

FIVE CITIES FIRE AUTHORITY



Jeff Lee, Chair
Karen White, Vice Chair
Keith Storton, Board Member

Stephen C. Lieberman, Executive Officer
Tricia Meyers, Clerk to the Board
David P. Hale, General Counsel

AGENDA BOARD MEETING FRIDAY, MARCH 18, 2022–9:00 A.M. City of Grover Beach Council Chambers 154 South Eighth Street, Grover Beach, CA

CALL TO ORDER

FLAG SALUTE

ROLL CALL

AGENDA REVIEW:

At this time the Board will review the order of business to be conducted and receive requests for, or make announcements regarding any change(s) in the order of the day. The Board should, by motion, approve the agenda as presented or as revised.

COMMUNITY COMMENTS AND SUGGESTIONS:

This public comment period is an invitation to members of the community to present issues, thoughts, or suggestions on matters not scheduled on this agenda. Comments should be limited to those matters that are within the jurisdiction of the Board. The Brown Act restricts the Board from taking formal action on matters not published on the agenda. In response to your comments, the Chair or Vice Chair may:

- Direct Authority staff to assist or coordinate with you.
- A Board Member may state a desire to meet with you.
- It may be the desire of the Board to place your issue or matter on a future Board agenda.

CONSENT AGENDA:

The following routine items listed below are scheduled for consideration as a group. The recommendations for each item are noted. Any member of the public who wishes to comment on any Consent Agenda item may do so at this time. Any Board Member, the Fire Chief or General Counsel may request that any item be pulled from the Consent Agenda to permit discussion or change the recommended course of action. The Board may approve the remainder of the Consent Agenda on one motion.

BOARD MEETING AGENDA – MARCH 18, 2022
PAGE 2

1. **Consideration of Approval of Minutes**(MEYERS)
Recommended Action: Approve the minutes of the Board Meeting of February 18, 2022.
2. **Consideration of Cash Disbursement Activity**(LIEBERMAN)
Recommended Action: Receive and file the listing of cash disbursements for the period of February 1 to February 28, 2022.

CONTINUED BUSINESS:

None.

NEW BUSINESS:

- a. **Consideration of Audited Financial Reports for the Fiscal Year Ended June 30, 2021**
(VALENTINE/LIEBERMAN)
Recommended Action: Receive and file the annual audit report.
- b. **Consideration to Declare a 2006 Sports Utility Vehicle as Surplus**(LIEBERMAN)
Recommended Action: Approve a Resolution declaring a 2006 Ford Expedition as surplus and direct the Fire Chief to facilitate the sale of the vehicle.

BOARD MEMBER ITEMS:

The following item(s) are placed on the agenda by a Board Member who would like to receive feedback, obtain consensus to direct staff to prepare information, and/or request a formal agenda report be prepared and the item placed on a future agenda. No formal action can be taken.

None.

FIRE CHIEF ITEMS:

The following item(s) are placed on the agenda by the Fire Chief in order to receive comments, feedback and/or request direction from the Board. No formal action can be taken.

- a. Fire Chief Updates

GENERAL COUNSEL ITEMS:

The following item(s) are placed on the agenda by the General Counsel in order to receive comments, feedback and/or request direction from the Board. No formal action can be taken.

None.

BOARD COMMUNICATIONS:

Correspondence/Comments as presented by the Board.

CLOSED SESSION:

None.

ADJOURNMENT

All staff reports or other written documentation, including any supplemental material distributed to a majority of the Board within 72 hours of a regular meeting, relating to each item of business on the agenda are available for public inspection during regular business hours in the Clerk to the Board's office, 140 Traffic Way, Arroyo Grande. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by the Americans with Disabilities Act. To make a request for disability-related modification or accommodation, contact the Clerk to the Board's office at 805-473-5490 as soon as possible and at least 48 hours prior to the meeting date.

Any documentation or materials to be submitted by the General Public for consideration by the Board shall be submitted to the Clerk to the Board by email at tmeyers@fivecitiesfire.org, no later than 24 hours prior to the above scheduled time for the Five Cities Fire Authority Board meeting. Failure to submit documents or any materials at least 24 hours prior to the scheduled time for the Board meeting shall be grounds for the Board to reject consideration or review of those items unless otherwise required by state or local laws.

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Agenda reports can be accessed and downloaded from the Five Cities Fire Authority Website at www.fivecitiesfireauthority.org.

MINUTES

**FIVE CITIES FIRE AUTHORITY
BOARD MEETING
FRIDAY, FEBRUARY 18, 2022**

Given the public health conditions and consistent with Assembly Bill No. 361, which allows for a deviation of teleconference rules required by the Ralph M. Brown Act, Board meetings will be held by teleconference only until further notice.

CALL TO ORDER:

Chair Lee called the Five Cities Fire Authority (FCFA) Board meeting to order at 09:00 a.m.

FLAG SALUTE:

Board Member Storton led the Flag Salute.

ROLL CALL:

FCFA Board: Chair Jeff Lee, Vice Chair Karen White and Board Member Keith Storton.

FCFA Staff Present: Fire Chief Stephen Lieberman, General Counsel Dave Hale and Clerk to the Board Tricia Meyers.

MOMENT OF SILENCE FOR FORMER OCEANO VOLUNTEER FIREFIGHTER ALBERT DEPEW, JR.

AGENDA REVIEW:

Action: Board Member Storton moved, Vice Chair White seconded, and the motion passed unanimously to approve the Five Cities Fire Authority's Agenda by a voice vote.

AYES: Storton, White, Lee
NOES: None
ABSENT: None
ABSTAIN: None

COMMUNITY COMMENTS AND SUGGESTIONS:

None.

CONSENT AGENDA:

Chair Lee requested a correction to the order of Board Member names who took action for the minutes.

Action: Board Member Storton moved, and Vice Chair White seconded the motion to approve the Consent Agenda, with amended minutes. No public comment was received. The motion passed on the following roll call vote:

AYES: Storton, White, Lee
NOES: None
ABSENT: None
ABSTAIN: None

1. Consideration of Approval of Minutes.

Action: Approved amended minutes of the Board Meeting on January 21, 2022.

2. Consideration of Cash Disbursement Activity.

Action: Received and filed the listing of cash disbursements for the period of January 1, 2022 through January 31, 2022.

PUBLIC HEARINGS:

None.

CONTINUED BUSINESS:

None.

NEW BUSINESS:

- a. **Consideration of a Mid-Year Budget Review for Fiscal Year 2021-2022.** Treasurer Valentine presented a detailed staff report for the mid-year budget, which reflected additional revenues received from strike team reimbursements, CAL OES for COVID 19 supplies, and donations for training equipment. It is requested that a portion of this revenue be assigned to future vehicle replacement. Chief Lieberman reported that vehicle maintenance is still a vulnerability for the Authority. No public comment was received.

Action: Board Member Storton moved, and Vice Chair White seconded the motion to approve the Mid-Year Budget for Fiscal Year 2021-2022.

AYES: Storton, White, Lee
NOES: None
ABSENT: None
ABSTAIN: None

- b. **Consideration of Memorandum of Understanding with California Highway Patrol for use of Five Cities Fire Authority Personnel with Helicopter Rescue Technician Qualifications.** Chief Lieberman presented a staff report proposing Five Cities Fire Authority(FCFA) sign a Memorandum of Agreement to allow FCFA staff to participate on the county's technical rescue team, including receiving specialized training as a Helicopter Rescue Technician. Operationally, the average duration of an incident typically lasts no more than a few hours. No public comment was received.

Action: Vice Chair White moved, and Board Member Storton seconded the motion to direct the Fire Chief to execute a Memorandum of Understanding(MOU) with the California Highway Patrol.

