u>\$ (2,172,806)</u>	<u>\$ 3,981,596</u>	<u>\$ 6,527,428</u>	<u>\$ 1,689,591</u>	<u>\$ 2,347,023</u>

Note: Due to the implementation of GASB Statement 75 during the fiscal year ended June 30, 2018 and 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  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**



**Fiscal Year Ended June 30**

	<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>	<u>2018</u>
<b>General Fund</b>										
Nonspendable	\$ 1,091,350	\$ 1,111,428	\$ 1,093,813	\$ 1,096,551	\$ 833,644	\$ 553,400	\$ 42,277	\$ 26,110	\$ 26,778	\$ 21,004
Committed	-	-	-	-	-	4,115,948	4,199,942	4,199,942	4,199,942	4,199,942
Assigned	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	10,497,064
Unassigned	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	3,393,248
<b>Total General Fund</b>	<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>	<u>\$ 18,111,258</u>

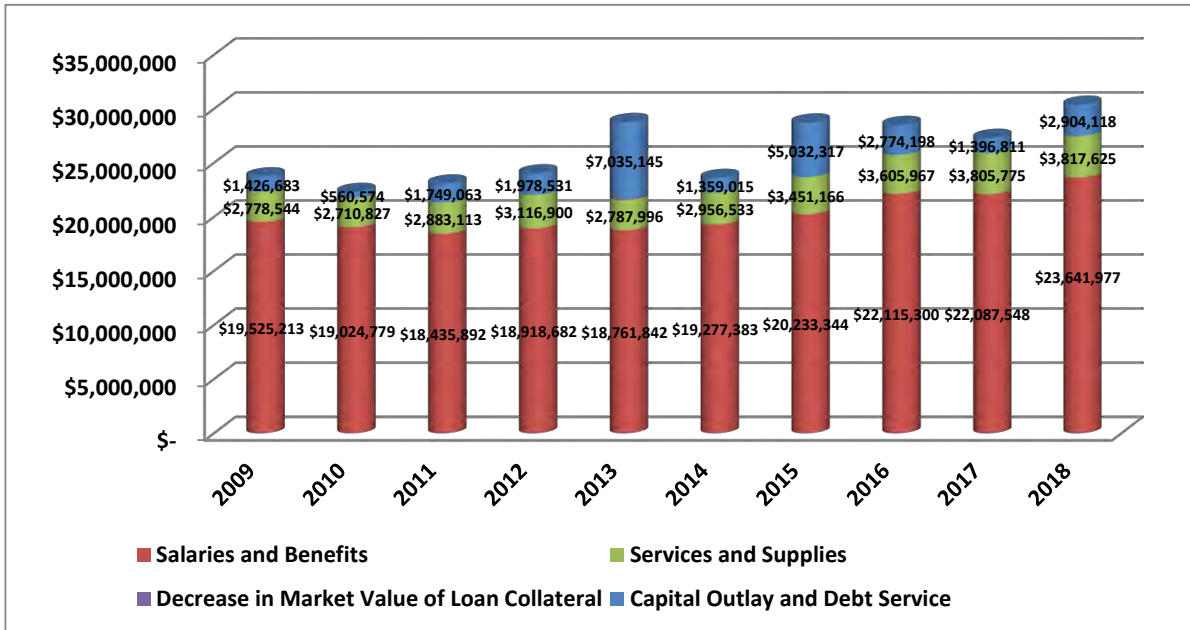
Source: Novato Fire Protection District audited financial statements as restated, if applicable

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

	<u>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>	<u>2018</u>
<b>Revenues</b>										
Property taxes	\$ 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	\$ 25,664,354
Charges for services	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	3,007,521
Interest income	313,072	152,546	90,190	52,838	29,603	29,114	28,330	29,950	55,464	133,664
Intergovernmental	984,047	454,864	349,183	307,825	1,084,338	116,552	88,540	1,494,065	1,107,589	1,940,145
Miscellaneous	116,229	132,301	102,191	147,064	362,140	557,145	648,779	69,315	47,772	39,360
Total Revenues	<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>	<u>30,785,044</u>
<b>Expenditures</b>										
Current - Public Safety:										
Salaries and benefits	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	23,641,977
Services and supplies	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	3,817,625
Decrease in market value of loan collateral	-	-	-	-	170,777	-	-	-	-	-
Capital outlay	1,022,541	156,433	344,922	1,563,488	4,310,712	684,160	4,144,519	1,835,124	577,193	2,149,621
Debt service:										
Principal	256,716	266,195	276,977	290,843	2,623,735	583,269	725,357	820,213	718,550	672,113
Interest	147,426	137,946	127,164	124,200	100,698	91,586	162,441	118,861	101,068	82,384
Total Expenditures	<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>	<u>30,363,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<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>	<u>421,324</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of debt from capital lease transaction	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	115,316
Total Other Financing Sources (Uses)	<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>	<u>115,316</u>
Net Change in Fund Balances	<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>	<u>\$ 536,640</u>
Debt Service as a Percentage of										
Noncapital Expenditures	1.8%	1.8%	1.9%	1.8%	11.1%	2.9%	3.6%	3.5%	3.1%	2.7%

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

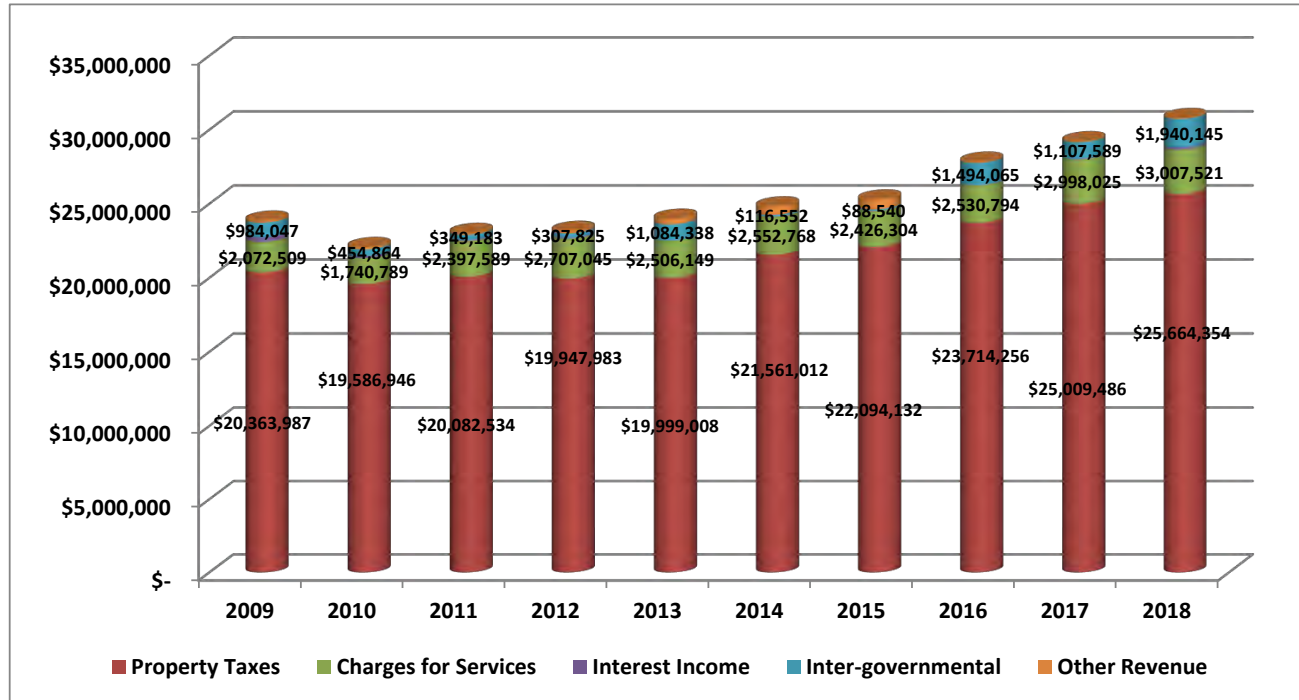
**Novato Fire Protection District  
Expenditures By Function  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**



Fiscal Year Ended June 30	Salaries and Benefits	Services and Supplies	Decrease in Market Value of Loan Collateral	Capital Outlay and Debt Service	Total
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
2018	23,641,977	3,817,625	-	2,904,118	30,363,720

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)**

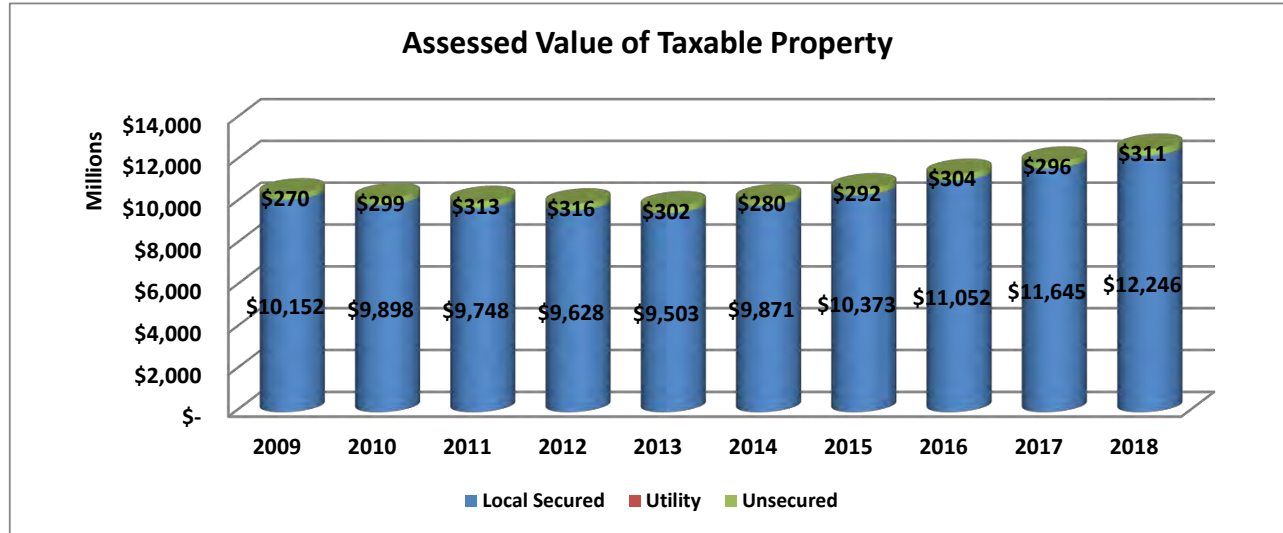


Fiscal Year Ended June 30	Property Taxes	Charges for Services	Interest Income	Inter- governmental	Other Revenue	Total
2009	\$ 20,363,987	\$ 2,072,509	\$ 313,072	\$ 984,047	\$ 116,229	\$ 23,849,844
2010	19,586,946	1,740,789	152,546	454,864	132,301	22,067,446
2011	20,082,534	2,397,589	90,190	349,183	102,191	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
2018	25,664,354	3,007,521	133,664	1,940,145	39,360	30,785,044

