

LOOMIS FIRE PROTECTION DISTRICT

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the final short period ended July 22, 2017**

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	4
Statement of Revenues and Expenditures - Compared to Budget	5
Notes to Financial Statements	6-21
Supplemental Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability	23
Schedule of Contributions for Pensions	24
Principal Officials	25
Schedule of Cash Flows	26



Robert W. Johnson
an accountancy corporation

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohncpagroup@gmail.com | 916 723.2555
www.bob-johnson-cpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Loomis Fire Protection District, as of and for the final short period ended July 22, 2017, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loomis Fire Protection District as of July 22, 2017, and the results of its operations for the final short period then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Other Information

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

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

Robert W. Johnson, An Accountant Certified

Citrus Heights, California
February 19, 2018

LOOMIS FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
July 22, 2017

ASSETS AND DEFERRED OUTFLOWS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and investments (Note 3)	\$ 1,948,891	\$ -	\$ 1,948,891
Accounts receivable	1,445	-	1,445
Interest receivable	1,550	-	1,550
Capital assets (Note 4)	-	3,286,824	3,286,824
Less, accumulated depreciation	-	(1,415,874)	(1,415,874)
Deferred outflows (Note 10)	<u>-</u>	<u>494,373</u>	<u>494,373</u>
Total assets and deferred outflows	<u>\$ 1,951,886</u>	<u>\$ 2,365,323</u>	<u>\$ 4,317,209</u>
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable	\$ 32,414	\$ -	\$ 32,414
Wages payable	25,913	-	25,913
Compensated absences	21,034	-	21,034
Net pension liability (Note 10)	-	628,078	628,078
Deferred inflows (Note 10)	<u>-</u>	<u>220,964</u>	<u>220,964</u>
Total liabilities and deferred inflows	<u>79,361</u>	<u>849,042</u>	<u>928,403</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 7):			
Restricted	159,059	(159,059)	-
Committed	1,713,466	(1,713,466)	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,872,525</u>	<u>(1,872,525)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,951,886</u>		
Net position (Note 7):			
Net investment in capital assets		1,870,950	1,870,950
Restricted		159,059	159,059
Unrestricted		<u>1,358,797</u>	<u>1,358,797</u>
Total net position		<u>\$ 3,388,806</u>	<u>\$ 3,388,806</u>

See notes to financial statements

LOOMIS FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the final short period ended July 22, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 76,574	\$ -	\$ 76,574
Support services	1,835	-	1,835
Capital outlay	632,604	(632,604)	-
Depreciation	<u>-</u>	<u>9,499</u>	<u>9,499</u>
Total program expenditures/expenses	<u>711,013</u>	<u>(623,105)</u>	<u>87,908</u>
Program revenues:			
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:			
Taxes	44	-	44
Development fees	22,339	-	22,339
Fire suppression assessment	-	-	-
Benefit assessment	-	-	-
Interest	1,550	-	1,550
Grants	-	-	-
Other	<u>3,025</u>	<u>-</u>	<u>3,025</u>
Total general revenues	<u>26,958</u>	<u>-</u>	<u>26,958</u>
Excess of revenues over expenditures/ change in net position	(684,055)	623,105	(60,950)
Beginning fund balances/ net position	<u>2,556,580</u>	<u>893,176</u>	<u>3,449,756</u>
Ending fund balances/net position	<u>\$ 1,872,525</u>	<u>\$ 1,516,281</u>	<u>\$ 3,388,806</u>