AYES: White, Storton, Lee
NOES: None
ABSENT: None
ABSTAIN: None

- c. **Consideration of Adoption of the Resolution for Acceptance of Grant Award from the State of California Off Highway Vehicle Fund.** Chief Lieberman presented a staff report that detailed a request made to the County of San Luis Obispo for grant funding in the amount of \$700.00. The funding will be used for needed equipment on existing Utility Task Vehicles. No public comment was received.

Action: Board Member Storton moved, and Vice Chair White seconded the motion to adopt a resolution accepting a grant award in the amount of \$700.00 for needed UTV equipment.

AYES: Storton, White, Lee
NOES: None
ABSENT: None
ABSTAIN: None

BOARD MEMBER ITEMS:

None.

FIRE CHIEF ITEMS:

- a. FCFA staff will participate in a working group in March to update the strategic plan document. The focus will be to establish obtainable goals within the next five years.
- b. Chief will be attending the Arroyo Grande city council meeting next week to participate in a discussion on fireworks, which has been placed on their agenda.
- c. Local 4403 has requested to open MOU negotiations.
- d. Chief Lieberman met with the managers working group. An actuarial was also in attendance to provide data on the analysis of PERS liability for FCFA.
- e. Next year's budget preparation has started and dispatch costs have increased for the next fiscal year.
- f. Chief Lieberman informed the Board that the FCFA ladder truck is reaching the end of its useful life. It is currently out of service and waiting for parts. The build time for a new ladder truck is 24 months.
- g. Three FCFA employees have been selected to attend the Emergency Management Institute(EMI) training in Maryland. Most of the travel costs are covered by a FEMA grant.

GENERAL COUNSEL ITEMS:

None.

BOARD COMMUNICATIONS:

Board Member Storton reported that the City of Arroyo Grande placed fireworks on the agenda to get feedback from the community.

CLOSED SESSION:

The Board adjourned to Closed Session at 9:42 a.m. concerning the following item:

- a. Public Employee Performance Evaluation,
Pursuant to Gov. Code Section 54957, subsection (b)
Position: Fire Chief/Executive Officer

- b. Public Employee Performance Evaluation,
Pursuant to Gov. Code Section 54957, subsection (b)
Position: General Counsel

RECONVENED TO OPEN SESSION:

General Counsel Hale called the meeting back to order at 10:18 a.m. with no reportable action.

ADJOURNMENT:

Chair Lee adjourned the meeting at 10:18 a.m.

JEFF LEE, CHAIR

ATTEST:

TRICIA MEYERS, CLERK TO THE BOARD



STAFF REPORT

TO: Chair and Board Members **MEETING DATE:** March 18, 2022

FROM: Stephen C. Lieberman, Fire Chief
Nicole Valentine, Treasurer

SUBJECT: Consideration of Cash Disbursement Ratification

RECOMMENDATION

It is recommended that the Five Cities Fire Authority (FCFA) Board of Directors review, receive and accept the attached listing of cash disbursements for the period February 1 through February 28, 2022.

BACKGROUND

The FCFA JPA agreement identifies the City of Arroyo Grande as the agency providing financial services to the fire department. The City processes payroll and accounts payable on behalf of the FCFA. Historically, the City has processed FCFA payroll on City checks (using a City bank account). The City recovers 100% of these payroll costs along with related staff time. FCFA staff is working with the City to determine if payroll can be processed utilizing FCFA checks/bank account.

Cash disbursements are made weekly based on the submission of all required documentation and supporting invoices for costs incurred/services rendered. The Fire Chief reviews all disbursement documents before they are submitted to the City for processing.

FISCAL IMPACT

There is a \$1,352,848.07 fiscal impact that includes the following items:

- Accounts Payable Checks \$ 994,869.65
- Payroll and Benefit Checks 357,978.42

ALTERNATIVES

The following alternatives are provided for the Board's consideration:

1. Approve the staff recommendation
2. Do not approve the staff recommendation
3. Provide other direction.

ATTACHMENTS

February 1 through February 28, 2022 Accounts Payable Register
February 1 through February 28, 2022 Payroll and Check Register

PREPARED BY

Stephen C. Lieberman, Fire Chief

FIVE CITIES FIRE AUTHORITY
CHECK LISTING

FEBRUARY 1 - 28, 2022

Line	Check Date	Check #	GL Amount	Description	Acct #	Vendor Last Name
1	02/04/2022	8145	\$ 736.92	BAN#9391033185 PHONE LINES	290.4211.5403	AT&T
2	02/04/2022	8145	173.92	BAN#9391033179 CIRCUIT CHRGS	290.4211.5403	AT&T
3	02/04/2022	8145	173.92	BAN#9391033178 CIRCUIT CHRGS	290.4211.5403	AT&T
4	02/04/2022	8146	3,655.00	ANNUAL SCBA FLOW TESTING	290.4211.5303	BAUER COMPRESSORS, INC
5	02/04/2022	8147	53.34	BUSINESS CARDS-MEYERS	290.4211.5306	BOONE PRINTING & GRAPHICS INC
6	02/04/2022	8148	131.76	RAD HOSE, CLAMP	290.4211.5601	CARQUEST AUTO PARTS
7	02/04/2022	8149	93.72	ACCT#824510101016287 TV STN 3	290.4211.5401	CHARTER COMMUNICATIONS
8	02/04/2022	8149	118.58	ACCT#8245101000202519 TV STN 2	290.4211.5401	CHARTER COMMUNICATIONS
9	02/04/2022	8150	900.00	01/22-03/22 EMS CE COORDINATOR	290.4211.5303	KATHRYN COLLINS
10	02/04/2022	8151	1,443.00	01/22 PROF LEGAL SVCS	290.4211.5303	DANER LAW FIRM APLC
11	02/04/2022	8152	265.50	(10) DUTY T-SHIRTS SIZE SMALL	290.4211.5276	FIVE CITIES PROF. FIREFIGHTERS
12	02/04/2022	8153	3,852.50	01/22 PROF LEGAL SVCS	290.4211.5303	DAVID P. HALE
13	02/04/2022	8154	14.84	SHIPPING ON ZOLL BATTERY	290.4211.5206	MASTER MEDICAL EQUIPMENT
14	02/04/2022	8154	14.09	SHIPPING ON (3) POWER CORDS	290.4211.5206	MASTER MEDICAL EQUIPMENT
15	02/04/2022	8155	126.00	EMT RECERT-SALCE & RAWSON	290.4211.5501	SLO COUNTY EMS AGENCY
16	02/04/2022	8156	32.01	TRIM TOOL SET	290.4211.5273	SNAP-ON INDUSTRIAL
17	02/04/2022	8156	71.13	5 PC DOOR & TRIM PANEL SET	290.4211.5601	SNAP-ON INDUSTRIAL
18	02/04/2022	8157	1,097.07	GAS SERVICES STN 1 12/28-01/27	290.4211.5401	SOCALGAS
19	02/04/2022	8158	81.57	BULK TANK & CO2	290.4211.5303	TOGNAZZINI BEVERAGE SERVICE
20	02/04/2022	8158	177.79	ICE MACHINE RENTAL	290.4211.5303	TOGNAZZINI BEVERAGE SERVICE