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**

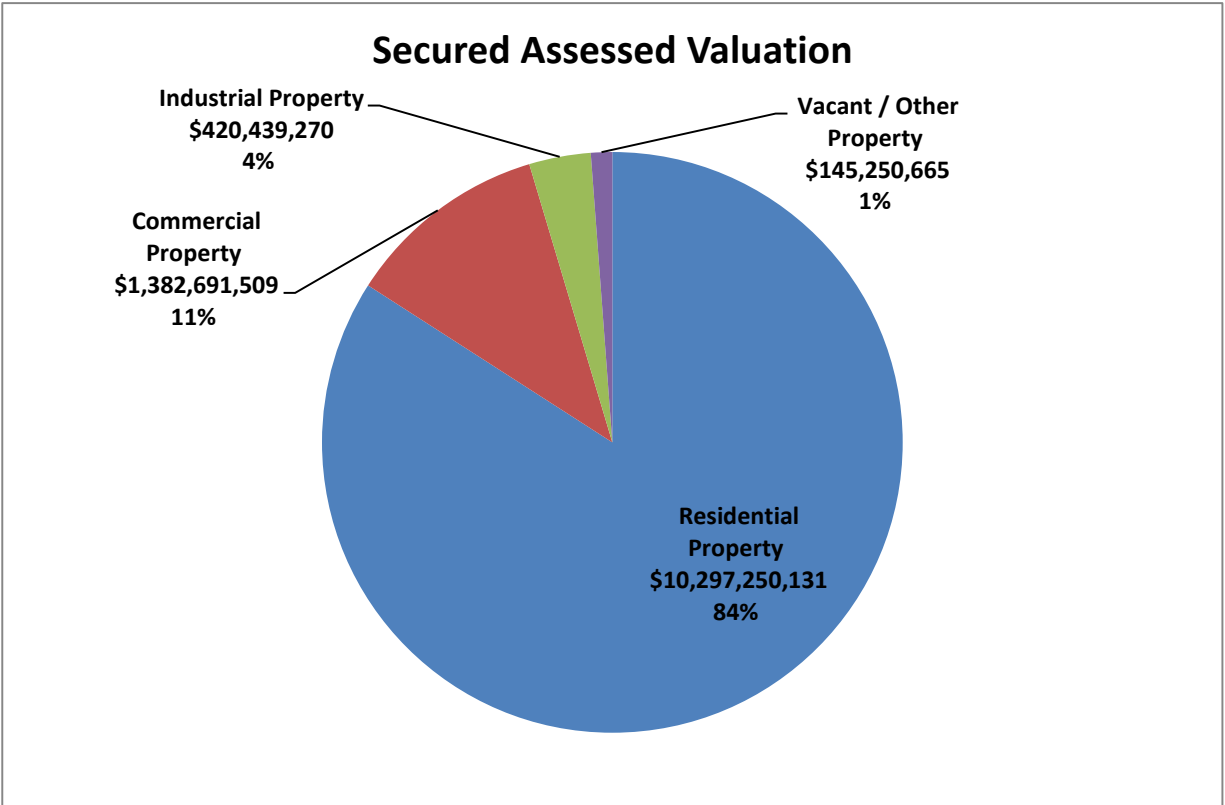


Fiscal Year	Local Secured	Utility	Unsecured	Total Assessed Value	Total Direct Tax Rate (1)
2009	\$ 10,151,650,276	\$ 1,076,288	\$ 269,851,009	\$ 10,422,577,573	1.00%
2010	9,897,874,531	1,076,288	299,425,424	10,198,376,243	1.00%
2011	9,748,163,343	1,076,288	312,818,366	10,062,057,997	1.00%
2012	9,627,705,724	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%
2018	12,245,631,575	950,235	311,062,207	12,557,644,017	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

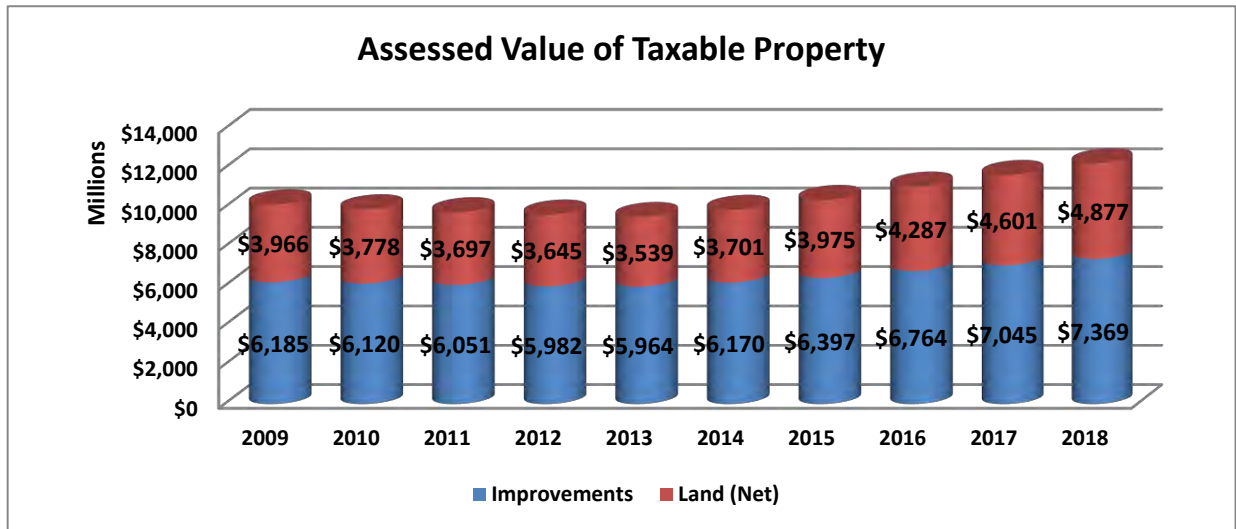
**Novato Fire Protection District  
Secured Assessed Valuation  
Fiscal Year 2017 - 2018**



<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Vacant / Other Property</b>	<b>Total Secured Property</b>
\$ 10,297,250,131	\$ 1,382,691,509	\$ 420,439,270	\$ 145,250,665	\$ 12,245,631,575

Source: California Municipal Statistics, Inc

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



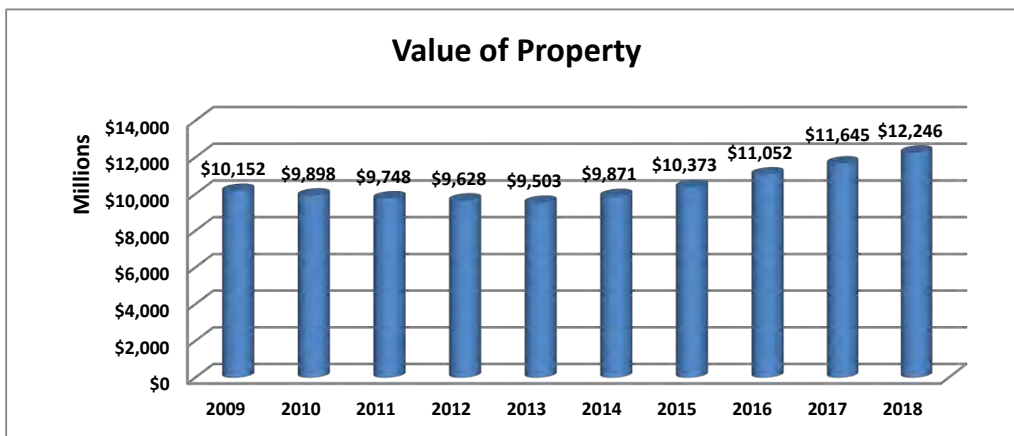
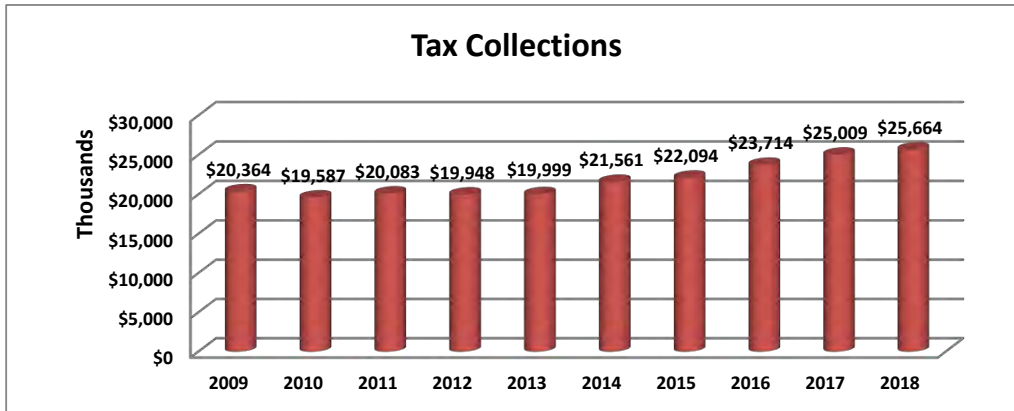
Fiscal Year	Land	Improvements	Other	Exemptions	Total Secured Assessed Value
2009	\$ 4,424,642,469	\$ 6,115,549,738	\$ 69,872,235	\$ (458,414,166)	\$ 10,151,650,276
2010	4,246,559,817	6,015,655,951	104,389,336	(468,730,573)	9,897,874,531
2011	4,163,485,840	5,938,497,151	112,224,015	(466,043,663)	9,748,163,343
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
2018	5,453,666,843	7,195,020,734	173,611,589	(576,667,591)	12,245,631,575

Fiscal Year	Total Secured Assessed Value	Utility	Unsecured Property	Total Assessed Value	Estimated Market Value (1)
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
2018	12,245,631,575	950,235	311,062,207	12,557,644,017	12,557,644,017

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

(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.

