

**WINDSOR FIRE
PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
And
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

WINDSOR FIRE PROTECTION DISTRICT

June 30, 2016

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WINDSOR FIRE PROTECTION DISTRICT

June 30, 2016

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Windsor Fire Protection District
Windsor, California

Report on the Financial Statements

We have audited the accompanying financial statements of Windsor Fire Protection District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The financial statements of the District for the year ended June 30, 2015 were audited by another auditor whose report dated July 14, 2016 expressed an unqualified opinion on those 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. 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 Windsor Fire Protection District, as of June 30, 2016 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

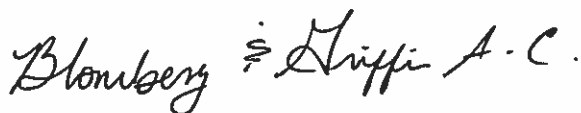
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on (pages 3 through 8), changes in fund balance (page 14), and Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions to the Pension Plan (page 32-33) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2017 on our consideration of the Windsor Fire Protection District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Windsor Fire Protection District internal control over financial reporting and compliance.



Blomberg & Griffin A.C.
Stockton, CA
January 10, 2017

WINDSOR FIRE PROTECTION DISTRICT
Management Discussion and Analysis
June 30, 2016

As management of the Windsor Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of the District exceeded their liabilities at the close of the most recent fiscal year by \$9,308,677 (net position). This amount includes \$11 in unrestricted net position.
- The District's net position decreased by 11.21% or \$1,175,636. This decrease is the result of prior period adjustment of GASB 68 (pension related expenses).
- As of the close of the current fiscal year, the District reported an ending fund balance of \$1,761,607, an increase of \$391,611, in comparison with the prior year.
- At the end of the fiscal year the total general fund expenditures were \$4,013,519.
- The District's long-term liabilities increased by \$1,526,269 due to reporting of GASB 68 pension related adjustment and note and compensated absences.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

WINDSOR FIRE PROTECTION DISTRICT
Management Discussion and Analysis
June 30, 2016

Overview of the Financial Statements (Continued)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

The government-wide financial statements can be found on pages 12-16 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include fire protection services in the district boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9-11 of this report.

WINDSOR FIRE PROTECTION DISTRICT
Management Discussion and Analysis
June 30, 2016

Overview of the Financial Statements (Continued)

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 17-31 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9,308,677 at the close of the most recent fiscal year.

The net position (ninety percent) category labeled "Net investment in Capital Assets" reflects the District's investment in capital assets (e.g., land, buildings and improvements, and equipment) less accumulated depreciation and outstanding debt used for the acquisition of these assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

	Net Position			
	June 30, 2016 and 2015			
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 1,992,573	\$ 1,492,691	\$ 499,882	25.09%
Capital Assets	<u>9,148,150</u>	<u>9,401,404</u>	<u>(253,254)</u>	<u>-2.77%</u>
Total Assets	<u>11,140,723</u>	<u>10,894,095</u>	<u>246,628</u>	<u>2.26%</u>
Long-Term Liabilities Outstanding	1,813,356	287,087	1,526,269	531.64%
Other liabilities	<u>18,690</u>	<u>122,695</u>	<u>(104,005)</u>	<u>-84.77%</u>
Total Liabilities	<u>1,832,046</u>	<u>409,782</u>	<u>1,422,264</u>	<u>347.08%</u>
Net Position				
Net Investment in Capital Assets	9,148,150	9,401,404	(253,254)	-2.69%
Restricted for Capital Assets	160,516	284,440	(123,924)	-43.57%
Unrestricted	<u>11</u>	<u>798,469</u>	<u>(798,458)</u>	<u>-100.00%</u>
Total Net Position	<u>\$ 9,308,677</u>	<u>\$ 10,484,313</u>	<u>\$ (1,175,636)</u>	<u>-11.21%</u>

The balance of the unrestricted net position \$11 may be used to meet the District's ongoing obligations to citizens and vendors.

WINDSOR FIRE PROTECTION DISTRICT
Management Discussion and Analysis
June 30, 2016

Government-Wide Financial Analysis

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position. The same held true for the prior fiscal year.

Governmental Activities: Governmental activities decreased the District's net position by \$30,274. This decrease is the result of expenses exceeding revenues during the fiscal year 2016.