FIVE CITIES FIRE AUTHORITY
CHECK LISTING

21	02/04/2022	8159	576.34	ACCT#670954297-00001 PHONE LINE	290.4211.5403	VERIZON WIRELESS
22	02/15/2022	8160	528.57	(13) OXYGEN CYLINDERS	290.4211.5303	AIRGAS USA, LLC
23	02/15/2022	8161	266.11	SHOP SUPPLIES-RENTAL MOPS, MATS	290.4211.5303	ARAMARK UNIFORM SERVICES
24	02/15/2022	8162	381,972.97	11/21 REIMBURSE FCFA EXPENSES	290.0000.2002	CITY OF ARROYO GRANDE
25	02/15/2022	8162	509,528.88	12/21 REIMBURSE FCFA EXPENSES	290.0000.2002	CITY OF ARROYO GRANDE
26	02/15/2022	8163	40.00	PEST CONTROL -STN 3	290.4211.5605	AUTHORIZED PEST CONTROL
27	02/15/2022	8163	40.00	PEST CONTROL -STN 2	290.4211.5605	AUTHORIZED PEST CONTROL
28	02/15/2022	8164	14.23	AMAZON-SMALL TOOLS	290.4211.5273	BANK OF AMERICA
29	02/15/2022	8164	155.50	MASTERTECH AUTO-ADJ PKG BRAKE	290.4211.5601	BANK OF AMERICA
30	02/15/2022	8164	307.67	AG CHEVY-REPAIR TAHOE	290.4211.5601	BANK OF AMERICA
31	02/15/2022	8164	665.94	HELLWIG-REAR STABILIZATION BAR	290.4211.5601	BANK OF AMERICA
32	02/15/2022	8164	7.52	POWERWERX-BATTERY TIMER	290.4211.5601	BANK OF AMERICA
33	02/15/2022	8164	191.74	AMAZON-CABLE TESTER KIT	290.4211.5601	BANK OF AMERICA
34	02/15/2022	8164	42.55	TRAVEL MEAL	290.4211.5512	BANK OF AMERICA
35	02/15/2022	8164	24.77	AMAZON-USB CABLE	290.4211.5702	BANK OF AMERICA
36	02/15/2022	8164	67.84	OTTERBOX IPAD CASE	290.4211.5702	BANK OF AMERICA
37	02/15/2022	8164	461.08	AMAZON-WIFI PROJECT	290.4211.5702	BANK OF AMERICA
38	02/15/2022	8164	21.26	UPS SHIPPING CHRGS	290.4211.5208	BANK OF AMERICA
39	02/15/2022	8164	684.23	REDBACK-SAFETY BOOTS	290.4211.5272	BANK OF AMERICA

FEBRUARY 1 - 28, 2022

Line	Check Date	Check #	GL Amount	Description	Acct #	Vendor Last Name
40	02/15/2022	8164	\$ 90.28	AMAZON-REHAB SUPPLIES	290.4211.5255	BANK OF AMERICA
41	02/15/2022	8164	26.93	BRAND CREATIVE- STICKERS FOR FOX GEAR	290.4211.5255	BANK OF AMERICA

FIVE CITIES FIRE AUTHORITY
CHECK LISTING

42	02/15/2022	8164	83.88	AMAZON-RESCUE GEAR	290.4211.5255	BANK OF AMERICA
43	02/15/2022	8164	28.67	AMAZON-CLEANING SUPPLIES	290.4211.5604	BANK OF AMERICA
44	02/15/2022	8164	566.66	COSTCO-FOLDING TABLES	290.4211.5508	BANK OF AMERICA
45	02/15/2022	8164	62.03	FUEL- 6620	290.4211.5608	BANK OF AMERICA
46	02/15/2022	8164	24.15	FUEL	290.4211.5608	BANK OF AMERICA
47	02/15/2022	8164	112.88	AMAZON-WIRING FOR NEW TRUCK	290.4211.6301	BANK OF AMERICA
48	02/15/2022	8164	145.39	AMAZON-SD CARD READER & CARDS	290.4211.5201	BANK OF AMERICA
49	02/15/2022	8164	366.49	OFFICE DEPOT, OFFICE MAX-OFFICE SUPPLIES	290.4211.5201	BANK OF AMERICA
50	02/15/2022	8164	35.00	CALL IN STUDIO	290.4211.5403	BANK OF AMERICA
51	02/15/2022	8164	45.52	SECURE CONFERENCE	290.4211.5403	BANK OF AMERICA
52	02/15/2022	8164	14.99	ZOOM CONF CALL	290.4211.5403	BANK OF AMERICA
53	02/15/2022	8164	0.99	APPLE-CHIEFS IPHONE STORAGE	290.4211.5607	BANK OF AMERICA
54	02/15/2022	8165	298.62	BATTERY -UTILITY-6632	290.4211.5601	CARQUEST AUTO PARTS
55	02/15/2022	8166	204.98	ACCT#8245100960252290 STN 1 INTERNET	290.4211.5401	CHARTER COMMUNICATIONS
56	02/15/2022	8167	243.24	UTILITIES-WATER STN 2	290.4211.5401	CITY OF GROVER BEACH
57	02/15/2022	8168	66,366.40	CUST#334363 PIERCE ENGINE PAYMENT	290.4211.5803	J.P. MORGAN EQUIPMENT FINANCE
58	02/15/2022	8169	1,947.78	FUEL	290.4211.5608	JB DEWAR, INC
59	02/15/2022	8170	19.34	SNAP K RING	290.4211.5273	MINER'S ACE HARDWARE, INC
60	02/15/2022	8170	15.07	1 GALL SPRAYER-COVID SUPPLIES	290.4211.5206	MINER'S ACE HARDWARE, INC
61	02/15/2022	8170	52.78	WINDOW CLEANING SUPPLIES	290.4211.5604	MINER'S ACE HARDWARE, INC
62	02/15/2022	8170	12.71	SPEAKER WIRE-COMMUNICATIONS	290.4211.5606	MINER'S ACE HARDWARE, INC
63	02/15/2022	8171	2,852.88	TIRES E-6691	290.4211.5601	SANTA MARIA TIRE, INC
64	02/15/2022	8172	193.31	STERISAFE COMPLIANCE, HAZARDOUS WASTE	290.4211.5303	STERICYCLE INC.
65	02/15/2022	8173	108.92	03/22 SCHEDULING SOFTWARE USER	290.4211.5607	TARGETSOLUTIONS LEARNING, LLC
66	02/23/2022	8174	5,049.00	22/23 ANNUAL SOFTWARE MAINT & SUPPORT	290.4211.5607	ADASHI SYSTEMS LLC
67	02/23/2022	8175	163.24	ARGON/OXYGEN CYLINDER RENTAL	290.4211.5303	AIRGAS USA, LLC
68	02/23/2022	8176	33.78	CIRCUIT LINE TO AGPD	290.4211.5403	AT & T
69	02/23/2022	8177	428.31	EMS SUPPLIES-ZOLL BATTERIES	290.4211.5206	BOUND TREE MEDICAL, LLC
70	02/23/2022	8177	916.24	EMS SUPPLIES	290.4211.5206	BOUND TREE MEDICAL, LLC
71	02/23/2022	8178	204.98	ACCT#82451010138133 INTERNET	290.4211.5401	CHARTER COMMUNICATIONS
72	02/23/2022	8178	204.98	ACCT#8245101000239800 INTERNET	290.4211.5401	CHARTER COMMUNICATIONS
73	02/23/2022	8179	75.04	KENWOOD CONTROL CABLE	290.4211.5606	COAST ELECTRONICS

FIVE CITIES FIRE AUTHORITY
CHECK LISTING

74	02/23/2022	8180	448.15	STIHL CHAINSAW PARTS-BAR, RAPID MICRO CHAIN	290.4211.5273	GARVEY EQUIPMENT COMPANY
75	02/23/2022	8181	347.55	CLEANING SUPPLIES	290.4211.5604	PROCARE JANITORIAL SUPPLY
76	02/25/2022	8182	329.94	(6) BIB STYLE FIRE HOODS	290.4211.5272	ALLSTAR FIRE EQUIPMENT, INC
77	02/25/2022	8183	266.11	SHOP SUPPLIES-RENTAL MATS, MOP	290.4211.5303	ARAMARK UNIFORM SERVICES
78	02/25/2022	8184	326.05	IPAD WIRELESS CHRGS 1/12-2/11	290.4211.5403	AT&T MOBILITY