See notes to financial statements

**LOOMIS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the final short period ended July 22, 2017**

	<u>Budget*</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
Revenues:			
General tax revenue	\$ 280,665	\$ 44	\$(280,621)
Fire suppression assessment	436,945	-	(436,945)
Benefit assessment	912,510	-	(912,510)
Development fees	80,000	22,339	(57,661)
Interest income	15,000	1,550	(13,450)
Grants	-	-	-
Plan check fees	30,000	1,200	(28,800)
Other (Note 9)	<u>180,989</u>	<u>1,825</u>	<u>(179,164)</u>
Total revenues	<u>1,936,109</u>	<u>26,958</u>	<u>(1,909,151)</u>
Expenditures:			
Salaries and benefits	1,105,133	40,034	1,065,099
Services and supplies	426,490	38,375	388,115
Fixed assets - equipment	650,000	632,604	17,396
- buildings and improvements	37,000	-	37,000
Contingencies	<u>76,581</u>	<u>-</u>	<u>76,581</u>
Total expenditures	<u>2,295,204</u>	<u>711,013</u>	<u>1,584,191</u>
Excess of revenues/ (expenditures)	<u>\$(359,095)</u>	<u>\$(684,055)</u>	<u>\$(324,960)</u>

* Budget for year ended June 30, 2018 presented

See notes to financial statements

LOOMIS FIRE PROTECTION DISTRICT NOTES TO FINANCIAL STATEMENTS

1. Organization:

The Loomis Fire Protection District (the "District") was formed in 1930 after several major fires in the downtown area resulted in heavy damage to business structures. Today, the District serves a small, diversified community interspersed with commercial and agricultural areas. The population totals approximately 13,000 and has an annual growth rate of 1%. The current population within the town is approximately 6,900 with the remainder of the population living in the unincorporated County area. The District's geographical area covers approximately 18 square miles.

The District maintains one station. Station 28, located downtown at Taylor and Horseshoe Bar Roads, is staffed 24 hours a day, 365 days a year. Station 29, located at Horseshoe Bar and Tudsbury Roads, is a storage facility. The District has 17 paid staff members, reserve firefighters and interns. Three paid staff members are on duty at all times at Station 28, complemented by reserve firefighters and interns. Additionally, Battalion Chief coverage is available 24 hours a day, 7 days a week, under contract with South Placer Fire District. All paid staff are trained to the State Firefighter II level and hold Emergency Medical Technician Certification with defibrillation endorsement. On March 1, 2017, the District began providing Advance Support Services with a firefighter paramedic on-duty at all times. The District has an insurance protection class rating of 4/8B.

The District enjoys an excellent, cooperative relationship with surrounding fire districts and city fire departments in providing emergency services. Mutual and Auto Aid agreements, as well as a Closest Resource Agreement (Boundary Drop), enhance a quicker response time, allowing a higher level of service.

A five-member Board of Directors, elected by the public, governs the District.

2. Summary of Significant Accounting Policies:

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

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease is included in depreciation. Structures and equipment are depreciated using the straight-line method over their estimated useful lives.

Budgets

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

Compensated Absences

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

Investments

The District maintains cash balances with the Treasurer of Placer County in an interest-bearing pooled investment account.

Property Taxes

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

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

Summary of Significant Accounting Policies (continued):

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

3. Cash and Investments:

The District maintains certain portions of its funds with Placer County. The County is authorized to deposit cash and invest excess funds by the California Government code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

The entire balance in cash in bank is insured by federal depository insurance corporation. At the year-end the carrying amount of the District's deposits was \$337,017 and the bank balance was \$240,757.

	<u>Balance, July 22, 2017</u>
Cash in bank:	
Petty cash	\$ 500
Operating checking	79,763
New development fees checking	256,754
 Cash with County	 <u>1,611,874</u>
	 <u>\$1,948,891</u>

4. Capital Assets:

Changes in capital assets for the final short period ended July 22, 2017 are as follows:

	<u>Balance, 6/30/17</u>	<u>Additions/ Transfers</u>	<u>Disposals</u>	<u>Balance, 7/22/17</u>
Land	\$ 47,108	\$ -	\$ -	\$ 47,108
Buildings	962,601	-	-	962,601
Vehicles	1,217,419	632,604	-	1,850,023
Major equipment	<u>427,092</u>	<u>-</u>	<u>-</u>	<u>427,092</u>
	<u>\$2,654,220</u>	<u>\$ 632,604</u>	<u>\$ -</u>	<u>\$3,286,824</u>

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

5. Risk of Loss

Loomis Fire Protection District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the final short period ended July 22, 2017, the District purchased certain commercial insurance coverages to provide for these risks.