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

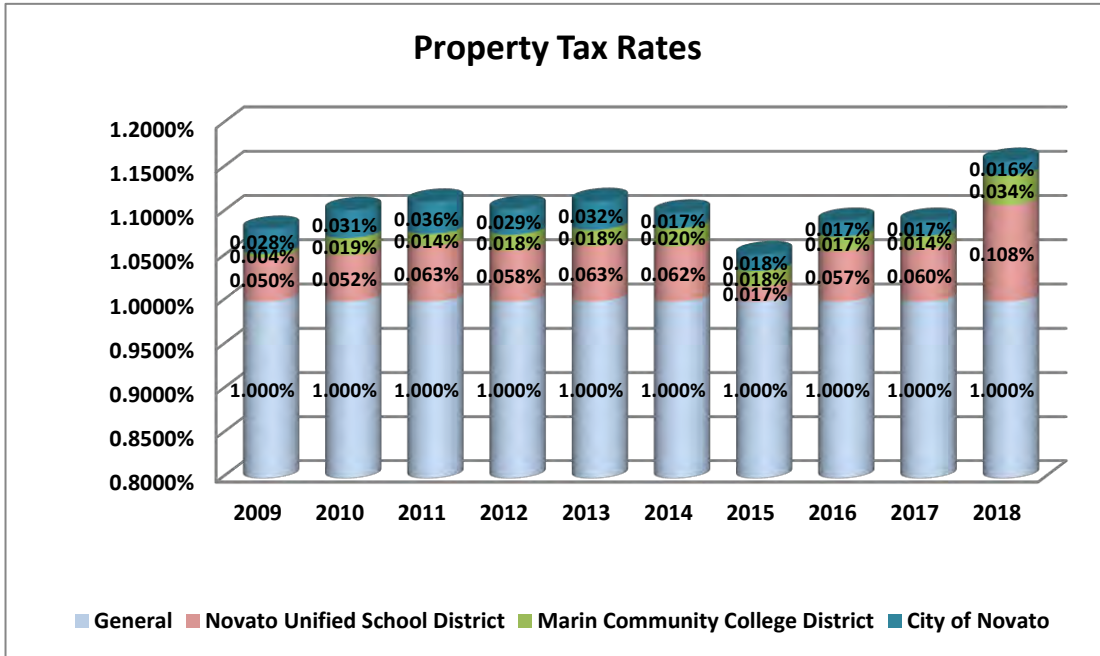


Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Value of Property Subject to Local Tax Rate
2009	\$ 20,363,987	\$ 20,363,987	100.0%	\$ 10,151,650,276
2010	19,586,946	19,586,946	100.0%	9,897,874,531
2011	20,082,534	20,082,534	100.0%	9,748,163,343
2012	19,947,983	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
2018	25,664,354	25,664,354	100.0%	12,245,631,575

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**



	<b>General</b>	<b>Novato Unified School District</b>	<b>Marin Community College District</b>	<b>City of Novato</b>	<b>Total</b>
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%
2018	1.0000%	0.1084%	0.0338%	0.0162%	1.1584%

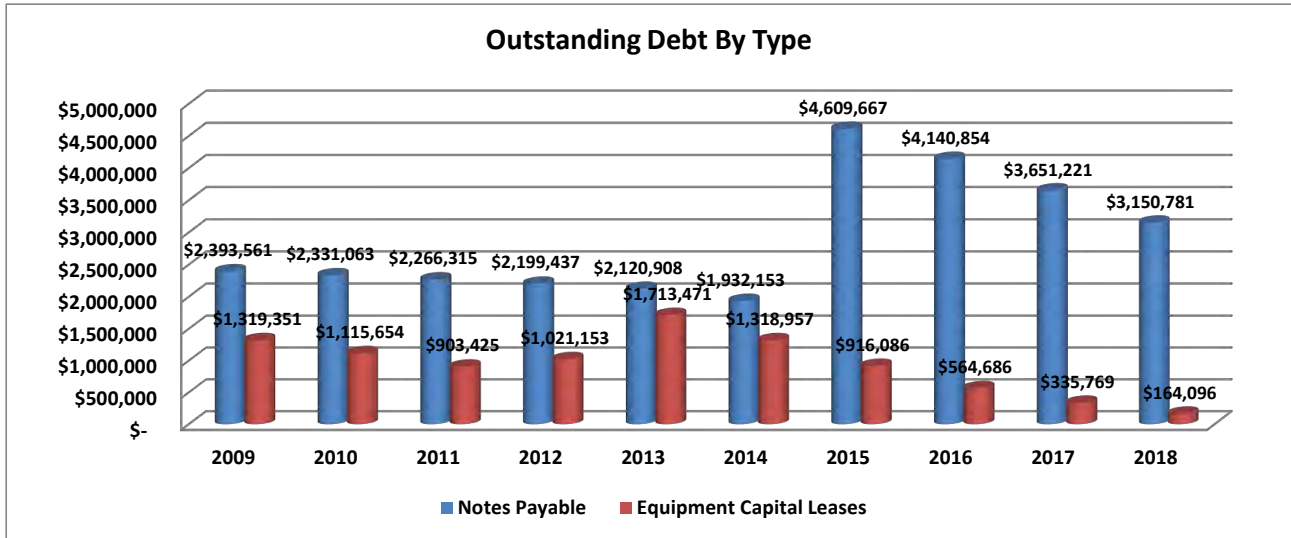
Source: California Municipal Statistics, Inc

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

Property Taxpayer	Fiscal Year 2017/2018			Fiscal Year 2008/2009		
	Assessed Valuation	Rank	Percent of Assessed Valuation	Assessed Valuation	Rank	Percent of Assessed Valuation
BioMarin Pharmaceutical Inc.	\$ 220,687,501	1	1.80%	\$ 48,999,101	4	0.48%
Novato FF Property LLC	128,000,000	2	1.05%	270,300,000	1	2.66%
HL Novato LLC	86,955,000	3	0.71%	-		0.00%
Steven J. Scarpa	76,834,888	4	0.63%	65,103,639	2	0.64%
JCC Cal Properties LLC	65,383,582	5	0.53%	-		0.00%
Professional Investors Security Funds	55,187,368	6	0.45%	25,890,043	11	0.26%
Contesta Novato Investors LLC	48,971,769	7	0.40%	-		0.00%
Hamilton Marketplace LLC	45,623,426	8	0.37%	-		0.00%
Redwood Landfill Inc.	41,386,844	9	0.34%	25,719,152	12	0.25%
OF 11 Scripps Summit Sole M LLC	35,189,305	10	0.29%	-		0.00%
Condiotti Enterprises Inc.	31,790,824	11	0.26%	27,156,937	9	0.27%
Professional Financial Investors	31,353,384	12	0.26%	-		0.00%
Novato Fair Shopping Center LLC	27,175,764	13	0.22%	23,755,870	13	0.23%
Karen Pell 2011 Revocable Trust	27,000,000	14	0.22%	-		0.00%
BSP Rowland Plaza LLC	25,785,194	15	0.21%	-		0.00%
Sutter Health	21,298,425	16	0.17%	38,268,691	6	0.38%
Costco Wholesale Corp.	20,315,801	17	0.17%	15,629,359	20	0.15%
Bayview Ignacio LLC	20,210,986	18	0.17%	22,035,543	14	0.22%
100 Wood Hollow Drive Owner LLC	19,686,000	19	0.16%	-		0.00%
Whole Foods Market Cal Inc.	19,463,150	20	0.16%	-		0.00%
Hamilton Marin LLC	-		0.00%	60,114,594	3	0.59%
Lexington Wood Hollow	-		0.00%	42,214,380	5	0.42%
W.H. McVay Trust	-		0.00%	53,994,636	7	0.53%
CA-Woodside Office Center Office	-		0.00%	28,050,000	8	0.28%
Debra Pell	-		0.00%	26,750,000	10	0.26%
Riggs & Co Trust	-		0.00%	19,041,939	15	0.19%
Oak Grove Apartments	-		0.00%	18,578,568	16	0.18%
Marin Country Club Inc	-		0.00%	16,483,019	17	0.16%
Novato Redwood Properties Inc	-		0.00%	16,365,592	18	0.16%
Dayton Hudson Corp	-		0.00%	15,984,825	19	0.16%
<b>Total</b>	<b>\$ 1,048,299,211</b>		<b>8.57%</b>	<b>\$ 860,435,888</b>		<b>8.47%</b>

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	
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
2018	3,150,781	164,096	3,314,877	3,509,172,933	0.09%	67,047	49.44

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, 2018**

2017 / 18 Assessed Valuation                      \$ 12,557,644,017

	<b>Total Debt 6/30/2018</b>	<b>Percentage Applicable (1)</b>	<b>District's Share of Debt 6/30/2018</b>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT</u></b>			
Marin Community College District	\$ 310,065,000	16.860%	\$ 52,276,959
Sonoma County Joint Community College District	252,970,000	0.012%	30,356
Novato Unified School District	116,890,000	99.997%	116,886,493
Petaluma City Joint Union High School District	58,082,116	0.080%	46,466
Marin Healthcare District	378,740,000	0.0003%	1,136
City of Novato	8,874,967	100.000%	8,874,967
City of Novato Community Facilities District No. 1	11,621,616	100.000%	11,621,616
City of Novato Community Facilities District No. 1994-1	9,433,700	100.000%	9,433,700
City of Novato Community Facilities District No. 2002-1	8,555,000	100.000%	8,555,000
City of Novato Community Facilities District No. 2014-1	296,990	100.000%	296,990
City of Novato 1915 Act Bonds	390,000	100.000%	390,000
Novato Sanitary District Assessment District No. 2000-1	710,000	100.000%	710,000
Bel Marin Keys Community Services District Community Facilities District No. 2001-1	2,679,760	100.000%	2,679,760
Marin County Open Space Assessment Districts	226,673	100.000%	226,673
Marin Emergency Radio Authority Parcel Tax Obligations	33,000,000	16.850%	5,560,500
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 217,590,616</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u></b>			
Marin County General Fund Obligations	\$ 87,862,953	16.850%	\$ 14,804,908
Marin County Pension Obligations	90,530,000	16.850%	15,254,305
Marin Community College District General Fund Obligations	9,690,834	16.860%	1,633,875
Sonoma County Joint Community College District General Fund Obligations	1,120,000	0.012%	134
Petaluma Joint Union High School District Certificates of Participation	5,335,000	0.080%	4,268
City of Novato General Fund Obligations	803,632	100.000%	803,632
City of Novato Pension Obligations	15,711,066	100.000%	15,711,066
<b>Novato Fire Protection District Notes Payable</b>	<b>3,150,781</b>	<b>100.000%</b>	<b>3,150,781</b>
<b>Novato Fire Protection District Lease Purchase Obligations</b>	<b>164,096</b>	<b>100.000%</b>	<b>164,096</b>
Marin County Transit District Authority General Fund Obligations	90,919	16.850%	15,320
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 51,542,385</b>
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>	<b>\$ 40,035,000</b>	<b>100.000%</b>	<b>\$ 40,035,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 3,314,877</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 305,853,124</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 309,168,001 (2)</b>

- (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 2017 / 18 ASSESSED VALUATION**

Total Overlapping Tax and Assessment Debt	1.73%
<b>Total Direct Debt (\$3,314,877)</b>	<b>0.03%</b>
Combined Total Debt	2.46%

**RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUATION (\$1,723,696,290):**

Total Overlapping Tax Increment Debt	2.32%
--------------------------------------	-------

Source: California Municipal Statistics, Inc



**Novato Fire Protection District  
Computation of Legal Bonded Debt Margin  
June 30, 2018**

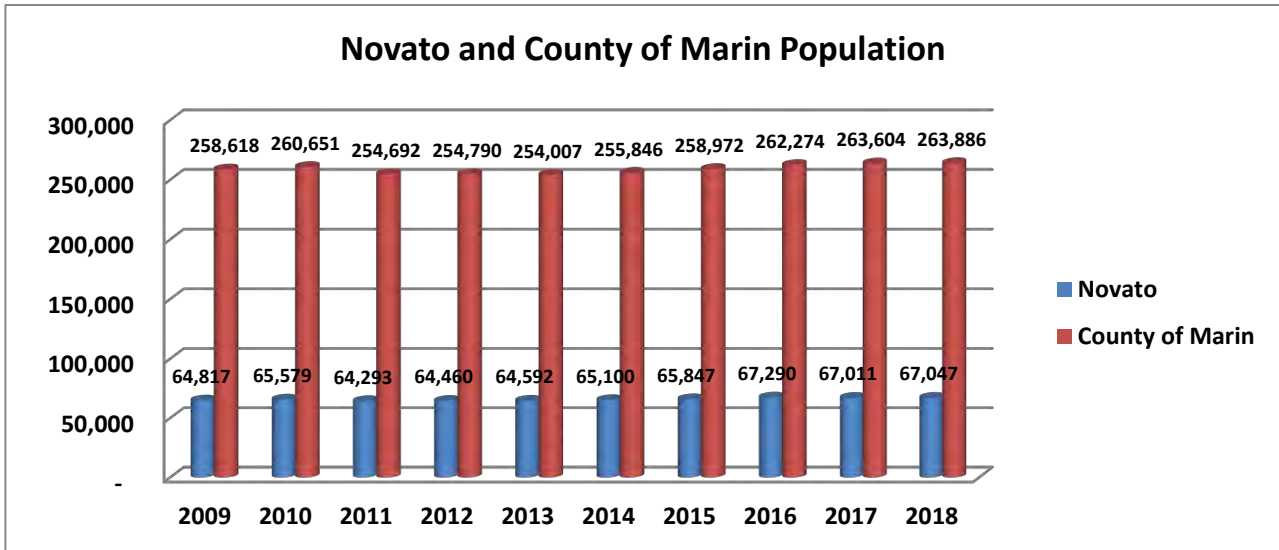
Gross Assessed Valuation	\$ 12,557,644,017
Debt Margin Ratio (1)	3.75%
Debt Margin	<u>\$ 470,911,651</u>
Less: Outstanding General Obligations	<u>-</u>
Net Debt Margin	<u><u>\$ 470,911,651</u></u>

<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>
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%
2018	470,911,651	-	470,911,651	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**

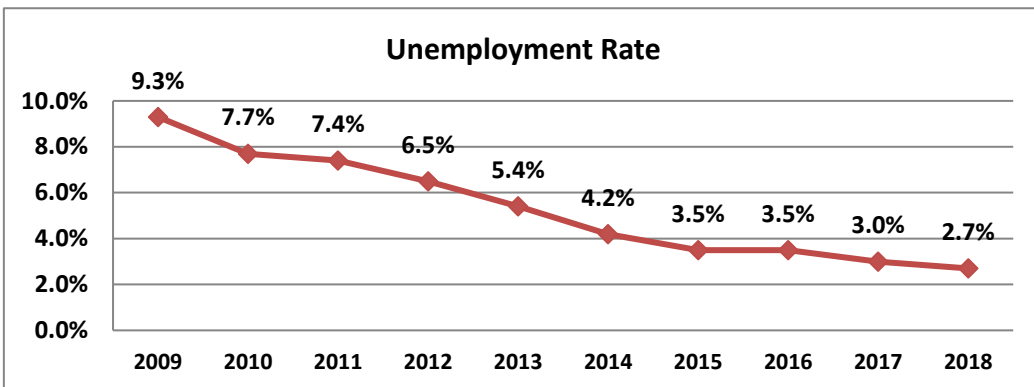
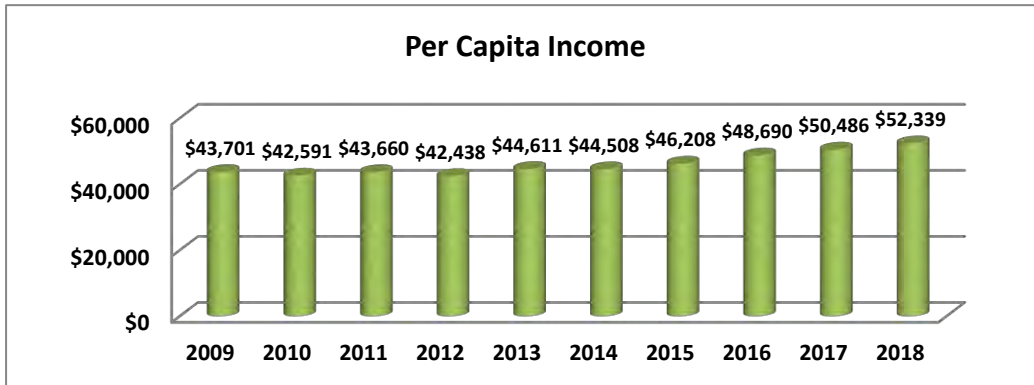


Fiscal Year	City of Novato Population	Unincorporated Population (1)	Total Population	% Change	County of Marin	% of County
2009	52,921	12,122	64,817	0.6%	258,618	25.2%
2010	53,357	12,222	65,579	1.2%	260,651	25.2%
2011	52,311	11,982	64,293	-2.0%	254,692	25.2%
2012	52,447	12,013	64,460	0.3%	254,790	25.3%
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%
2018	54,551	12,496	67,047	0.1%	263,886	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>
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	5.4%
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	3.5%
2017	67,011	3,383,117,346	50,486	3.0%
2018	67,047	3,509,172,933	52,339	2.7%

*Sources: California Department of Finance and Employment  
Development Department*

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

Employer	Fiscal Year 2017/2018			Fiscal Year 2008/2009		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
BioMarin Pharmaceuticals	875	1	2.94%	465	3	1.79%
Novato Unified School District	850	2	2.86%	810	2	3.12%
2K/Visual Concepts Entertainment	600	3	2.02%			
Novato Community Hospital	321	4	1.08%	360	4	1.39%
City of Novato	300	5	1.01%	228	10	0.88%
Costco Wholesale	298	6	1.00%	257	8	0.99%
Safeway Stores	275	7	0.92%	240	9	0.93%
Bradley Electric	271	8	0.91%	280	7	1.08%
Brayton Purcell	265	9	0.89%	320	5	1.23%
Novato Healthcare Center	223	10	0.75%			
Fireman's Fund				1,078	1	4.16%
Target Store				300	6	1.16%
<b>Total</b>	<b>4,278</b>		<b>14.38%</b>	<b>4,338</b>		<b>16.73%</b>

*Sources: City of Novato and Employment Development Department*

**Novato Fire Protection District  
Summary of District Activities  
Fiscal Year 2017-2018**

Category / Description	2017-2018	2016-2017	Change	% Change
District Population	67,047	67,011	36	0.1%
Per Capita Income	\$ 52,339	\$ 50,486	\$ 1,853	3.7%
Unemployment Rate	2.7%	3.0%	-0.3%	-10.0%
Total Number of Employees	77	77	-	0.0%
Total Incidents	5,996	5,953	43	0.7%
Fire / Explosion Incidents	115	114	1	0.9%
Property Loss	\$ 534,589	\$ 1,281,550	\$ (746,961)	-58.3%
False Alarm Incidents	374	379	(5)	-1.3%
Rescue / Emergency Medical Incidents	4,056	4,038	18	0.4%
Ratio - Rescue / Emergency Medical Incidents to All Incidents	67.6%	67.8%	-0.2%	-0.3%
Average Response Time - Rescue / Emergency Medical Incidents	05:35	05:39	00:04	-1.2%
Hour of Day With Highest Call Frequency	5 P.M. - 6 P.M. 357	Noon - 1 P.M. 379	(22)	-5.8%
Hour of Day With Lowest Call Frequency	4 A.M. - 5 A.M. 95	4 A.M. - 5 A.M. 104	(9)	-8.7%
Total Training Hours	19,207.50	20,112	(905)	-4.5%
Number of Citizens receiving Fire / Life Safety Instruction (CPR, Fire Extinguisher Use, CERT Training, etc.; excludes Special Events)	25,182	25,973	(791)	-3.0%

*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 2017-2018**

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

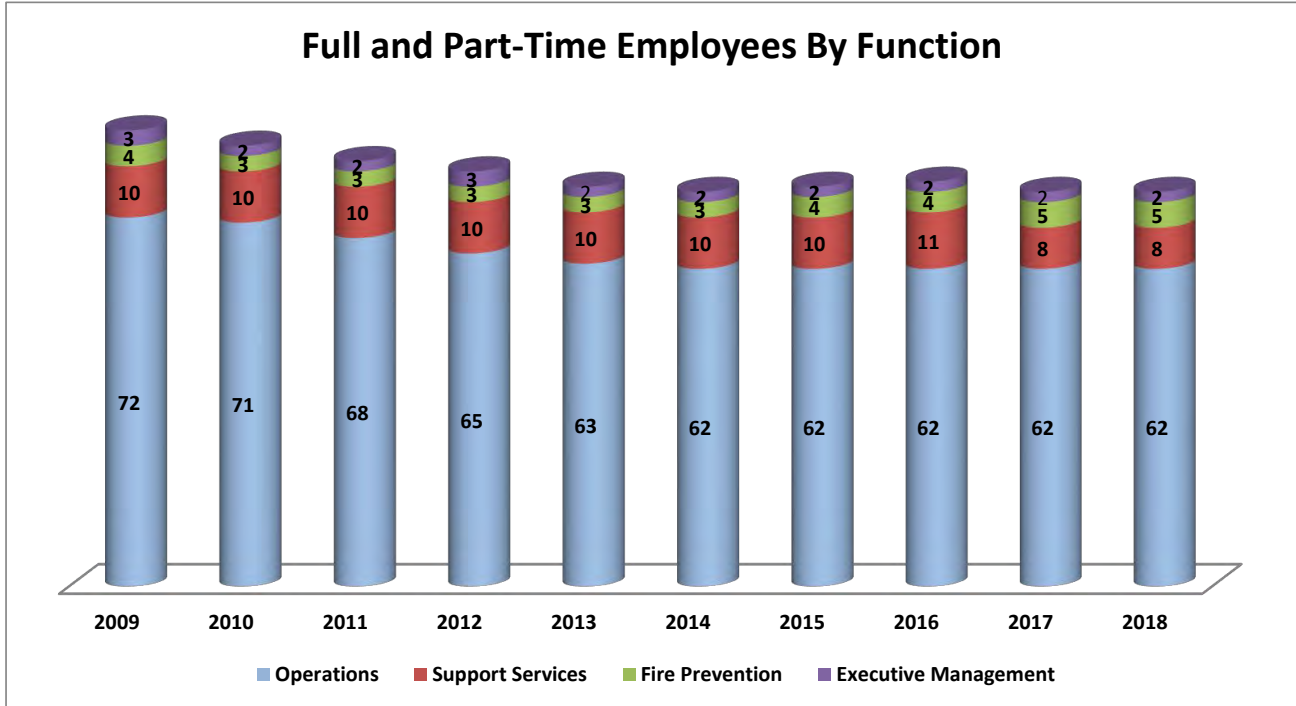
Station 63: Type 1 engine, Type 3 engine, 1 Reserve Ambulance, Off Road Utility