FEBRUARY 1 - 28, 2022

Line	Check Date	Check #	GL Amount	Description	Acct #	Vendor Last Name
79	02/25/2022	8185	\$ 211.41	ACCT#8245100960102339 TV STN 1	290.4211.5401	CHARTER COMMUNICATIONS
80	02/25/2022	8186	99.86	SHIPPING CHARGES	290.4211.5208	FEDEX
81	02/25/2022	8187	1,033.04	FUEL	290.4211.5608	JB DEWAR, INC
82	02/25/2022	8188	1,391.79	ELECTRIC STN 1 1/12-2/10	290.4211.5401	PACIFIC GAS & ELECTRIC CO
83	02/25/2022	8189	236.64	CLEANING SUPPLIES	290.4211.5604	PROCARE JANITORIAL SUPPLY
84	02/25/2022	8190	197.00	GAS SERVICES STN 1 1/14-2/15	290.4211.5401	SOCALGAS
85	02/25/2022	8191	177.79	ICE MACHINE RENTAL	290.4211.5303	TOGNAZZINI BEVERAGE SERVICE
			\$ 994,869.55			

<p>FIVE CITIES FIRE AUTHORITY</p> <p>DEPARTMENTAL LABOR DISTRIBUTION</p> <p>PAY PERIOD</p> <p>01/21/2022 - 02/03/2022</p> <p>2/11/2022</p>

BY ACCOUNT

5101	Salaries Full time	85,927.11
5102	Salaries Part-Time - PPT	-
5103	Salaries Part-Time - TPT	2,584.00
5105	Salaries OverTime	24,766.54
5106	Salaries Strike Team OT	-
5108	Holiday Pay	4,029.52
5109	Sick Pay	4,530.32
5110	Annual Leave Buyback	-
5111	Vacation Buyback	-
5112	Sick Leave Buyback	-
5113	Vacation Pay	1,980.35
5114	Comp Pay	2,464.45
5115	Annual Leave Pay	-
5121	PERS Retirement	21,527.01
5122	Social Security	9,775.74
5123	PARS Retirement	-
5126	State Disability Ins.	1,050.63
5127	Deferred Compensation	125.00
5131	Health Insurance	17,683.45
5132	Dental Insurance	1,008.50
5133	Vision Insurance	272.18
5134	Life Insurance	126.22
5135	Long Term Disability	154.34
5143	Uniform Allowance	519.30
		<u>178,524.66</u>

DEPARTMENTAL LABOR DISTRIBUTION**PAY PERIOD****02/04/2022 - 02/17/2022****2/25/2022****BY ACCOUNT**

5101	Salaries Full time	82,424.39
5102	Salaries Part-Time - PPT	-
5103	Salaries Part-Time - TPT	1,190.00
5105	Salaries OverTime	28,932.73
5106	Salaries Strike Team OT	-
5108	Holiday Pay	6,152.73
5109	Sick Pay	4,830.16
5110	Annual Leave Buyback	-
5111	Vacation Buyback	-
5112	Sick Leave Buyback	-
5113	Vacation Pay	471.80
5114	Comp Pay	3,022.12
5115	Annual Leave Pay	350.35
5121	PERS Retirement	21,346.88
5122	Social Security	9,720.56
5123	PARS Retirement	-
5126	State Disability Ins.	1,123.05
5127	Deferred Compensation	125.00
5131	Health Insurance	17,683.45
5132	Dental Insurance	1,008.50
5133	Vision Insurance	272.18
5134	Life Insurance	126.22
5135	Long Term Disability	154.34
5143	Uniform Allowance	519.30
		<u>179,453.76</u>



STAFF REPORT

TO: Chair and Board Members **MEETING DATE:** March 18, 2022

FROM: Stephen C. Lieberman, Fire Chief
Nicole Valentine, Treasurer

SUBJECT: Consideration of Audited Financial Reports for the Fiscal Year Ended June 30, 2021

RECOMMENDATION

It is recommended the Board of Directors receive and file the audited financial reports for the fiscal year ended June 30, 2021.

BACKGROUND

The public accounting firm of Moss, Levy, & Hartzheim LLP, was hired to audit FCFA's financial records for the fiscal year ended June 30, 2021. Audit services are retained for two reasons: first, to have an independent review of internal controls; and secondly, to ensure that the resulting financial reports fairly represent the financial position of FCFA.

The auditors began testing of internal controls in October 2021. The procedures for receiving and disbursing cash, the accounting methodology used to record transactions, the separation of duties to avert collusion, and asset securities were reviewed. As a result of this extensive testing, no internal control issues/events were found.

The auditors finished fieldwork in November 2021. Documentation in support of the assets, liabilities, and the fund balance of FCFA were examined and verified. This process assures an impartial review and substantiation of FCFA's fund balance.

As reflected on page 5 of the attached financial statements, FCFA ended the fiscal year with a total fund balance of \$1,387,744. The fund balance represents approximately 21.7% of ongoing expenditures.

Generally accepted accounting principles (GAAP) provide the criteria for judging whether a financial report is fairly presented. In defining the minimum standard of acceptable basic financial reporting for state and local governments, GAAP mandate a complete set of basic financial statements, including accompanying note disclosures, as well as the presentation of certain required supplementary information in connection with the basic financial statements.

Auditors may issue three different types of opinions at the conclusion of an audit: an unqualified, a qualified, or an adverse opinion. An unqualified opinion assures the reader that the financial information presented fairly represents the financial position of FCFA. A qualified opinion states that the information is fairly presented except for a particular issue. An adverse opinion indicates that the agency has major accounting and/or internal control issues. FCFA is proud to report that for the fiscal year ended June 30, 2021, the financial statements received an unqualified opinion.

FISCAL IMPACT

There is no fiscal impact associated with receiving the attached information.

ALTERNATIVES

The following alternatives are provided for the Board's consideration:

1. Accept the financial statements and auditor's opinion.
2. Do not accept the financial statements and provide further direction to staff.

ATTACHMENTS

Audit Report for the Fiscal Year Ended June 30, 2021

PREPARED BY

Nicole Valentine, Treasurer

FIVE CITIES FIRE AUTHORITY



AUDIT REPORT

For the Fiscal Year Ended June 30, 2021

FIVE CITIES FIRE AUTHORITY
AUDIT REPORT
Table of Contents
For the Fiscal Year Ended June 30, 2021

FINANCIAL SECTION

Independent Auditors' Report..... 1

Basic Financial Statements:

 Government-wide Financial Statements:

 Statement of Net Position 3

 Statement of Activities 4

 Fund Financial Statements:

 Balance Sheet – Governmental Fund 5

 Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position 6

 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund..... 7

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities 8

 Notes to the Basic Financial Statements 9

REQUIRED SUPPLEMENTARY INFORMATION SECTION (unaudited)

Budgetary Information – General Fund..... 25

Schedule of Changes in OPEB Liability and Related Ratios..... 26

Schedule of OPEB Contributions 27

Schedule of Proportionate Share of Net Pension Liability 28

Schedule of Pension Contributions 29

FIVE CITIES FIRE AUTHORITY



FINANCIAL SECTION



Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Five Cities Fire Authority
Arroyo Grande, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Five Cities Fire Authority (the Authority) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Five Cities Fire Authority as of June 30, 2021, and the respective changes in financial position thereof for the fiscal 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 the budgetary information on page 25, the schedule of changes in OPEB liability and related ratios on page 26, the schedule of OPEB contributions on page 27, the schedule of proportionate share of net pension liability on page 28, and the schedule of pension contributions on page 29, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of the Five Cities Fire Authority's 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 the Authority's internal control over financial reporting and compliance.