	Change in Net Position			
	June 30, 2016 and 2015			
	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Program Revenues:				
Public Safety - Fire Protection	\$ 886,099	\$ 977,699	\$ (91,600)	-10.34%
General Revenues:				
Property Taxes	2,937,820	2,908,376	29,444	1.01%
Investment Income and Other	<u>1,239</u>	<u>8,832</u>	<u>(7,593)</u>	<u>-85.97%</u>
Total Revenues	<u>3,825,158</u>	<u>3,894,907</u>	<u>(69,749)</u>	<u>-1.79%</u>
Expenses:				
Program Expenses:				
Public Safety- Fire Protection	<u>4,308,069</u>	<u>4,998,862</u>	<u>(690,793)</u>	<u>-13.82%</u>
Total Expenses	<u>4,308,069</u>	<u>4,998,862</u>	<u>(690,793)</u>	<u>-13.82%</u>
Change in Net Position	(482,911)	(1,103,955)	621,044	-56.26%
Net Position - Beginning of the Year	10,484,313	3,974,539	6,509,774	163.79%
Prior Period Adjustment	<u>(692,725)</u>	<u>7,613,729</u>	<u>(8,306,454)</u>	<u>-109.10%</u>
Net Position - End of the Year	<u>\$ 9,308,677</u>	<u>\$ 10,484,313</u>	<u>\$ (1,175,636)</u>	<u>-11.21%</u>

WINDSOR FIRE PROTECTION DISTRICT
Management Discussion and Analysis
June 30, 2016

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an unassigned fund balance of \$1,761,607, an increase of \$391,611 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,601,091. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents thirty-nine percent of the total general fund expenditures which were \$4,013,519.

General Fund Budgetary Highlights

- Decrease in personnel cost
- Increase in property tax revenue
- Increase in intergovernmental revenue
- Decrease in charges for services
- Decrease in equipment purchases.

Capital Asset

Capital Assets: The District's investment in capital assets, as of June 30, 2016, amounts to \$9,148,150 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$253,254.

Additional information on the District's capital assets can be found on Note 1 on page 19-20 of this report.

WINDSOR FIRE PROTECTION DISTRICT
Management Discussion and Analysis
June 30, 2016

Financial Analysis of the Government's Funds (Continued)

Debt Administration

At the end of the fiscal year the District had total long-term obligations of \$320,630 in compensated absences. During the current fiscal year, the District's long-term debt increased by \$33,543. The District has short term obligation of \$18,690 in vouchers and salaries payable at the end of the fiscal year.

Request for Additional Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Windsor Fire Protection District, Post Office Box 530, Windsor, California, 95492-0530.

WINDSOR FIRE PROTECTION DISTRICT**STATEMENT OF NET POSITION**

JUNE 30, 2016

(With summarized comparative totals for June 30, 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and Investments	\$ 1,185,318	\$ 732,472
Cash with fiscal agent	277,688	446,374
Restricted Cash	160,516	284,440
Accounts Receivable, government agency	156,775	29,405
Total Current Assets	<u>1,780,297</u>	<u>1,492,691</u>
Capital Assets (Net of Accumulated Depreciation):		
Land	88,000	-
Building and Improvements	8,408,381	8,602,037
Equipment	651,769	799,367
Total Capital Asset	<u>9,148,150</u>	<u>9,401,404</u>
Deferred Outflows of Resources	212,276	-
Total Assets	<u>\$ 11,140,723</u>	<u>\$ 10,894,095</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 18,690	\$ 122,695
Total Current Liabilities	<u>18,690</u>	<u>122,695</u>
Non-Current Liabilities:		
Compensated Absences	320,630	287,087
Net Pension Liability (Note VI)	1,089,391	-
Deferred Inflows of Resources - Pension	403,335	-
Total Liabilities	<u>1,813,356</u>	<u>287,087</u>
Net Position		
Net Investment in Capital Assets	9,148,150	9,401,404
Mitigation	160,516	284,440
Unrestricted	11	798,469
Total Net Position	<u>9,308,677</u>	<u>10,484,313</u>
Total Liabilities and Net Position	<u>\$ 11,140,723</u>	<u>\$ 10,894,095</u>

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

WINDSOR FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With summarized comparative totals for June 30, 2015)