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**

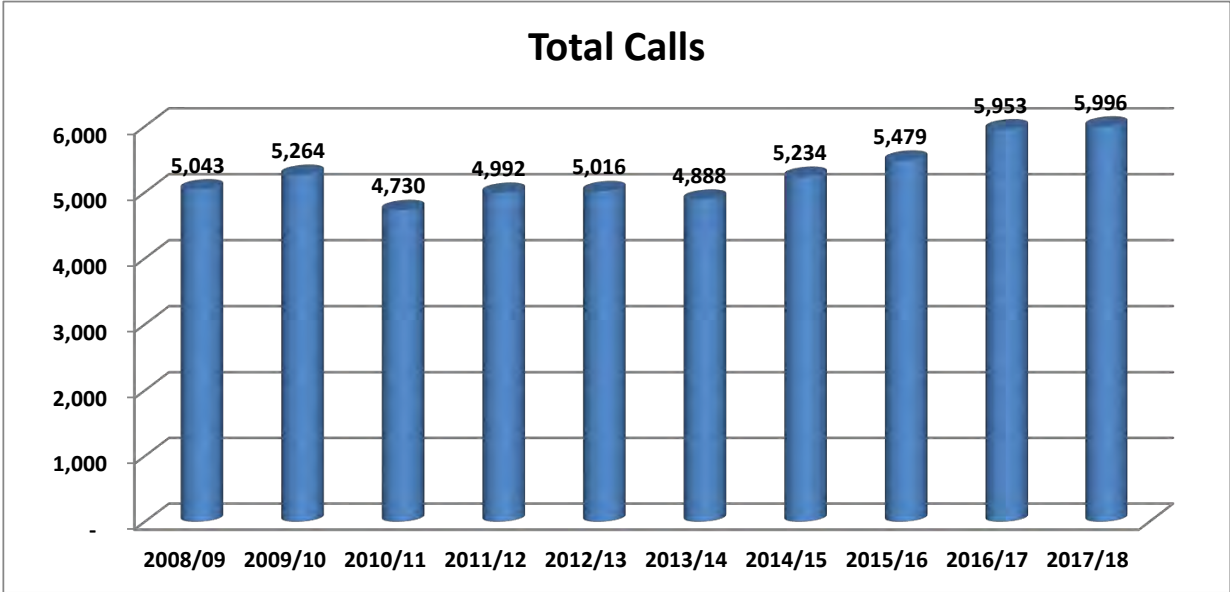


**Fiscal Year Ended June 30**

	<u>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>	<u>2018</u>
Public Safety:										
Executive Management	3	2	2	3	2	2	2	2	2	2
Operations	72	71	68	65	63	62	62	62	62	62
Fire Prevention	4	3	3	3	3	3	4	4	5	5
Support Services	10	10	10	10	10	10	10	11	8	8
Total Public Safety	<u>89</u>	<u>86</u>	<u>83</u>	<u>81</u>	<u>78</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>77</u>	<u>77</u>

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>
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
2017/18	5,996

*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.

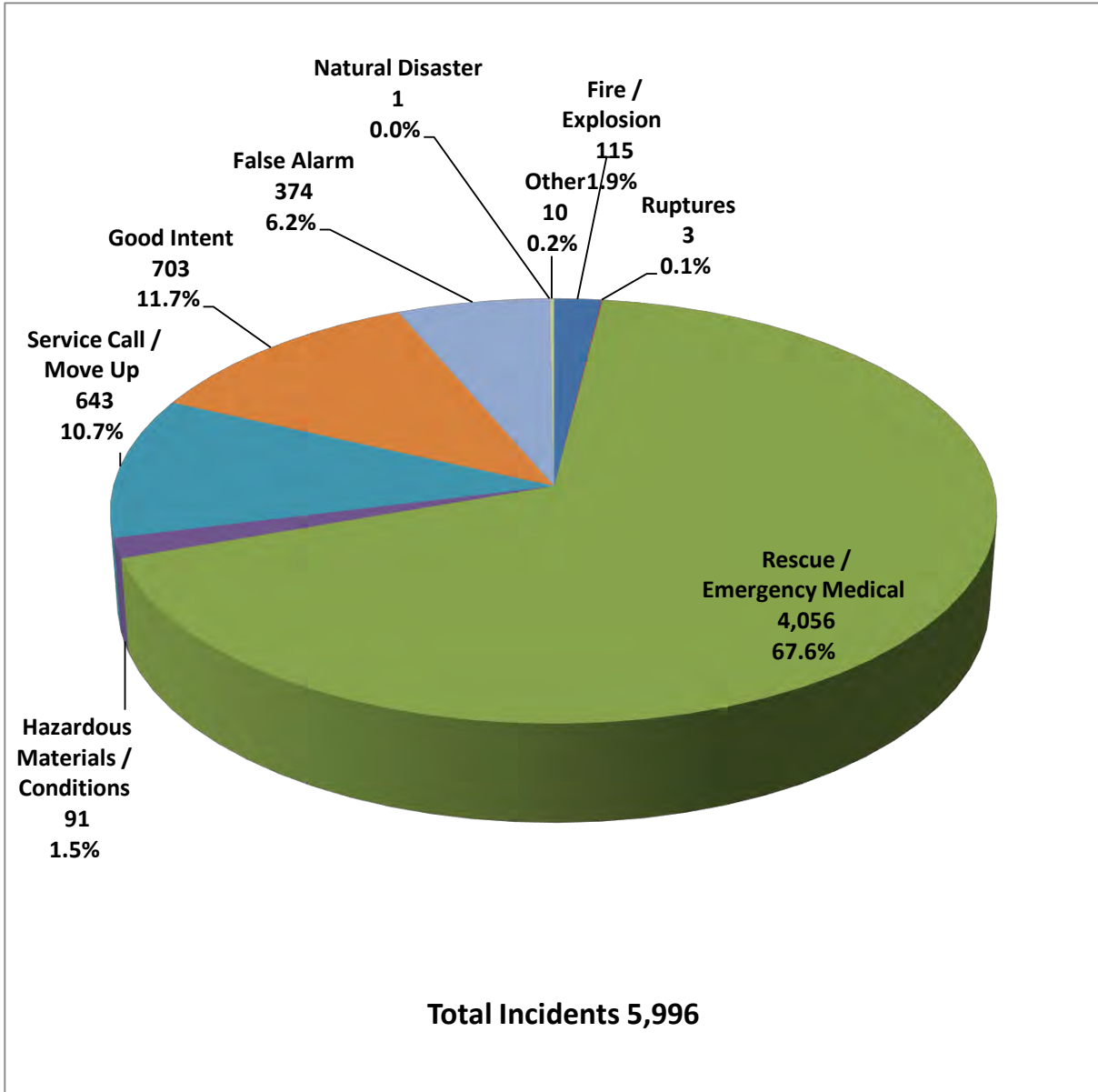
**False Alarm:** Some examples of the incidents in this category are malicious mischief calls, system malfunctions and the accidental tripping of an interior alarm sensor or device.

**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 2017-2018**



*Source: District NFIRS database, Emergency Reporting Systems*

**Novato Fire Protection District  
Emergency Response Detail Analysis  
Fiscal Year 2017-2018**

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
<b>Fire / Explosion</b>				
100	Fire, other	5	\$ 2,000	-
111	Building fire	13	55,000	-
112	Fires in structures other than in a building	3	1,800	-
113	Cooking fire, confined to container	5	900	-
114	Chimney or flue fire, confined to chimney or flue	2	-	-
117	Commercial Compactor fire, confined to rubbish	1	350	-
118	Trash or rubbish fire, contained	7	-	-
121	Fire in mobile home used as fixed residence	1	310,000	-
122	Fire in motor home, camper, recreational vehicle	1	19,000	-
130	Mobile property (vehicle) fire, other	3	-	-
131	Passenger vehicle fire	14	40,639	-
132	Road freight or transport vehicle fire	2	-	-
140	Natural vegetation fire, other	10	350	-
141	Forest, woods or wildland fire	9	-	0.10
142	Brush, or brush and grass mixture fire	10	150	0.39
143	Grass fire	16	-	5.07
150	Outside rubbish fire, other	2	-	-
151	Outside rubbish, trash or waste fire	5	500	-
160	Special outside fire, other	6	45,300	-
<b>Total Fire / Explosion</b>		<b>115</b>	<b>475,989</b>	<b>5.55</b>
<b>Over-Pressure / Rupture</b>				
221	Overpressure rupture of air or gas pipe/pipeline	1	-	-
243	Fireworks explosion (no fire)	1	-	-
251	Excessive heat, scorch burns with no ignition	1	-	-
<b>Total Over-Pressure / Rupture</b>		<b>3</b>	<b>-</b>	<b>-</b>
<b>Rescue / EMS Call</b>				
300	Rescue, emergency medical call (EMS) call, other	11	-	-
311	Medical assist, assist EMS crew	8	-	-
320	Emergency medical service, other (conversion only)	21	-	-
321	EMS call, excluding vehicle accident with injury	3,718	-	-
322	Vehicle accident with injuries	209	-	-
323	Motor vehicle/pedestrian accident (MV Ped)	19	-	-
324	Motor vehicle accident with no injuries	66	-	-
331	Lock-in (if lock out , use 511 )	1	-	-
350	Extrication, rescue, other	1	-	-
352	Extrication of victim(s) from vehicle	1	-	-
353	Removal of victim(s) from stalled elevator	1	-	-
<b>Total Rescue / EMS Call</b>		<b>4,056</b>	<b>-</b>	<b>-</b>