6. Operating Lease:

The District entered into a copier operating lease in December 2014. The 60 month lease has a monthly payment of \$290 expiring in December 2019. The lease also has a monthly per copy charge.

The following is a schedule of future minimum payments required under the operating lease:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 3,188
2019	3,656
2020	<u>1,828</u>
	<u>\$ 8,672</u>

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

7. Equity:

General fund:

Total fund balances consist of:

Restricted for:

Development fees for capital improvements	\$ 159,059
---	------------

Committed for:

Equipment replacement reserve	\$ 50,916	
Contingencies	4,457	
Apparatus replacement	96,832	
Long-term facilities maintenance	<u>1,561,261</u>	1,713,466

Unassigned:

<u>-</u>
<u>\$1,872,525</u>

Statement of net position:

Total net position consist of:

Net investment in capital assets	\$1,870,950
----------------------------------	-------------

Restricted:

Development fees for capital improvements	159,059
---	---------

Unrestricted:

Board designated:

Equipment replacement reserve	\$ 50,916
Contingencies	4,457
Apparatus replacement	96,832
Long-term facilities reserve	<u>1,561,261</u>

1,713,466

Undesignated:	<u>(354,669)</u>	<u>1,358,797</u>
---------------	-------------------	------------------

\$3,388,806

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

8. Deferred Compensation Plan:

The District offers a deferred compensation/salary reduction plan for employees of the District. The District matches employee contributions up to \$650 a year.

9. Other Revenue:

Tower rent	\$ 1,825
Insurance reimbursement	-
Strike teams	-
MVA cost recovery	-
Other	-
Donations	-
	<hr/>
	<u>\$ 1,825</u>

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

10. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. In the fiscal year June 30, 2010, the Board approved District participation in CalPERS. The retirement plan became effective September 11, 2010. The District participates in the safety-fire 2% at 55 pool and a miscellaneous 2% at 55 pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. Full-time fire fighters and the District Secretary are eligible to participate in the System. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS executive Office, 400 P Street, Sacramento, California, 95814.

Funding Policy

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

	<u>Safety - Classic</u>	<u>Misc. - Classic</u>	<u>Safety - PEPR</u>	<u>Misc. - PEPR</u>
Benefit formula	2% @ 55	2% @ 55	2% @ 57	2% @ 57
Benefit vesting schedule	5 years	5 years	5 years	5 years
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	55	57	57
Required employee contribution rates	7%	7%	9.5%	6.25%
Required employer contribution rates	12.055%	8.377%	9.418%	6.555%

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

10. Defined Benefit Retirement Plan, continued:

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2017, the contributions to the CalPERS pension plan were as follows:

	<u>Safety & Miscellaneous</u>
Contributions – employer	\$ 110,012

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

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

Net pension liability	\$ <u>628,078</u>
-----------------------	-------------------

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

10. Defined Benefit Retirement Plan. continued:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 46,199
Net differences between projected and actual earnings on pension plan investment	322,188	143,829
Differences between expected and actual experiences	471	9,221
Changes in proportion	61,702	21,715
Pension contributions subsequent to measurement date	<u>110,012</u>	<u>-</u>
	<u>\$ 494,373</u>	<u>\$ 220,964</u>

\$110,012 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2018	\$ 4,152
2019	10,241
2020	102,087
2021	46,917
2022	-

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

10. Defined Benefit Retirement Plan, continued:

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.5% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

10. Defined Benefit Retirement Plan, continued:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

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

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

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

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

10. Defined Benefit Retirement Plan, continued:

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

	<u>Safety & Miscellaneous</u>
1% Decrease Net Pension Liability	6.65% \$812,558
Current Discount Rate Net Pension Liability	7.65% \$628,078
1% Increase Net Pension Liability	8.65% \$476,538

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

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

11. Subsequent Events:

Management has evaluated subsequent events through February 19, 2018, the date these July 22, 2017 financial statements were available to be issued.