Moss, Kemp & Halverson LLP

Santa Maria, California
March 10, 2022

FIVE CITIES FIRE AUTHORITY
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 2,882,015
Receivables:	
Accounts	17,745
Interest	410
Capital assets:	
Depreciable:	
Vehicles and equipment	3,210,081
Accumulated depreciation	<u>(2,171,455)</u>
Total assets	<u>3,938,796</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,760,168
OPEB	370,459
Total deferred outflows of resources	<u>2,130,627</u>
LIABILITIES	
Accounts payable	1,248,179
Accrued payroll	263,922
Unearned revenue	325
Noncurrent liabilities:	
Due within one year:	
Capital leases	87,625
Compensated absences	132,087
Due in more than one year:	
Capital leases	408,635
Compensated absences	396,259
Net pension liability	4,950,787
Other postemployment benefits	<u>1,614,448</u>
Total liabilities	<u>9,102,267</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	205,528
OPEB	176,081
Total deferred inflows of resources	<u>381,609</u>
NET POSITION	
Net investment in capital assets	542,366
Unrestricted	<u>(3,956,819)</u>
Total net position	<u>\$ (3,414,453)</u>

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

FIVE CITIES FIRE AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>		<u>Capital Contributions and Grants</u>	
Governmental Activities:						
Fire protection services	\$ 7,276,626	\$ 6,740,091	\$ 5,374	\$ -	\$ (531,161)	
Total governmental activities	<u>\$ 7,276,626</u>	<u>\$ 6,740,091</u>	<u>\$ 5,374</u>	<u>\$ -</u>	<u>(531,161)</u>	
General Revenues:						
					Investment Income	2,812
					Change in net position	(528,349)
					Net position at beginning of fiscal year	(2,590,613)
					Prior-period adjustment	(295,491)
					Net position at beginning of fiscal year, restated	(2,886,104)
					Net position at end of fiscal year	<u>\$ (3,414,453)</u>

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

FIVE CITIES FIRE AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 2,882,015
Receivables:	
Accounts	17,745
Interest	<u>410</u>
Total assets	<u>\$ 2,900,170</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 1,248,179
Accrued payroll	263,922
Unearned revenue	<u>325</u>
Total liabilities	<u>1,512,426</u>
Fund Balance:	
Unassigned	<u>1,387,744</u>
Total fund balance	<u>1,387,744</u>
Total liabilities and fund balance	<u>\$ 2,900,170</u>

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

FIVE CITIES FIRE AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2021

Total fund balance - governmental fund \$ 1,387,744

In the governmental fund, only current assets are reported. In the statement of net position all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	3,210,081	
Accumulated depreciation		<u>(2,171,455)</u>	
Net capital assets			1,038,626

In the governmental fund, only current liabilities are reported. In the statement of net position all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Capital lease	\$	496,260	
Compensated absences		528,346	
Net pension liability		4,950,787	
Other postemployment benefits		<u>1,614,448</u>	
Total long-term liabilities			(7,589,841)

In governmental funds, pension obligations and OPEB obligations are deferred because they do not meet current financial obligations. However, in government-wide statement of net position, deferred outflows and deferred inflows of resources related to pensions and OPEB are recorded. The difference between deferred outflows of resources of \$2,130,627 and deferred inflows of resources of \$(381,609) is:

	<u>1,749,018</u>
Total net position - governmental activities	<u><u>\$ (3,414,453)</u></u>

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

FIVE CITIES FIRE AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES	
Member contributions	\$ 5,734,218
Use of money and property	2,812
Grant revenue	46,874
Charges for services	882,347
Other revenue	<u>123,526</u>
Total revenue	<u>6,789,777</u>
EXPENDITURES	
Salaries and benefits	5,254,728
Services and supplies	922,332
Capital outlay	129,043
Debt Service:	
Principal	85,318
Interest	<u>15,879</u>
Total expenditures	<u>6,407,300</u>
Excess of revenue over(under) expenditures	382,477
Fund balance, July 1, 2020	<u>1,005,267</u>
Fund balance, June 30, 2021	<u>\$ 1,387,744</u>

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

FIVE CITIES FIRE AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2021

Total net change in fund balance - governmental fund \$ 382,477

Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay \$129,043 is less than depreciation expense (\$203,410) and the disposal of capital assets (\$13,276) during the current fiscal period. (87,643)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). For this fiscal year ended, vacation used exceeded the amounts earned by: 10,749

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis OPEB costs and actual employers contributions was: (141,808)

In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Payment of capital lease principal of \$85,318. 85,318

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (777,442)

Change in net position - governmental activities \$ (528,349)

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

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Five Cities Fire Authority (FCFA) has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant FCFA's accounting policies are described below:

A. Reporting Entity

FCFA was established on July 9, 2010, by a joint powers agreement between the Cities of Arroyo Grande, Grover Beach, and Oceano Community Services District. The FCFA governing board consists of one member appointed from each participating entity, as determined by the respective City Council or Board of Directors. All financial decisions are made by this three-member board. Each participating entity contributes its pro rata share of operating costs to FCFA based on a funding formula, calculated annually.

The reporting entity is the Five Cities Fire Authority. There are no component units in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61 and No. 80.

B. Basis of Accounting and Presentation

The accounts of FCFA are organized in one general 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 flows take place.

The governmental general fund is 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*. FCFA considers all revenues reported in the governmental general fund to be available if the revenues are collected within sixty days after the fiscal year-end. Expenditures are recorded when the related fund liability is *incurred*, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in the general fund. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which FCFA gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, FCFA may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, either restricted and unrestricted fund balances or net position may be available to finance program expenditures/expenses. FCFA's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Basis of Accounting and Presentation – continued

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about FCFA. These statements include the financial activities of the overall FCFA government. Eliminations have been made to minimize the double counting of internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the FCFA's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

C. Cash and Investments

FCFA pools its available cash for investment purposes. FCFA considers pooled cash and investments, with original maturities of three months or less, to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

D. Capital Assets

Capital assets are defined as costs related to the acquisition or purchase of property, plant, and equipment. Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. It is FCFA's policy to capitalize all capital assets with costs exceeding \$5,000 and with useful lives exceeding one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The purpose of depreciation is to spread the cost of capital assets equitable among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. FCFA has assigned the useful lives listed below to capital assets:

Structures and improvements	50 years
Equipment	5 – 25 years

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Compensated Absences

In compliance with GASB Statement No. 16, FCFA has established a liability for accrued sick leave and vacation. All vacation is accrued when incurred in the government-wide statements. This liability is calculated for current employees at the current rates of pay. FCFA employees accrue vacation and sick leave that vary in amounts, based primarily on employment status and years of service. In the event of termination or retirement, employees are reimbursed for the total value of their accumulated vacation days and compensatory time. In the event of retirement, employees may choose to be paid 50% of their unused sick leave, to a maximum of 480 hours at the current rate of pay. In addition, unused accumulated sick leave may be converted to PERS retirement credit per the FCFA's contract with PERS.

F. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, FCFA recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by FCFA that is applicable to a future reporting period. FCFA has two items which qualify for reporting in this category; refer to Note 5 and Note 6 for a detailed listing of the deferred outflows of resources FCFA has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by FCFA that is applicable to a future reporting period. FCFA has two items which qualify for reporting in this category; refer to Note 5 and 6 for a detailed listing of the deferred inflows of resources FCFA has reported.

G. Fund Balances and Net Position

Fund balance is the difference between the assets and liabilities reported in the governmental general fund. In compliance with GASB Statement No. 54, FCFA has established the following fund balance types:

Nonspendable – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance, etc.) it employed to previously commit those amounts. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent to be established by (a) the governing body itself or (b) a body or official to which the governing body had delegated the authority to assign amounts to be used for specific purposes.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Fund Balances and Net Position – continued

Unassigned – The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

Governmental Accounting Standards Board Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified in the following categories:

Net Investment in Capital Assets – Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by outstanding debt directly attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – The restricted net position is the portion of net position that has external constraints placed on it by external creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation.

Unrestricted Net Position – The unrestricted net position classification is the amount remaining that does not fall into one of the above two categories.

FCFA’s policy that when an expenditure is incurred for which both restricted and unrestricted fund balances are available, the restricted fund balance be spent first followed by committed, then assigned, and, if applicable, unassigned.