Program Expenses	<u>2016</u>	<u>2015</u>
Public Safety - Fire Prevention		
Salaries and Employee Benefits	\$ 3,274,106	\$ 3,434,593
Services and Supplies	467,371	532,254
Allocation to Central Fire Authority	313,338	351,591
Depreciation	<u>253,254</u>	<u>680,424</u>
Total Program Expenses	<u>4,308,069</u>	<u>4,998,862</u>
 Program Revenues		
Charges for Services		
Intergovernmental Revenue	269,823	121,890
Donations	19,937	10,084
Rent Revenue	23,284	22,606
Other charges for services	<u>573,055</u>	<u>823,120</u>
Total Program Revenues	<u>886,099</u>	<u>977,700</u>
Net Program Revenues (Expenses)	(3,421,970)	(4,021,162)
 General Revenues		
Property Taxes	2,937,820	2,908,376
Miscellaneous Revenues	<u>1,239</u>	<u>8,832</u>
Total General Revenues	<u>2,939,059</u>	<u>2,917,208</u>
Change in Net Position	(482,911)	(1,103,954)
Net Position, Beginning of Year	10,484,313	3,974,539
Prior Period Adjustment	<u>(692,725)</u>	<u>7,613,728</u>
Net Position, End of Year	<u>\$ 9,308,677</u>	<u>\$ 10,484,313</u>

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

WINDSOR FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOW
For the Fiscal Year Ended June 30, 2016
(With summarized comparative totals for June 30, 2015)

Cash Flows From Operating Activities	<u>2016</u>	<u>2015</u>
Cash received from government, grants, program revenue	\$ 3,696,547	\$ 3,927,836
Cash paid to vendors and employees	(4,125,276)	(4,231,616)
Investment income received	<u>1,239</u>	<u>8,832</u>
Net Cash Provided By (Used) - by operations	<u>(427,490)</u>	<u>(294,948)</u>
 Cash Flows From Non- Capital Financing Activities		
Purchase, disposal of equipment	<u>-</u>	<u>3,454</u>
Net Cash Provided by (Used) by investing activities	<u>-</u>	<u>3,454</u>
Net Increase (Decrease) In Cash	(427,490)	(291,494)
Cash and Investments - Beginning	1,463,286	1,754,780
Prior Period Adjustment	<u>590,148</u>	<u>-</u>
Cash and Investments - Ending	<u>\$ 1,625,944</u>	<u>\$ 1,463,286</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (482,911)	\$ (1,103,954)
 Adjustments to Reconcile Change in Net Asset to Cash from Operations:		
Depreciation and amortization	\$ 253,254	\$ 680,424
(Increase) decrease in:		
Accounts Receivable	(127,370)	41,760
(Increase) decrease in:		
Accounts Payable and Accrued Expenses	<u>(70,463)</u>	<u>86,822</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (427,490)</u>	<u>\$ (294,948)</u>

The accompanying notes are an integral part of these financial statements

WINDSOR FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2016
(With summarized comparative totals for June 30, 2015)

Assets	<u>2016</u>	<u>2015</u>
Cash and Investments	\$ 1,413,533	\$ 732,472
Cash with fiscal agent	49,473	446,374
Restricted Cash	160,516	284,440
Accounts Receivable	<u>156,775</u>	<u>29,405</u>
 Total Assets	 <u>\$ 1,780,297</u>	 <u>\$ 1,492,691</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accrued Expenses	<u>\$ 18,690</u>	<u>\$ 122,695</u>
 Total Liabilities	 <u>18,690</u>	 <u>122,695</u>
 Fund balance:		
Unreserved	131,651	1,085,556
Restricted for Capital Fund	<u>160,516</u>	<u>284,440</u>
Assigned for Capital Assignment	<u>284,440</u>	<u>-</u>
 Total Fund Balance	 <u>576,607</u>	 <u>1,369,996</u>
 Total Liabilities and Fund Balance	 <u>\$ 595,297</u>	 <u>\$ 1,492,691</u>

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

WINDSOR FIRE PROTECTION DISTRICT
RECONCILIATION OF THE FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016
(With Summarized comparative totals for June 30, 2015)