12. Administrative Services Agreement:

On June 1, 2014, the Loomis Fire Protection District entered into a three-year contract for administrative services with the South Placer Fire District. The cost of the contract for fiscal year 2016/17 is \$125,250. No fees were charged for the short period since the two Districts consolidated on July 22, 2017. Under the agreement, the South Placer Fire District provides the services of a fire chief and other administrative personnel to the Loomis Fire Protection District for performance of the following duties and responsibilities: enforcement of policies, rules and regulations; appointment, promotion, termination and supervision of employees; enforcement of fire prevention codes; supervision of equipment maintenance and training; preparation of technical and activity reports; preparation of annual budget; representation at administrative, operational and governmental meetings; supervision of personnel responding to emergency incidents; administration of the Advance Life Support program; and other duties and functions as required. The agreement automatically renews annually and may be terminated by either party upon one hundred eighty (180) days written notice. The Loomis Fire Protection District continues to employ its own firefighter staff and district secretary, and maintain all monies, funding and finances independently from the South Placer Fire District

**LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued**

13. Consolidation with South Placer Fire District:

On March 1, 2017, Loomis Fire Protection District and South Placer Fire Protection District submitted resolutions of application for consolidation to the Placer County Local Agency Formation Commission (LAFCO). The consolidation was approved and a certificate of completion issued, effective July 22, 2017. Effective on July 22, 2017, Loomis Fire Protection District was dissolved, and the consolidated district is known as the South Placer Fire Protection District.

SUPPLEMENTAL DATA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0073%	0.0085%	0.0051%
Proportionate share of the net pension liability	\$628,078	\$586,101	\$636,424
Covered – employee payroll	\$568,627	\$583,220	\$583,220
Proportionate Share of the net pension liability as percentage of covered-employee payroll	110.46%	100.49%	109.12%
Plan fiduciary net position as a percentage of the total pension liability	53.82%	50.28%	68.13%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in assumptions: None

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

**LOOMIS FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
As of June 30, 2017
Last 10 years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$110,012	\$ 120,735	\$121,347
Contributions in relation to the actuarially determined contributions	<u>110,012</u>	<u>148,328</u>	<u>121,347</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$(<u>27,593</u>)	\$ <u>-</u>
Covered – employee payroll	\$568,627	\$ 583,220	\$583,220
Contributions as a percentage of covered employee payroll	19.35%	25.43%	23.62%
Notes to Schedule:			
Valuation date:	06/30/15	06/30/14	06/30/13

Methods and assumptions used to determine contribution rates:

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

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

**LOOMIS FIRE PROTECTION DISTRICT
PRINCIPAL OFFICIALS**

Board of Directors:

Russ Kelley	President
Chris Gibson	Vice President
Daniel Gibson	
Thomas Millward	
Ron Morris	

Staff:

Eric Walder	Fire Chief
Barbara Leak	Secretary

**LOOMIS FIRE PROTECTION DISTRICT
SCHEDULE OF CASH FLOWS
for the short period ending July 22, 2017**

Cash flows from operating activities:

Change in net position (net income)		\$(60,950)
Adjustments to reconcile change in net position to net cash provided to operating activities		
Depreciation	\$ 9,499	
(Increase) decrease in:		
Accounts and interest receivable	(274)	
(Decrease) increase in:		
Accounts payable and accrued liabilities	44,406	
Compensated absences	(8,760)	
Deferred outflows	-	
Deferred inflows	-	
Net pension liability	<u>-</u>	
		<u>44,871</u>
Net cash provided to operating activities		(16,079)
Cash flows from investing activities:		
Purchase of equipment and improvements		(632,604)
Cash flows from financing activities:		
		<u>-</u>
Net decrease in cash		(648,683)
Cash at beginning of year		<u>2,597,574</u>
Cash at end of year		<u>\$1,948,891</u>