H. 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 FCFA’s California Public Employees Retirement System (PERS) plan and additions to or deductions from the PERS plan fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

I. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority’s plan (OPEB Plan) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, liabilities, revenues, expenditures or expenses as appropriate. Actual results could differ from those estimated.

K. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

K. Future Accounting Pronouncements – continued

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraph 6-9 is effective for fiscal years beginning after June 15, 2021.

NOTE 2 – CASH AND INVESTMENTS

The composition of cash and investments as of June 30, 2021, is as follows:

Cash in bank and on hand	\$ 2,379,717
Investments	<u>502,298</u>
Total cash and investments, statement of net position	<u>\$ 2,882,015</u>

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority had investments in the Local Agency Investment Fund and that external pool is measured under Level 2.

Investments Authorized by the California Government Code and FCFA’s Investment Policy

The table on the following page identifies the investment types that are authorized for FCFA by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS – continued

Investments Authorized by the California Government Code and FCFA's Investment Policy – continued

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	60%	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	20%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Guaranteed Investment Contract	15 months	None	None

Disclosures Relating to 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. One of the ways that FCFA 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 maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. Information about the sensitivity of the fair values of FCFA's investments to market interest rate fluctuations is provided below that shows the distribution of FCFA's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				
	<u>Carrying Amount</u>	<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Local Agency Investment Fund	\$ 502,298	\$ 502,298	\$ -	\$ -	\$ -
Total	\$ 502,298	\$ 502,298	\$ -	\$ -	\$ -

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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, FCFA's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 502,298	N/A	\$ -	\$ -	\$ -	\$ 502,298
Total	\$ 502,298		\$ -	\$ -	\$ -	\$ 502,298

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS – continued

Concentration of Credit Risk

The investment policy of FCFA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total FCFA's investments.

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 California Government Code and FCFA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: 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 a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure FCFA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of FCFA's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) 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 FCFA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as LAIF).

Investment in State Investment Pool

FCFA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of FCFA's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon FCFA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Depreciable capital assets				
Equipment	\$ 552,746	\$ 28,015	\$ -	\$ 580,761
Vehicles	2,577,310	101,028	(49,018)	2,629,320
Total depreciable capital assets	3,130,056	129,043	(49,018)	3,210,081
Less accumulated depreciation	(2,003,787)	(203,410)	35,742	(2,171,455)
Net capital assets	<u>\$ 1,126,269</u>	<u>\$ (74,367)</u>	<u>\$ (13,276)</u>	<u>\$ 1,038,626</u>

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 4 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Prior-period Adjustment	Balance June 30, 2021	Due Within One year
Governmental Activities						
Capital Leases	\$ 581,578	\$ -	\$ 85,318	\$ -	\$ 496,260	\$ 87,625
Compensated absences	539,095	251,340	262,089		528,346	132,087
Net pension liability	3,052,561	3,256,387	2,460,562	1,102,401	4,950,787	
OPEB	1,153,154	485,728	24,434		1,614,448	
Total	\$ 5,326,388	\$ 3,993,455	\$ 2,832,403	\$ 1,102,401	\$ 7,589,841	\$ 219,712

B. Compensated Absences

FCFA employees accumulate earned but unused vacation and sick pay benefits, which can be converted to cash at termination of employment. Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the Statement of Net Position. No expenditure is reported for these amounts in the general fund statement. The amount of these vested benefits (payable in accordance with various collective bargaining agreements) at June 30, 2021, total \$528,346.

C. Net Pension Liability

During the 2014-15 fiscal year, GASB issued Statement No. 68 which required FCFA to measure and report the liabilities associated with pension liability. See Note 5 for further detail.

D. Other Postemployment Benefits

In 2004, GASB issued Statement No. 45 which required FCFA to measure and report the liabilities associated with other post-employment benefits (OPEB). In 2017, GASB issued Statement No. 75 that updated the requirements for OPEB. FCFA's annual OPEB requirement was determined to be \$1,614,448 at June 30, 2021. FCFA is currently funding the liability on a pay-as-you-go basis. See Note 6 for further detail.

E. Capital Leases

During the 2015-16 fiscal year, the Authority entered into a capital lease for the purchase of a new fire engine. The lease terms are for 10 years at an interest rate of 2.5% per annum, with the amount financed of \$580,843. During the 2016-17 fiscal year, the Authority entered into a capital lease for the purchase of a new fire engine. The lease terms are for 10 years at an interest rate of 3.12% per annum, with the amount financed of \$496,260. See Note 7 for further detail.

NOTE 5 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description, Benefits Provided and Employees Covered – The Five Cities Fire Authority's defined pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. FCFA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). FCFA is enrolled in two plans; Miscellaneous and Safety. CalPERS issue 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, CA 95814.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN - continued

A. General Information about the Pension Plans – continued

The defined benefit pension plan provisions and benefits at June 30, 2021, are summarized below:

	<u>Miscellaneous Plan</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rates	8.000%	6.750%
Required employer contribution rates	12.361%	7.732%

	<u>Safety Plan</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2013	On or after January 1, 2013
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Required employee contribution rates	9.000%	12.000%
Required employer contribution rates	21.746%	13.044%
Required employer payment of unfunded liability	\$126,910	\$1,273

Contribution Description – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) 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. 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 the contribution rate of employees. Contributions to the pension plan from FCFA during the 2020-21 fiscal year were \$31,901 for the miscellaneous plan and \$573,358 for the safety plan.

At June 30, 2021, FCFA reported a liability of \$273,654 for the miscellaneous plan and \$4,677,133 for the safety plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 which was updated for June 30, 2020 using standard procedures. FCFA’s proportion of the net pension liability was based on a projection of FCFA’s long-term share of contributions to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2020, FCFA’s proportionate share of the net pension liability for each Plan as of June 30, 2019 and June 30, 2020 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion-June 30, 2019	0.00648%	0.04474%
Proportion-June 30, 2020	0.00471%	0.07537%
Adjustment due to differences in proportions	<u>-0.00177%</u>	<u>0.03063%</u>

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN - continued

B. Pension Liabilities, Deferred Outflows and Inflows, and Pension Expense Related to Pensions

For the fiscal year ended June 30, 2021, FCFA recognized pension expense of \$1,382,701. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gains or losses, actuarial gains or losses, actuarial assumptions or method, and plan benefits. At June 30, 2021, FCFA reported deferred outflows and inflows of resources related to pension from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 605,259	\$ -
Net difference between projected and actual earnings on pension plan investment	109,783	
Differences between expected and actual experience	376,790	
Changes of assumptions		17,532
Adjustment due to differences in proportions	668,336	
Differences between employer's contribution and the employer's proportionate share of contributions		187,996
Total	\$ 1,760,168	\$ 205,528

The reported deferred outflows of resources related to pensions in the amount of \$605,259 resulting from FCFA contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the 2021-22 fiscal year. The additional amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Amount
2022	\$ 402,452
2023	319,787
2024	172,309
2025	54,833
Total	\$ 949,381

Actuarial Assumptions – The total pension liability for both the miscellaneous and safety plans in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

1 – The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Scale MP 2016 published by the Society of Actuaries.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN - continued

B. Pension Liabilities, Deferred Outflows and Inflows, and Pension Expense Related to Pensions - continued

Discount Rate – The discount rate used to measure the total pension liability was 7.15%. 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net 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. 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 on all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (the first 10 years) and the long-term (11 to 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>Current Target Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

1 – An expected inflation of 2.00% used for this period

2 – An expected inflation of 2.92% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following represents FCFA's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what FCFA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) and one percentage point higher (8.15%) than the current rate:

<u>Plan's Net Pension Liability</u>	<u>Discount Rate -1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate +1% (8.15%)</u>
Miscellaneous	\$ 392,244	\$ 273,654	\$ 175,666
Safety	7,213,752	4,677,133	2,595,598
Total	<u>\$ 7,605,996</u>	<u>\$ 4,950,787</u>	<u>\$ 2,771,264</u>

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

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 5 – DEFINED BENEFIT PENSION PLAN – continued

C. Payable to the Pension Plan

At June 30, 2021, FCFA had no amount outstanding for contributions to the pension plan required for the 2020-21 fiscal year.