**Novato Fire Protection District  
Emergency Response Detail Analysis  
Fiscal Year 2017-2018**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
<b>Hazardous Condition</b>				
400	Hazardous condition, other	6	-	-
410	Flammable gas or liquid condition, other	3	-	-
411	Gasoline or other flammable liquid spill	9	-	-
412	Gas leak (natural gas or LPG)	15	-	-
413	Oil or other combustible liquid spill	2	-	-
421	Chemical hazard (no spill or leak)	2	-	-
422	Chemical spill or leak	5	-	-
424	Carbon monoxide incident	9	-	-
440	Electrical wiring/equipment problem, other	8	-	-
441	Heat from short circuit (wiring), defective/worn	1	-	-
442	Overheated motor	3	-	-
444	Power line down	14	-	-
445	Arcing, shorted electrical equipment	11	100	-
460	Accident, potential accident, other	1	-	-
471	Explosive, bomb removal (for bomb scare, use 721)	1	-	-
481	Attempt to burn	1	-	-
<b>Total Hazardous Condition</b>		<b>91</b>	<b>100</b>	<b>-</b>
<b>Service Call</b>				
500	Service Call, other	76	-	-
510	Person in distress, other	28	-	-
511	Lock-out	31	-	-
512	Ring or jewelry removal	3	-	-
520	Water problem, other	23	58,500	-
522	Water or steam leak	8	-	-
531	Smoke or odor removal	13	-	-
542	Animal rescue	8	-	-
550	Public service assistance, other	56	-	-
551	Assist police or other governmental agency	15	-	-
552	Police matter	4	-	-
553	Public service	50	-	-
554	Assist invalid	287	-	-
561	Unauthorized burning	10	-	-
571	Cover assignment, standby, moveup	31	-	-
<b>Total Service Call</b>		<b>643</b>	<b>58,500</b>	<b>-</b>

**Novato Fire Protection District  
Emergency Response Detail Analysis  
Fiscal Year 2017-2018**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
<b>Good Intent</b>				
600	Good intent call, other	34	-	-
611	Dispatched & canceled en route	332	-	-
621	Wrong location	3	-	-
622	No incident found on arrival at dispatch address	129	-	-
631	Authorized controlled burning	2	-	-
641	Vicinity alarm (incident in other location)	2	-	-
650	Steam, other gas mistaken for smoke, other	6	-	-
651	Smoke scare, odor of smoke	170	-	-
652	Steam, vapor, fog or dust thought to be smoke	13	-	-
653	Barbecue, tar kettle	9	-	-
671	Hazmat release investigation w/ no hazmat	3	-	-
<b>Total Good Intent</b>		<b>703</b>	<b>-</b>	<b>-</b>
<b>False Alarm</b>				
700	False alarm or false call, other	99	-	-
710	Malicious, mischievous false call, other	4	-	-
711	Municipal alarm system, malicious false alarm	3	-	-
715	Local alarm system, malicious false alarm	6	-	-
730	System malfunction, other	21	-	-
731	Sprinkler activation due to malfunction	2	-	-
733	Smoke detector activation due to malfunction	39	-	-
734	Heat detector activation due to malfunction	2	-	-
735	Alarm system sounded due to malfunction	39	-	-
736	CO detector activation due to malfunction	32	-	-
740	Unintentional transmission of alarm, other	19	-	-
741	Sprinkler activation, no fire - unintentional	11	-	-
743	Smoke detector activation, no fire - unintentional	41	-	-
744	Detector activation, no fire - unintentional	2	-	-
745	Alarm system sounded, no fire - unintentional	46	-	-
746	Carbon monoxide detector activation, no CO	8	-	-
<b>Total False Alarm</b>		<b>374</b>	<b>-</b>	<b>-</b>

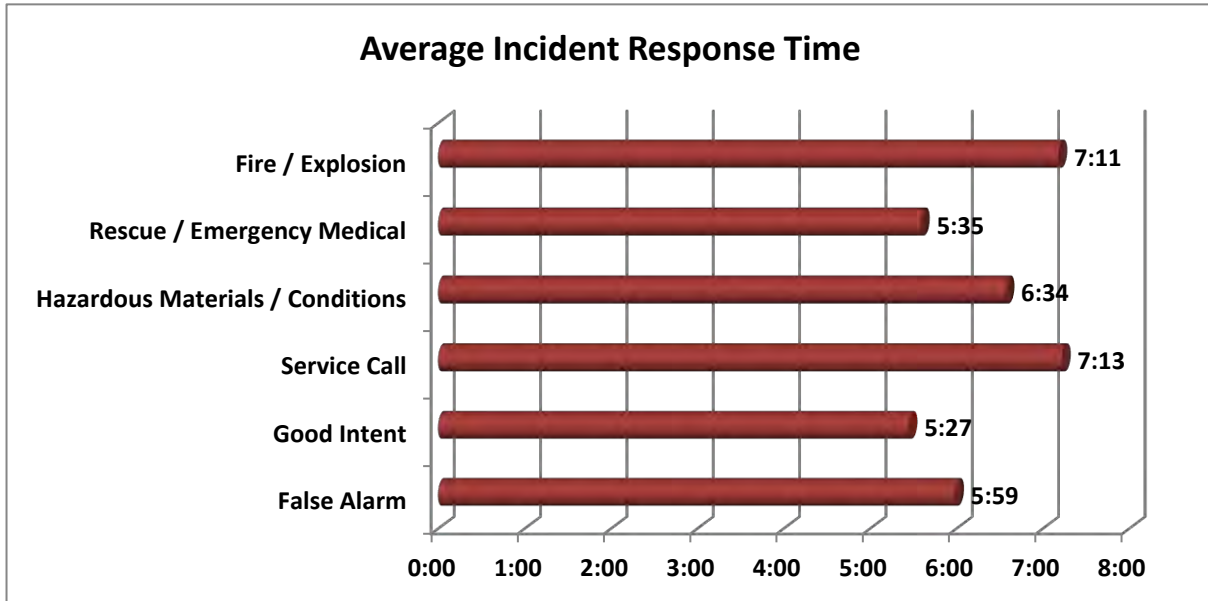
**Novato Fire Protection District  
Emergency Response Detail Analysis  
Fiscal Year 2017-2018**

(Continued)

Incident Code	Category / Description	Total Incidents	Total Dollar Loss	Acres Burned
<b>Natural Disaster</b>				
813	Wind storm, tornado/hurricane assessment	1	-	-
<b>Total Natural Disaster</b>		<b>1</b>	<b>-</b>	<b>-</b>
<b>Other</b>				
900	Special type of incident, other	8	-	-
911	Citizen complaint	2	-	-
<b>Total Other</b>		<b>10</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>5,996</b>	<b>\$ 534,589</b>	<b>5.55</b>

Source: District NFIRS database, Emergency Reporting Systems

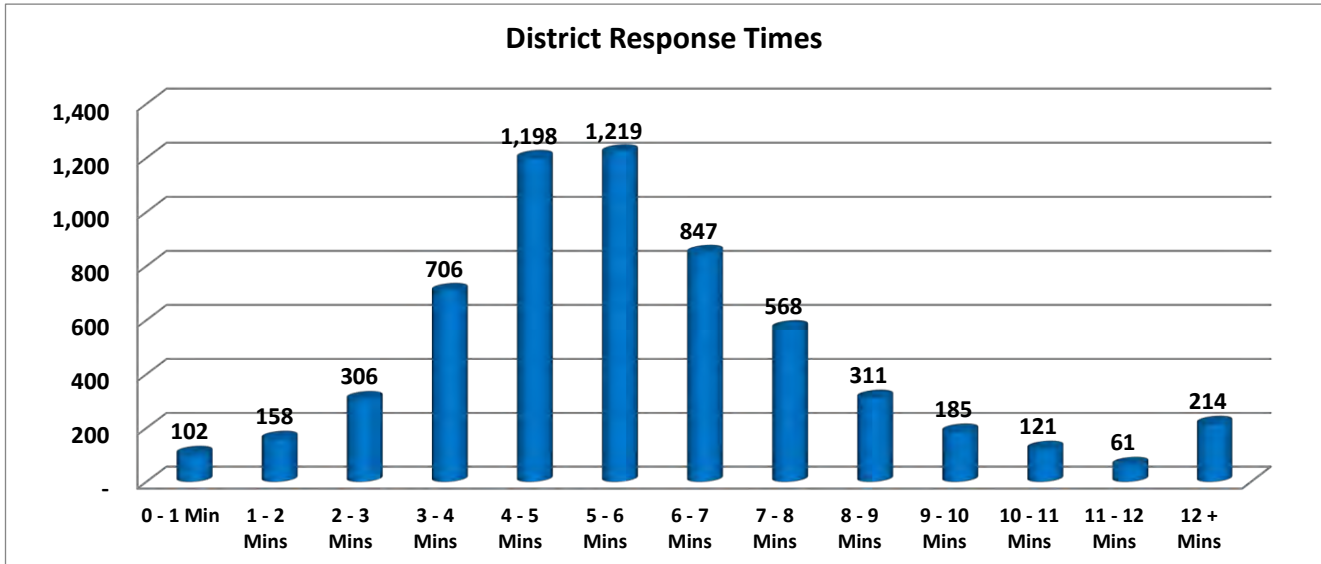
**Novato Fire Protection District  
Average Incident Response Time  
Fiscal Year 2017-2018**



<u>Incident Type</u>	<u>Average Response Time Minutes</u>
Fire / Explosion	7:11
Rescue / Emergency Medical	5:35
Hazardous Materials / Conditions	6:34
Service Call	7:13
Good Intent	5:27
False Alarm	5:59

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District  
District Response Times  
Fiscal Year 2017-2018**



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	2	1	2	7	19	19	10	12	10	11	7	-	15	115
Ruptures	-	-	-	1	-	-	1	-	-	-	1	-	-	3
Rescue / Emergency														
Medical	53	58	192	531	934	918	585	343	170	92	59	33	88	4,056
Hazardous Materials / Conditions	5	2	2	5	4	20	17	13	7	5	2	3	6	91
Service Call	14	7	12	45	61	109	100	99	53	41	29	14	59	643
Good Intent	22	83	80	92	106	71	75	47	44	23	16	7	37	703
False Alarm	5	7	17	25	73	80	58	53	26	13	7	4	6	374
Natural Disaster	-	-	-	-	-	-	1	-	-	-	-	-	-	1
Other	1	-	1	-	1	2	-	1	1	-	-	-	3	10
<b>Total</b>	<b>102</b>	<b>158</b>	<b>306</b>	<b>706</b>	<b>1,198</b>	<b>1,219</b>	<b>847</b>	<b>568</b>	<b>311</b>	<b>185</b>	<b>121</b>	<b>61</b>	<b>214</b>	<b>5,996</b>