Reconciliation of Balance Sheet to Statement of Net Position	<u>2016</u>	<u>2015</u>
Fund balance - total government funds	\$ 1,761,607	\$ 1,791,881
Amount reported for governmental activities in the statement of net position is different because:		
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	9,148,150	9,401,404
Deferred pension charges not reported in funds balance sheet	212,276	-
Prior period adjustment for capital assets	-	(421,885)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	(320,630)	(287,087)
Deferred pension credits not reported in funds balance sheet	(403,335)	-
Net Pension liability not reported in funds balance sheet	<u>(1,089,391)</u>	<u>-</u>
Net Position of Governmental Activities	<u>\$ 9,308,677</u>	<u>\$ 10,484,313</u>

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

WINDSOR FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

(With Summarized comparative totals for June 30, 2015)

Revenues	<u>2016</u>	<u>2015</u>
Property Taxes	\$ 2,937,820	\$ 2,908,376
Investment Earnings	1,239	8,832
Intergovernmental revenue	269,821	121,890
Donations	19,937	10,084
Rent Revenue	23,284	22,606
Charges for service and miscellaneous	<u>573,055</u>	<u>836,168</u>
 Total Revenues	 <u>3,825,156</u>	 <u>3,907,956</u>
 Expenditures		
Current:		
Salaries and Employee Benefits	3,232,810	3,401,458
Services and Supplies	467,371	481,608
Allocation to Cental Fire Authority	313,338	351,591
Equipment	<u>-</u>	<u>50,646</u>
 Total Expenditures	 <u>4,013,519</u>	 <u>4,285,303</u>
 Net Change in Fund Balance	 (188,363)	 (377,347)
 Fund Balance, Beginning of Year	 1,791,881	 1,756,937
 Prior Period Adjustment	 <u>158,089</u>	 <u>412,291</u>
 Fund Balance, End of Year	 <u>\$ 1,761,607</u>	 <u>\$ 1,791,881</u>

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

WINDSOR FIRE PROTECTION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016
(With Summarized comparative totals for June 30, 2015)

Amounts reported for governmental activities in the statement of activities are different because:	<u>2016</u>	<u>2015</u>
Net change in fund - total governmental fund	(188,363)	(377,347)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current year depreciation	(253,254)	(680,424)
Current year disposals and additions	-	(13,048)
Pension expense adjustment for deferred items	(7,753)	-
Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		
	<u>(33,541)</u>	<u>(33,135)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (482,911)</u></u>	<u><u>\$ (1,103,954)</u></u>

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

WINDSOR FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET ACTUAL
GENERAL FUND (Includes JPA)
FOR THE YEAR ENDED JUNE 30, 2016

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Property Taxes	\$ 2,838,800	\$ 2,839,300	\$ 2,937,820	\$ 98,520
Investment Earnings	2,000	2,000	1,239	(761)
Intergovernmental revenue	9,200	59,200	269,821	210,621
Donations	1,000	1,000	19,937	18,937
Charges for service and miscellaneous	879,180	807,615	573,055	(234,560)
Rent Revenue	23,200	24,000	23,284	(716)
Total Revenues	3,753,380	3,733,115	3,825,156	92,041
Expenditures				
Current:				
Salaries and Employee Benefits	3,428,100	3,185,615	3,232,810	(47,195)
Services and Supplies	581,701	547,500	780,709	(233,209)
Capital Outlay	1,112,320	503,685	-	503,685
Total Expenditures	5,122,121	4,236,800	4,013,519	223,281
Excess (Deficiency of Revenues Over (Under) Expenditures	(1,368,741)	(503,685)	(188,363)	315,322
Fund Balance, Beginning of Year	3,974,539	3,730,664	3,948,784	(218,120)
Fund Balance, End of Year	\$ 2,605,798	\$ 3,226,979	\$ 3,760,421	\$ 533,442

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

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Windsor Fire Protection District (the District) is a California special district governed by a five-member board of directors. The accompanying financial statements present the governmental activities for which the District is considered to be financially accountable. Prior to 1986, the fire district was all-volunteer. In 1986, the voters of Windsor approved the formation of a special tax at the district, pursuant to Article XIII A Section 4 of the California Constitution, and Government Code Section 50077(c), and the Windsor Fire Protection District was created. The District serves taxpayers and residents in a specific unincorporated area of the County of Sonoma, the boundaries of which are set by resolution of the Board of Supervisors, and a portion of the incorporated area of the Town of Windsor.