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

FCFA provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from FCFA and enrolled in an insurance program under the California Public Employees’ Medical and Hospital Care (PEMHCA). The CalPERS PEMHCA plan is a defined contribution, multiple employer, and healthcare plan providing benefits to active and retired employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

FCFA participates in the CalPERS Health Benefit Program where all employee groups were under the equal contribution option. FCFA’s contribution is an equal amount for both employees and retirees. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulation.

Employees Covered

Active plan members	22
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees or beneficiaries entitled to but not yet receiving benefits	<u>1</u>
Total	<u>28</u>

The Authority currently finances benefits on a pay-as-you go basis.

OPEB Liability

The Authority’s OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation dated June 30, 2019.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%
Medical cost trend rate	Pre-Medicare: 7.25%
	Post-Medicare: 6.30%

Pre-retirement mortality rates were based on the CalPERS 1997-2015 Experience Study and the mortality improvement was projected fully generational with Scale MP-2019.

Actuarial assumptions used in the June 30, 2019 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 2.21 percent.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

Change in assumptions. The discount rate was decreased from 3.50 percent to 2.21 percent.

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the Authority's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2021	June 30, 2020	2.21%	2.21%	2.21%
June 30, 2020	June 30, 2019	3.50%	3.50%	3.50%

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020 (Valuation Date June 30, 2019)	\$ 1,153,154
Changes recognized for the measurement period:	
Service cost	121,405
Interest	44,181
Changes of assumptions	320,142
Benefit payments	(24,434)
Net Changes	461,294
Balance at June 30, 2021 (Measurement Date June 30, 2020)	\$ 1,614,448

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
OPEB Liability	\$ 1,969,566	\$ 1,614,448	\$ 1,344,887

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

Sensitivity of the OPEB liability to changes in the healthcare trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Liability	\$ 1,314,926	\$ 1,614,448	\$ 2,043,198

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the Authority recognized OPEB expense of \$173,400. As of the fiscal year ended June 30, 2021, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 31,592	\$ -
Change in assumptions	338,867	115,830
Difference between expected and actual experience		60,251
	<u>\$ 370,459</u>	<u>\$ 176,081</u>

The reported deferred outflows of resources related to pensions in the amount of \$31,592 resulting from FCFA contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the 2021-22 fiscal year. Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 7,696
2023	7,696
2024	7,696
2025	7,696
2026	7,696
Thereafter	124,306
	<u>\$ 162,786</u>

NOTE 7 – CAPITAL LEASES

On February 23, 2016, the Authority entered into a capital lease agreement with JPMorgan Chase Bank, N.A. The lease proceeds were used for the purchase and acquisition of a new fire engine. The amount of the lease was \$508,843 and accrued interest at 2.5 percent. The lease is secured by the fire engine itself and any and all proceeds thereof. Annual lease payments are due February 26 of each year and commenced on February 26, 2017. Future minimum lease payments are as shown on the following page:

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 7 – CAPITAL LEASES - continued

Fiscal year Ending June 30	Amount
2022	\$ 66,366
2023	66,366
2024	66,367
2025	66,366
2026	66,367
Total minimum lease payments	331,832
Less amount representing interest	<u>(23,505)</u>
Present value of net minimum lease payments	<u>\$ 308,327</u>

On February 13, 2017, the Authority entered into a capital lease agreement with JPMorgan Chase Bank, N.A. The lease proceeds were used for the purchase and acquisition of a new fire engine. The amount of the lease was \$554,275 and accrued interest at 3.12 percent. The lease is secured by the fire engine itself and any and all proceeds thereof. An immediate principal reduction of \$260,509 was recognized due to the pre-payment of the City of Arroyo Grande’s proportional share of the cost of the fire engine. Annual lease payments are due April 15 of each year and commence on April 15, 2018. Future minimum lease payments are as follows:

Fiscal year Ending June 30	Amount
2022	\$ 34,830
2023	34,830
2024	34,830
2025	34,830
2026	34,830
2027	34,830
Total minimum lease payments	208,980
Less amount representing interest	<u>(21,047)</u>
Present value of net minimum lease payments	<u>\$ 187,933</u>

NOTE 8 – CONTINGENCIES AND COMMITMENTS

There are no contingent liabilities outstanding and no lawsuits pending of real financial consequence as of the end of the fiscal year.

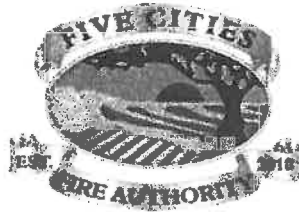
FCFA has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the term of the grants, it is believed that any required reimbursement will not be material.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

NOTE 9 – PRIOR-PERIOD ADJUSTMENT

There was a prior-period adjustment of (\$295,491) made to the Statement of Activities to reduce the net position due to the re-allocation by the actuary of the net pension liability and deferred inflows and outflows related to pension between the City's share and Five Cities Fire Authority's share as of June 30, 2020.

FIVE CITIES FIRE AUTHORITY



REQUIRED SUPPLEMENTARY INFORMATION SECTION (unaudited)

FIVE CITIES FIRE AUTHORITY
BUDGETARY INFORMATION - MAJOR GOVERNMENTAL FUND
General Fund
For the Fiscal Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance Over/(Under)
	Original	Final		
REVENUES				
Member contributions	\$ 5,734,218	\$ 5,734,218	\$ 5,734,218	\$ -
Use of money and property	700	700	2,812	2,112
Grant revenue	28,520	28,520	46,874	18,354
Charges for services	114,000	601,000	882,347	281,347
Other revenue	9,000	51,520	123,526	72,006
Total revenues	5,886,438	6,415,958	6,789,777	373,819
EXPENDITURES				
Salaries and benefits	4,891,090	5,365,410	5,254,728	110,682
Services and supplies	822,358	932,817	922,332	10,485
Capital outlay	185,150	153,500	129,043	24,457
Debt Service:				
Principal	85,318	85,318	85,318	
Interest	15,879	15,879	15,879	
Total expenditures	5,999,795	6,552,924	6,407,300	145,624
Excess of revenue over expenditures	(113,357)	(136,966)	382,477	519,443
Fund balance, July 1, 2020	1,005,267	1,005,267	1,005,267	
Fund balance, June 30, 2021	\$ 891,910	\$ 868,301	\$ 1,387,744	\$ 519,443

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 121,405	\$ 82,183	\$ 85,394	\$ 98,895
Interest	44,181	43,948	39,023	32,286
Actual and expected experience difference	-	(75,313)		
Changes in assumptions	320,142	60,807	(53,294)	(139,901)
Benefit payments	<u>(24,434)</u>	<u>(23,792)</u>	<u>(20,862)</u>	<u>(20,279)</u>
 Net change in total OPEB Liability	 461,294	 87,833	 50,261	 (28,999)
 Total OPEB liability - beginning	 <u>1,153,154</u>	 <u>1,065,321</u>	 <u>1,015,060</u>	 <u>1,044,059</u>
Total OPEB liability - ending	<u>\$ 1,614,448</u>	<u>\$ 1,153,154</u>	<u>\$ 1,065,321</u>	<u>\$ 1,015,060</u>
 Covered payroll	 \$ 3,069,867	 \$ 3,125,277	 \$ 3,114,826	 \$ 2,161,110
Authority's OPEB liability as a percentage of covered payroll	52.59%	36.90%	34.20%	46.97%

*- Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2021

The Authority's contribution for the fiscal year ended June 30, 2021 was \$31,592. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

The Authority's contribution for the fiscal year ended June 30, 2020 was \$24,434. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

The Authority's contribution for the fiscal year ended June 30, 2019 was \$23,792. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

The Authority's contribution for the fiscal year ended June 30, 2018 was \$20,862. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

*- Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2021

The Authority's contribution for the fiscal year ended June 30, 2021 was \$31,592. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

The Authority's contribution for the fiscal year ended June 30, 2020 was \$24,552. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

The Authority's contribution for the fiscal year ended June 30, 2019 was \$23,792. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

The Authority's contribution for the fiscal year ended June 30, 2018 was \$20,862. The Authority did not have an irrevocable OPEB trust and therefore did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018. As a result, the Authority does not need to comply with GASB 75's Required Supplementary Information requirements.

*- Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
Last 10 Years*
As of June 30, 2021

Fiscal Year End June 30	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 605,259	\$ 539,363	\$ 470,618	\$ 385,687	\$ 351,661
Contributions in relation to the actuarially determined contribution	(605,259)	(539,363)	(470,618)	(385,687)	(351,661)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,389,965	\$ 2,302,970	\$ 2,176,596	\$ 1,789,707	\$ 1,642,433
Contributions as a percentage of covered payroll	25.33%	23.42%	21.62%	21.55%	21.41%

Fiscal Year End June 30	2016	2015
Actuarially determined contribution	\$ 341,236	\$ 376,592
Contributions in relation to the actuarially determined contribution	(341,236)	(376,592)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 1,682,511	\$ 1,526,801
Contributions as a percentage of covered payroll	20.28%	24.67%

Notes to Schedule

Measurement Date June 30	2019	2018	2015 - 2017	2014
Valuation Date June 30	2018	2017	2014 - 2016	2013
Actuarial Cost Method	Entry Age Normal			
Actuarial Assumptions:				
Discount Rate	7.15%	7.375%	7.65%	7.50%
Inflation	2.50%	2.75%	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service			
Investment Rate of Return (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)	7.15%	7.375%	7.65%	7.50%
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds			
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter			

* - The 2014-15 fiscal year was the first year of implementation, therefore only seven years are shown.



Moss, Levy & Hartzheim LLP

Certified Public Accountants

**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
Five Cities Fire Authority
Arroyo Grande, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of Five Cities Fire Authority (the Authority), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated March 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim LLP

March 10, 2022
Santa Maria, California



Moss, Levy & Hartzheim LLP

Certified Public Accountants

March 10, 2022

To the Board of Directors
Five Cities Fire Authority,

We have audited the financial statements of the governmental activities and the major fund of Five Cities Fire Authority for the fiscal year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 13, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Five Cities Fire Authority are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Authority's financial statements was (were):

Management's estimate of the useful lives of capital assets is based on experience with other capital assets and on their standard table of useful lives. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Other Postemployment Benefits (OPEB) liability and deferred inflows and outflows related to OPEB are based on the actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the OPEB liability and deferred inflows and outflows related to OPEB in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and deferred inflows and outflows related to pension are based on the CalPERS actuary's expertise and experience. We evaluated the key factors and assumptions used to develop the net pension liability and deferred inflows and outflows related to pension in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of Pension Plan in Note 5 and Other Postemployment Benefits in Note 6 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 10, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Five Cities Fire Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Moss, Levy & Halperin LLP

Santa Maria, California



STAFF REPORT

TO: Chair and Board Members **MEETING DATE:** March 18, 2022
FROM: Stephen Lieberman, Fire Chief / Executive Officer
SUBJECT: Consideration to Declare a 2006 Sports Utility Vehicle as Surplus

RECOMMENDATION

It is recommended that the Board of Directors approve a Resolution declaring a 2006 Ford Expedition as surplus and direct the Fire Chief to facilitate the sale of the vehicle.

BACKGROUND

When the Five Cities Fire Authority (FCFA) was created in 2010, each member agency contributed their existing fleet resources to the organization. Among these fleet assets was a 2006 Ford Expedition command vehicle originally assigned to the former Arroyo Grande Fire Department Fire Chief.



The vehicle has been used as a command vehicle by Battalion Chiefs, a Strike Team Leader, and FCFA staff members deployed as single resources for large incidents. The vehicle currently has 190,478 miles and maintenance costs are steadily increasing.

FCFA Staff created a "light duty" vehicle progression and replacement plan earlier this year, and a path has been identified to use current and future vehicles to replace the functions provided by the Expedition. Staff will repurpose the light bar and other needed hardware to outfit a Ford F350 truck acquired through the Defense Logistics Agency.

Estimated private party resale value of the vehicle ranges from \$2,600 - \$5,800. Proceeds from the sale would be returned to the FCFA budget fund balance.

FISCAL IMPACT

The vehicle is fully depreciated and currently out of service for needed maintenance. Other than vehicle insurance, there exist minimal operating costs. Any proceeds from the sale of the vehicle would be returned to the FCFA operating budget fund balance.

ALTERNATIVES

The following alternatives are provided for the Board's consideration:

1. Declare the 2006 Ford Expedition sports utility vehicle as surplus and direct the Fire Chief to move forward with the sale of the vehicle.
2. Direct the Fire Chief to repair the vehicle and maintain it in the fleet.
3. Provide other direction.

ATTACHMENTS

1. Resolution declaring 2006 Ford Expedition as surplus

PREPARED BY

S. Lieberman, Fire Chief/Executive Officer

RESOLUTION NO. 2022-__

**A RESOLUTION OF THE BOARD OF THE FIVE CITIES FIRE
AUTHORITY TO CONSIDER DECLARING A 2006 FORD
EXPLORER AS SURPLUS**

WHEREAS, in 2010 when Five Cities Fire Authority was established, each member agency contributed their existing fleet resources to the Authority; and

WHEREAS, one of those vehicles was a 2006 Ford Expedition command Sports Utility vehicle assigned to the former Arroyo Grande Fire Department Fire Chief; and

WHEREAS, the vehicle has been used for many years for numerous purposes including a command vehicle by Battalion Chiefs, Strike Team Leaders and when FCFA staff members are deployed as single resources for large incidents; and

WHEREAS, the vehicle has currently 190,478 miles and has exceeded its useful life expectancy which has also increased the maintenance costs; and

WHEREAS, Staff created a "light duty" vehicle progression and replacement plan earlier this year and a path has been identified to use current and future vehicles to replace the function provided by the subject Expedition, including outfitting the Ford F350 truck acquired through the Defense Logistics Agency, and

WHEREAS, the estimated private party resale value of the Expedition ranges from \$2,600 - \$5,800 and any proceeds from the sale of this vehicle would be deposited to the FCFA budget fund balance.

NOW, THEREFORE, BE IT RESOLVED that the Five Cities Fire Authority Board does declare 2006 Ford Expedition as surplus and directs the Fire Chief to move forward with the sale of the vehicle.

On motion by _____, seconded by Board Member _____, and by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

the foregoing Resolution was passed and adopted at the meeting of the Board of the Five Cities Fire Authority, this 18th day of March, 2022.

JEFF LEE, CHAIR

ATTEST:

TRICIA MEYERS, CLERK TO THE BOARD

APPROVED AS TO CONTENT:

STEPHEN C. LIEBERMAN, FIRE CHIEF

APPROVED AS TO FORM:

DAVID HALE, GENERAL COUNSEL

OFFICIAL CERTIFICATION

I, TRICIA MEYERS, Clerk to the Board of the Five Cities Fire Authority, County of San Luis Obispo, State of California, do hereby certify under penalty of perjury, that Resolution No. 2022-__ is a true, full, and correct copy of said Resolution passed and adopted at the meeting of the Board of the Five Cities Fire Authority on the 18th day of March, 2022.

WITNESS my hand and the Seal of the Five Cities Fire Authority affixed this 18th day of March, 2022.

TRICIA MEYERS, CLERK TO THE BOARD