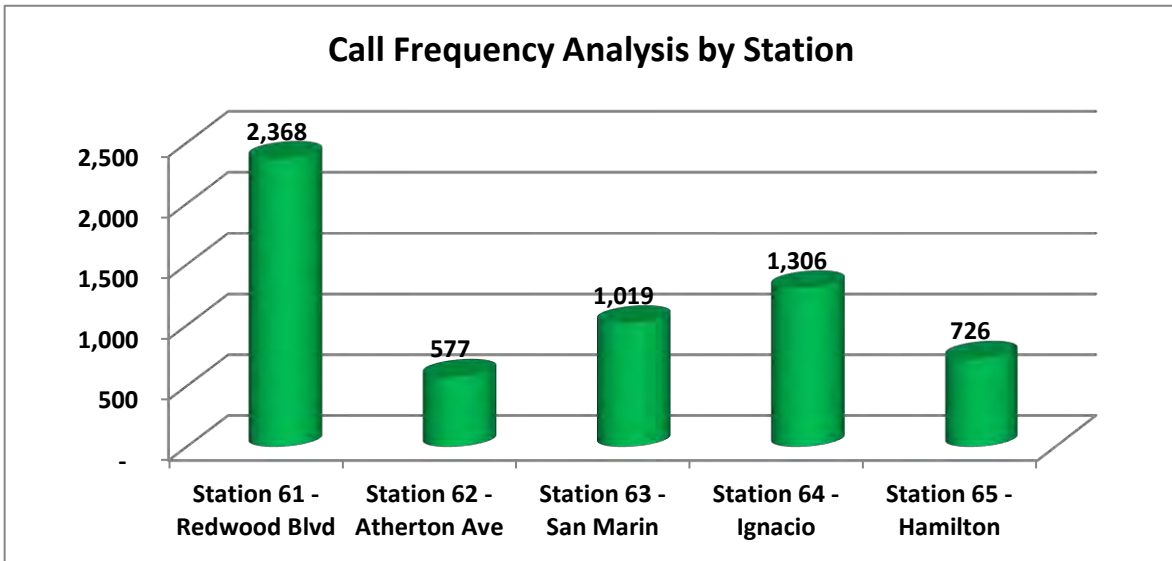
Mutual aid responses to areas outside Novato Fire Protection District are included

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 2017-2018**

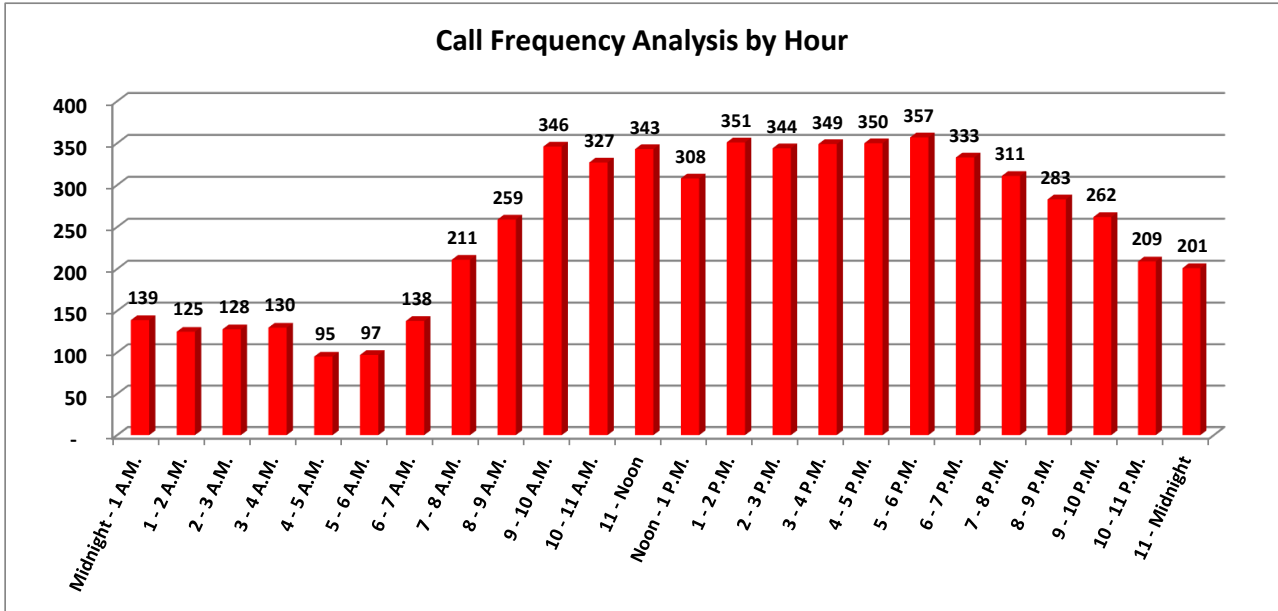


Station Location	Total Calls	% of Total
Station 61 - Redwood Blvd *	2,368	39.5%
Station 62 - Atherton Ave	577	9.6%
Station 63 - San Marin	1,019	17.0%
Station 64 - Ignacio	1,306	21.8%
Station 65 - Hamilton	726	12.1%
<b>Total</b>	<b><u>5,996</u></b>	<b><u>100.0%</u></b>

\* 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 2017-2018**

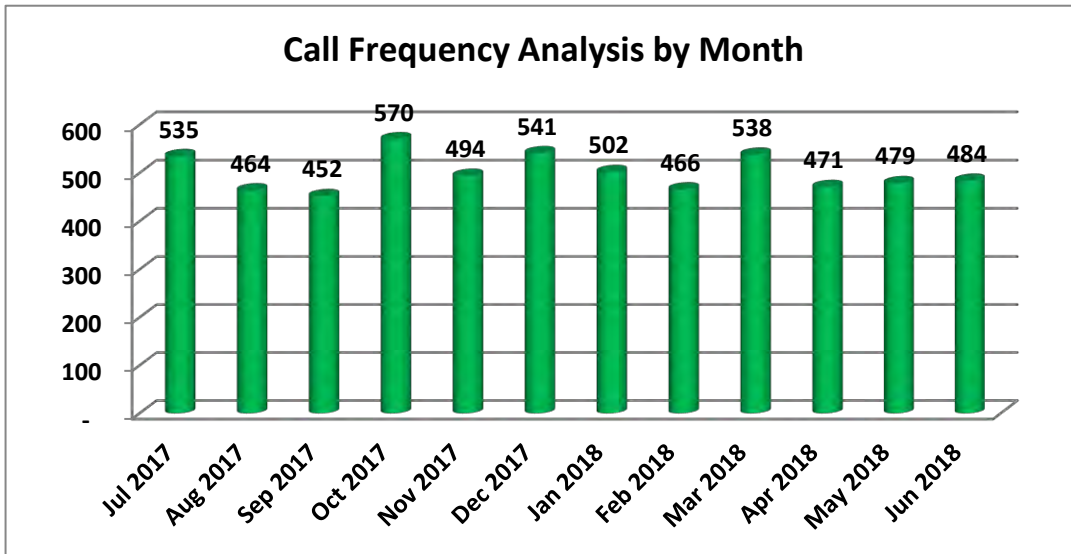


Hour	Number of Calls	% of Total	Hour	Number of Calls	% of Total
Midnight - 1 A.M.	139	2.32%	Noon - 1 P.M.	308	5.14%
1 - 2 A.M.	125	2.08%	1 - 2 P.M.	351	5.85%
2 - 3 A.M.	128	2.13%	2 - 3 P.M.	344	5.74%
3 - 4 A.M.	130	2.17%	3 - 4 P.M.	349	5.82%
4 - 5 A.M.	95	1.58%	4 - 5 P.M.	350	5.84%
5 - 6 A.M.	97	1.62%	5 - 6 P.M.	357	5.95%
6 - 7 A.M.	138	2.30%	6 - 7 P.M.	333	5.55%
7 - 8 A.M.	211	3.52%	7 - 8 P.M.	311	5.19%
8 - 9 A.M.	259	4.32%	8 - 9 P.M.	283	4.72%
9 - 10 A.M.	346	5.77%	9 - 10 P.M.	262	4.37%
10 - 11 A.M.	327	5.45%	10 - 11 P.M.	209	3.49%
11 - Noon	343	5.72%	11 - Midnight	201	3.35%
			<b>Total</b>	<b>5,996</b>	<b>100.00%</b>

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 2017-2018**

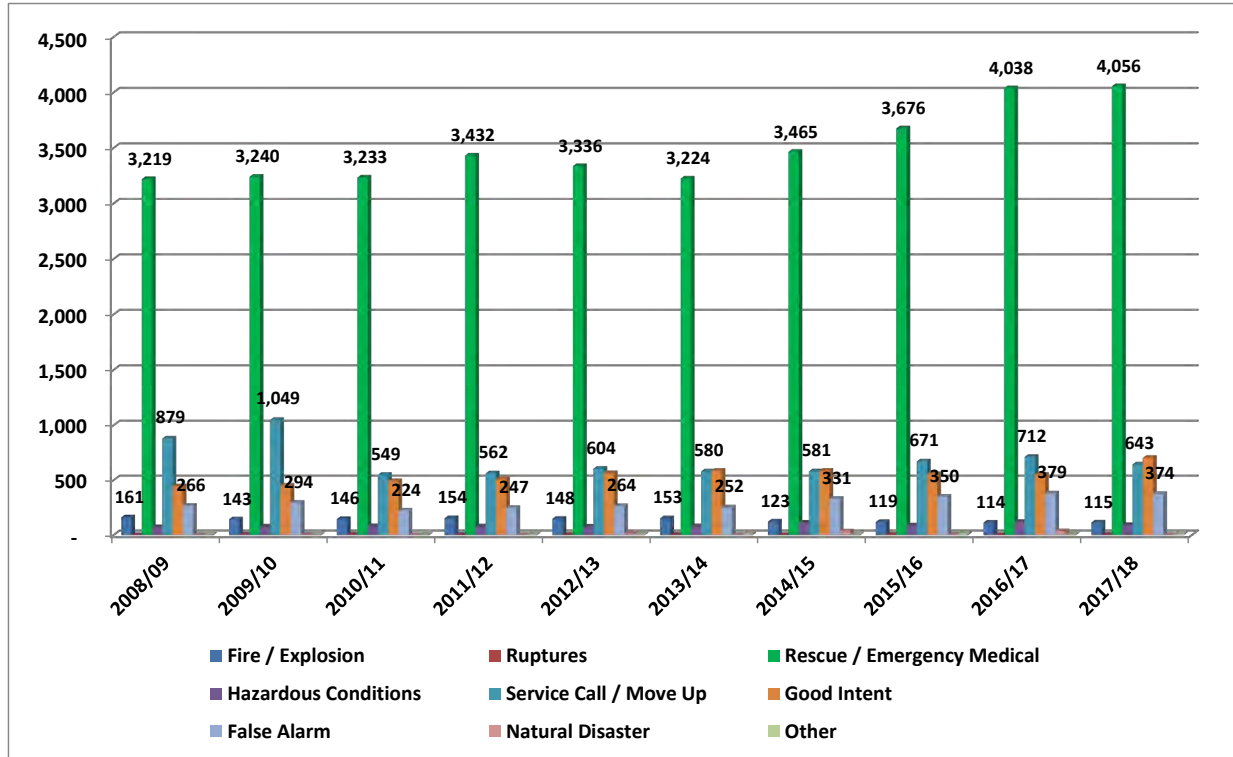


Month	Total Calls	% of Total
Jul 2017	535	8.92%
Aug 2017	464	7.74%
Sep 2017	452	7.54%
Oct 2017	570	9.51%
Nov 2017	494	8.24%
Dec 2017	541	9.02%
Jan 2018	502	8.37%
Feb 2018	466	7.77%
Mar 2018	538	8.97%
Apr 2018	471	7.86%
May 2018	479	7.99%
Jun 2018	484	8.07%
<b>Total</b>	<b><u>5,996</u></b>	<b><u>100.00%</u></b>