In August 2011, the District entered into a Joint Powers Agreement with Rincon Valley Fire Protection District (a California special district) for the purpose of sharing management resources. The two Districts, as Central Fire Authority of Sonoma County, serve Rincon Valley and Windsor fire districts.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WINDSOR FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE I SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Taxes, interest, and charges for services are considered to be available when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are considered to be available when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claim judgments are recorded only when payment is due.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, and Net Position or Fund Balance

1. Cash and Investments

The District reports certain investments at fair value on the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

2. Receivables and Payables

a. Flat Charges Receivable

Flat charges collected are apportioned to the District to supplement property taxes collected for operating costs. Not all of the assessments are collected as of June 30, 2016; therefore, the remainder of the uncollected assessments is considered flat charges receivable.

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE I SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

2. Receivables and Payables (Continued)

b. Property Taxes

The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10, and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year.

Included within the property tax revenue is \$1,816,697 in Benefit Assessments collected. Benefit Assessments are types of flat charges applied to each parcel of property within the District for a specific dollar amount and for a specific purpose.

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

3. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

WINDSOR FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Asset (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Buildings and improvements and equipment of the District are depreciated using the straight - line method over the following estimated useful lives:

Assets	Years
Building and Improvements	10-30
Equipment	10-20

4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Only ten percent of unused sick leave for administrative personnel and thirty percent for safety personnel is included in the accrual calculation. All vacation pay is accrued when incurred in the government-wide financial statements. A liability of these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and for retirement.

5. Net Position

Net position are classified into three components – invested in capital assets and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, net accumulated depreciation and net of related debt if any.
- Unrestricted net position — This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”
- Restricted for capital fund – This component of net position consists of restricted funds that can only be spent for specific capital related purposes stipulated by external funder.

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE II STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's budgetary information was amended during the year.

NOTE III DETAILED NOTES

Cash and Investments

The District follows the County's practice of pooling cash and investments with the County Treasurer, except for a petty cash fund payroll fund deposited with a federally insured account at Exchange Bank and operating account at Summit State Bank.

Restricted cash	\$	160,516
Cash in Exchange Bank		49,473
Cash in Summit State Bank		1,413,533
Petty Cash		-
Total	\$	<u>1,623,522</u>

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE III DETAILED NOTES (Continued)

Investment in the Sonoma County Treasurer's Investment Pool

As authorized by Health and Safety Code 13854 (a) the District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an allocated quarterly basis to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room I00-F, Santa Rosa, California, 95403-2871.

Interest Rate Risk

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

As June 30, 2016, the weighted average days maturity is 1176 days.

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE III DETAILED NOTES (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2016 Sonoma County CAFR.

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE III DETAILED NOTES (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, not Being Depreciated:				
Land	\$ 88,000	\$ -	\$ -	\$ 88,000
Capital assets, being depreciated:				
Buildings and improvements	15,552,314	-	-	15,552,314
Equipment	3,241,608	-	-	3,241,608
Total Capital Assets, Being Depreciated	<u>18,793,922</u>	<u>-</u>	<u>-</u>	<u>18,793,922</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(7,038,277)	(105,656)	-	(7,143,933)
Equipment	(2,442,241)	(147,598)	-	(2,589,839)
Total Accumulated Depreciation	<u>(9,480,518)</u>	<u>(253,254)</u>	<u>-</u>	<u>(9,733,772)</u>
Total Capital Assets, Being Depreciation, Net	<u>9,313,404</u>	<u>(253,254)</u>	<u>-</u>	<u>9,060,150</u>
Capital Assets, Net	<u>\$ 9,401,404</u>	<u>\$ (253,254)</u>	<u>\$ -</u>	<u>\$ 9,148,150</u>

Depreciation expense is charged to functions/programs of the Windsor Fire Protection District government as follows:

Governmental activities:	
Public safety - fire protection	\$253,254

C. Long-term Debt

Changes in long-term debt

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-Term Liabilities:					
Compensated absences	\$ 287,087	\$ 33,543	\$ -	\$ 320,630	\$ -
Total long-term liabilities	<u>\$ 287,087</u>	<u>\$ 33,543</u>	<u>\$ -</u>	<u>\$ 320,630</u>	<u>\$ -</u>

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE IV RISK MANAGEMENT

The District receives automobile and general liability coverage from FAIRA. The District is also a member of the Fire Districts Association of California-Fire Association Self Insurance System (FDAC-FASIS) through which it receives workers' compensation coverage.