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
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
2017/18	115	3	4,056	91	643	703	374	1	10	5,996

Source: District NFIRS database, Emergency Reporting Systems

**Novato Fire Protection District  
Risk Reduction, Prevention and Mitigation (RPM) Division Activities  
Fiscal Year 2017-2018**

<b>RPM Inspections and Investigations</b>	<b>Number</b>	<b>Hours</b>
Code Compliance	6	12
R1/R2 Inspections	272	1632
Construction Inspections	235	705
Fire Investigations	97	1843
Plan Review	498	1494
CFC Permits	31	62
<b>Total:</b>	<b>1,139</b>	<b>5,748</b>

<b>Weed Abatement</b>	<b>Number</b>	<b>Hours</b>
Vegetation/Weed/Hazard Complaints Investigated and Closed	66	132
Complimentary Vegetation Evaluations	94	141
FireWise Assessments	4	285
<b>Total:</b>	<b>164</b>	<b>285</b>

<b>Grand Total:</b>	<b>1,518</b>	<b>6,033</b>
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*Source: Risk Reduction, Prevention and Mitigation Division, Emergency Reporting System database*

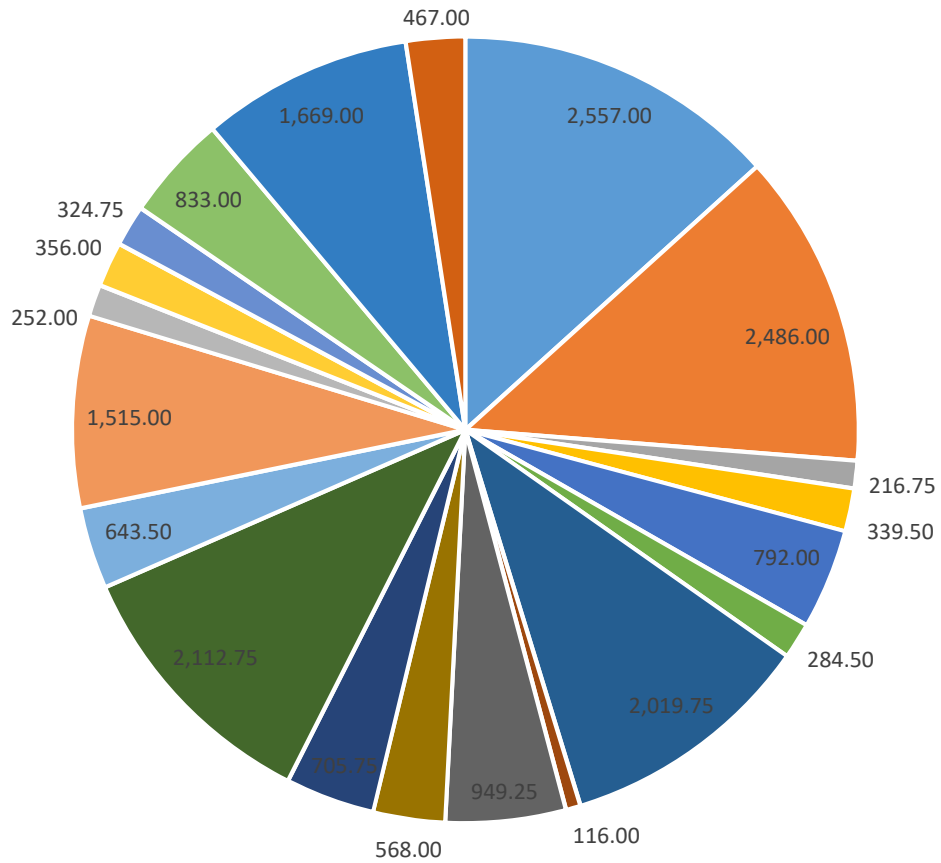
**Novato Fire Protection District  
Risk Reduction, Prevention and Mitigation (RPM) Division/Public Education  
Fiscal Year 2017-2018**

<b>Category</b>	<b>Class Hours</b>	<b>Est. Number of Citizens Instructed</b>
CPR/AED Training (4 hours per class)	44	103
CERT Training	48	54
Safety House	28	550
Fire Squirts Camp	40	24
Youth Fire Setter Intervention	0	0
Fire Extinguisher Training	2	54
Evacuation Drills	8	578
School Programs*	220	4,200
Special Events*	120	6,000
Station Tours	11	500
Vial of Life *	7	580
Senior Programs	11	525
Electronic Board Messaging	8	>1,000
Car Seat Program*	12	14
School Inspection	78	Unknown
Social Media*	>100	>11,000
<b>Total</b>	<b>397</b>	<b>25,182</b>

\*estimated

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

**Novato Fire Protection District  
Personnel Training Hours Chart  
Fiscal Year 2017-2018**



- Suppression Training, Hose & Ladder
- Quick Drill/15 Minute Drills
- Officer Development
- Engineer Training
- After Action Review
- Wildland Fire Training
- Haz Mat Training
- Confined Space
- Firefighter Safety & Survival
- General Training
- Emergency Medical Services Training
- Auto Extrication
- Unified Response to Violent Incidents
- Aerial Ladder
- Emergency Vehicle Operations Course
- Fire Prevention
- Company Training
- Behavioral Health & Wellness
- Policy Review
- State Courses

Source: Target Solutions Database

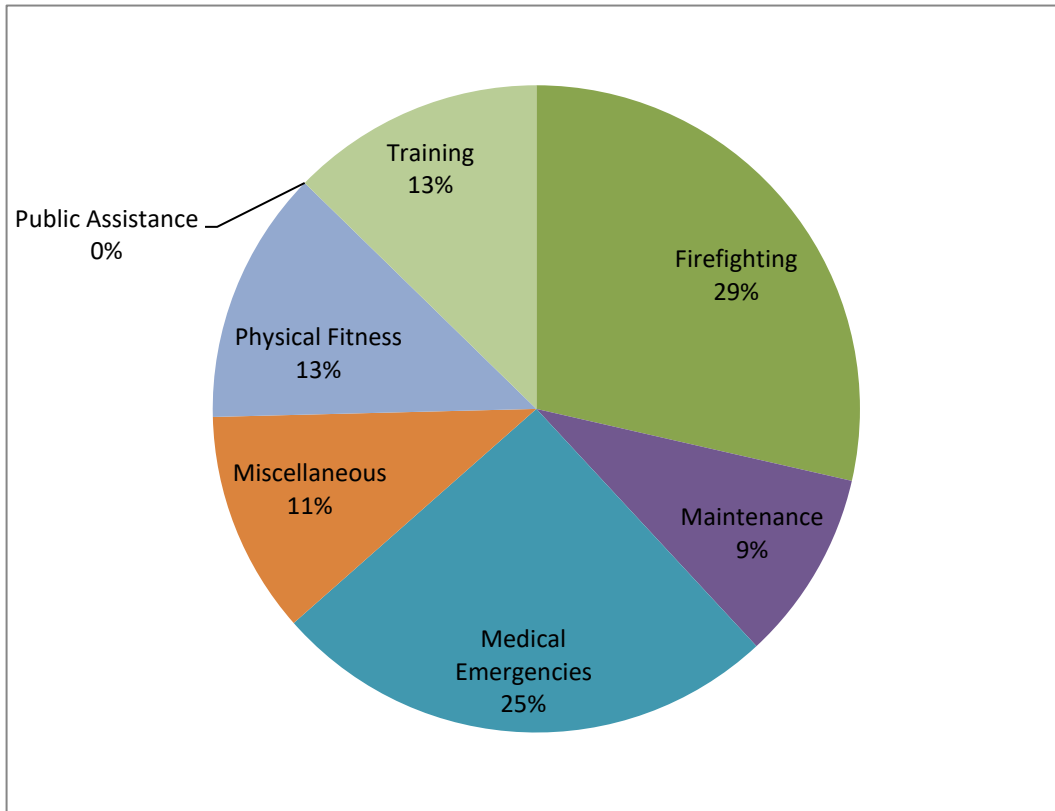
**Novato Fire Protection District  
Personnel Training Hours Detail  
Fiscal Year 2017-2018**

<b>Training Code</b>	<b>Training Description</b>	<b>Training Hours</b>
1	Suppression Training, Hose & Ladder	2,557.00
2	Emergency Medical Services Training	2,486.00
3	Quick Drill/15 Minute Drills	216.75
4	Auto Extrication	339.50
5	Officer Development	792.00
6	Unified Response to Violent Incidents	284.50
7	Engineer Training	2,019.75
8	Aerial Ladder	116.00
9	After Action Review	949.25
10	Emergency Vehicle Operations Course	568.00
11	Wildland Fire Training	705.75
12	Fire Prevention	2,112.75
13	Haz Mat Training	643.50
14	Company Training	1,515.00
15	Confined Space	252.00
16	Behavioral Health & Wellness	356.00
17	Firefighter Safety & Survival	324.75
18	Policy Review	833.00
19	General Training	1,669.00
20	State Courses	467.00
<b>Total Hours</b>		<b>19,207.50</b>

Source: Target Solutions Database



**Novato Fire Protection District  
Service Connected Illness/Injury Report  
Fiscal Year 2017-2018**



<b>Type of Activity</b>	<b>Number</b>	<b>% of Total</b>
Firefighting	18	29%
Maintenance	6	10%
Medical Emergencies	16	25%
Miscellaneous	7	11%
Physical Fitness	8	13%
Public Assistance	0	0%
Training	8	13%
<b>Total</b>	<b>63</b>	<b>100%</b>

*Data from Personnel Workers Compensation files.*