As a member of a public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and the system, implementing all policies of the system, promptly paying all contributions, and cooperating with the system and any insurer of the system. The system is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of the system.

NOTE V CENTRAL FIRE AUTHORITY

The Central Fire Authority of Sonoma County is a Joint Powers Agreement between Rincon Valley and Winsor Fire Protection District. Both Fire Districts are independent special districts governed by an elected board of directors. Both Districts provide fire and emergency services within their respective District boundaries and to surrounding areas as contracted. The Districts lies approximately 60 miles to the north of the city of San Francisco and adjacent to the city of Santa Rosa

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN

Employee Retirement Plan

During fiscal year 2005/2006 the District enrolled in the California Public Employees Retirement System (PERS) cost-sharing multiple-employer Defined Benefit Pension Plan. In cost-sharing multiple-employer plans the benefit obligations are pooled. A single actuarial valuation is performed covering all participants, all employers contribute at the same rate, and all plan assets are available to pay plan benefits pertaining to the employee and retirees of any employer.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN (Continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay. The employer's contribution rate is 10.298 percent for miscellaneous plan and 16.523 percent for safety plan of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

WINDSOR FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (continued)

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the fiscal year 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. 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 results 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

WINDSOR FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2016

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN (Continued)

rate has resulted in a slightly higher total pension liability and net pension liability. The difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

Actuarial Assumptions and Methods

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology. The long-term expected rate of return on pension plan investment 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds asset classes, expected compound (geometric) 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, 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 the nearest one quarter of one percent.

The table below reflects 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 geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	20.0	1	2.43
Inflation Sensitive	6.0	0.5	3.4
Private Equity	10.0	6.8	7.0
Real Estate	12.0	4.5	5.1
Liquidity	1.0	(0.60)	(1.10)

WINDSOR FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN (Continued)

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at : 6/30/2014 (MD)	\$ 6,037,905	\$ 6,689,226	\$ (651,321)
Balance at : 6/30/2015 (MD)	\$ 4,923,901	\$ 5,599,835	\$ (675,934)
Net Changes during 2014-15	\$ 1,114,004	\$ 1,089,391	\$ 24,613

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 2,006,052	\$ 1,089,391	\$ 337,330

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

WINDSOR FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN (Continued)

Pension Expense, Deferred Outflows and Deferred Inflows

For the fiscal year ended June 30, 2016 and 2015 pension expense recognized is as follows:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>	<u>Total</u>
Service Cost	\$ 121,867	\$ 13,296	\$ 135,163
Cost of Plan Changes	-	19	19
Interest Cost	442,897	38,771	481,668
Projected Earnings on Assets	(389,117)	(32,629)	(421,746)
Employee Contributions	(47,998)	(6,192)	(54,190)
Net Plan to Plan Resource Movement	227	(2,630)	(2,403)
Administrative Expense	5,798	491	6,289
Pension Expense Before Recognition of Deferred Outflows & Inflows of Resources	<u>133,674</u>	<u>11,126</u>	<u>144,800</u>
Assumption Changes	(63,010)	(5,291)	(68,301)
Plan Experience	(13,700)	559	(13,141)
Investment Experience	(66,393)	(5,640)	(72,033)
Changes in Proportions	(1,033)	4,860	3,827
Difference between actual contributions and proportionate share of contributions	<u>30,518</u>	<u>2,498</u>	<u>33,016</u>
Recognition of Deferred Outflows & Inflows	<u>(113,618)</u>	<u>(3,014)</u>	<u>(116,632)</u>
Pension Expense	<u>\$ 20,056</u>	<u>\$ 8,112</u>	<u>\$ 28,168</u>

Of the amounts reported as deferred outflows or resources, the amount resulting from contributions made to the trust subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows and inflows of resources will be recognized in future periods as shown below.

	<u>Deferred Inflows of Resources 2016</u>	<u>Deferred Inflows of Resources 2015</u>
Changes of Assumptions	\$ -	\$ 191,244
Difference Between Expected and Actual Experience	1,566	38,359
Net Difference Between Projected and Actual Earnings on Investments	-	96,842
Adjustment Due to Difference in Proportions	118,267	69,137
Adjustment Due to Differences Between Actual and Proportionate Share of Contributions	92,443	-
Contributions Made Subsequent to the Measurement Date	<u>249,045</u>	<u>-</u>
Total	<u>\$ 461,321</u>	<u>\$ 395,582</u>

WINDSOR FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE VI DISTRICT EMPLOYEE RETIREMENT PLAN (Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (108,949)
2018	\$ (76,982)
2019	\$ 119,257
2020	\$ -
Thereafter	\$ -

In accordance with GASB 68, a prior period adjustment was reported to record the pension related adjustments.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included I fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Prior Period Adjustment

The District recorded a prior period adjustment related to GASB 68. The GASB 68 related disclosure is discussed in details in the Note VI.

NOTE VII SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 26, 2017, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2016 that would have a material impact on the District's results of operations of financial positions.

NOTE VIII OTHER NOTES

The District has omitted Other Post-Employment Benefits (OPEB) related note disclosure, which is not material to the financial statement.

WINDSOR FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION- SAFETY PLAN
JUNE 30, 2016

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.02394%	0.01656%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 986,251	\$ 1,030,525
Plan's Covered-Employee Payroll	\$ 1,310,509	\$ 1,262,276
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	75.26%	81.64%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.96%	81.42%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ -	\$ 127,839

Schedule of Plan Contributions

	<u>Fiscal Year 2014-15</u>	<u>Fiscal Year 2013-14</u>
Actuarially Determined Contribution	\$ 291,590	\$ 273,864
Contributions in Relation to the Actuarially Determined Contribution	<u>(291,590)</u>	<u>(273,864)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,310,509	\$ 1,262,276
Contributions as a Percentage of Covered-Employee Payroll	22.25%	21.70%

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, 2014 as they have minimal cost impact.

Change in Assumptions: None

WINDSOR FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION- MISCELLANEOUS PLAN
JUNE 30, 2016

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00376%	0.01340%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 103,140	\$ 83,479
Plan's Covered-Employee Payroll	\$ 150,943	\$ 143,919
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	68.33%	58.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.93%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ -	\$ 11,044

Schedule of Plan Contributions

	<u>Fiscal Year 2014-15</u>	<u>Fiscal Year 2013-14</u>
Actuarially Determined Contribution	\$ 24,635	\$ 21,996
Contributions in Relation to the Actuarially Determined Contribution	<u>(24,635)</u>	<u>(21,996)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 150,943	\$ 143,919
Contributions as a Percentage of Covered-Employee Payroll	16.32%	15.28%

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, 2014 as they have minimal cost impact.

Change in Assumptions: None

WINDSOR FIRE PROTECTION DISTRICT
Note to the Required Supplementary Information
June 30, 2016

Budget and Budgetary Accounting

Formal budgetary accounting is employed by the District as a management control for the General Fund. The governing board adopts an annual budget each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is exercised at the fund level. All amendments to the budget are reflected in the financial statements and require the approval of the government board. All unencumbered annual appropriations lapse at the end of each fiscal year; there are no encumbrances outstanding at year-end.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

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

Board of Directors
Windsor Fire Protection Services District
Windsor, CA

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Windsor Fire Protection Services District as of and for the year ended June 30, 2016, which collectively comprise Windsor Fire Protection Services District basic financial statements and have issued our report thereon dated January 10, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Internal Control over Financial Reporting (Continued)

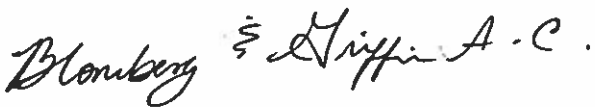
A significant deficiency is a deficiency or combination of control deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

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



Blomberg & Griffin A.C.
Stockton, CA
January 10, 2017

WINDSOR FIRE PROTECTION DISTRICT
Roster of Board Members

As of January 1, 2017, the District Board consisted of the following members:

<u>Directors:</u>	<u>Office</u>	<u>Term Expires</u>
Steve Kick	President	November, 2018
John Nelson		November, 2020
Steve Plamann		November, 2018
Ross Albertson		November, 2020
Frank Treanor		November, 2020

Clerk of the Board:

Jack Paccinini	Fire Chief (Central Fire Authority of Sonoma County)	Continuous
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Regular Meetings:

The regular meeting of the Board of Directors is held at 5:30 P.M. on the third Tuesday of each month at the Windsor Fire Station, located on 8200 Old Redwood Hwy, Windsor, California (707) 838-1170.