

FIVE CITIES FIRE AUTHORITY

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



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

AGENDA BOARD MEETING FRIDAY, JANUARY 17, 2020–10:00 A.M.

City of Grover Beach Council Chambers
154 South Eighth Street, Grover Beach, CA

CALL TO ORDER

FLAG SALUTE

ROLL CALL

ROTATION OF OFFICERS

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.

APPROVAL OF MINUTES:

1. Consideration of Approval of Minutes (MEYERS)
Recommended Action: Approve the minutes of the Board Meeting of November 15, 2019.

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.

BOARD MEETING AGENDA – JANUARY 17, 2020

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Please adhere to the following procedures when addressing the Board:

- Comments should be limited to three (3) minutes or less.
- Your comments should be addressed to the Chair and directed to the Board as a whole.
- Slanderous, profane or personal remarks against any Board Member, Staff Member or member of the audience shall not be permitted.

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.

1. **Consideration of Cash Disbursement Activity**(VALENTINE/LIEBERMAN)
Recommended Action: Receive and file the listing of cash disbursements for the period of December 1, 2019 through December 31, 2019.
2. **Consideration of Audited Financial Reports for the Fiscal Year Ended June 30, 2019**(VALENTINE/LIEBERMAN)
Recommended Action: Receive and file the audited financial reports.

PUBLIC HEARINGS:

None.

CONTINUED BUSINESS:

None.

NEW BUSINESS:

- a. **Consideration of an Agreement and Resolution Approving Participation in the Federal Excess Personal Property (FEPP) Program in Accordance with the United States Forest Service Cooperative Forestry Assistance Act of 1978**(LIEBERMAN)
Recommended Action: 1) Approve Agreement and Adopt Resolution to approve agency's participation in the Federal Excess Personal Property (FEPP) to obtain property through the Department of Defense (DOD), or United States Forest Service.

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.

BOARD MEETING AGENDA – JANUARY 17, 2020

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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. Oceano A-20 Town Hall Meeting on January 25, 2020 at 3:00 P.M.
- b. Response Information Update

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:

CONFERENCE WITH LABOR NEGOTIATORS pursuant to Government Code Section 54957.6:

Agency Negotiators: Che Johnson - Law Firm of Liebert Cassidy Whitmore
Nicole Valentine – Accounting Manager – Arroyo Grande
Karla Mattocks - Human Resources Coordinator-Grover Beach
Lisa Christensen – Human Resources Manager-Arroyo Grande

Represented Employees: International Association of Fire Fighters (IAFF) Local 4403

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 Board Secretary at 140 Traffic Way, Arroyo Grande 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.

BOARD MEETING AGENDA – JANUARY 17, 2020

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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, NOVEMBER 15, 2019
CITY OF GROVER BEACH COUNCIL CHAMBERS
154 SOUTH EIGHTH STREET
GROVER BEACH, CALIFORNIA**

CALL TO ORDER:

Chair Nicolls called the Five Cities Fire Authority (FCFA) Special Board meeting to order at 10:00 a.m.

FLAG SALUTE:

Vice Chair White led the Flag Salute.

ROLL CALL:

FCFA Board: Chair Barbara Nicolls, Vice Chair Karen White and Board Member Keith Storton.

FCFA Staff Present: Fire Chief Stephen Lieberman, General Counsel David P. Hale (via telephone) and Clerk to the Board Tricia Meyers.

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, Nicolls
NOES: None
ABSENT: None
ABSTAIN: None

APPROVAL OF MINUTES:

Consideration of Approval of Minutes (MEYERS)

Action: Approved the minutes of the Board Meeting on October 25, 2019 with a voice vote.

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

COMMUNITY COMMENTS AND SUGGESTIONS:

None.

CONSENT AGENDA:

None.

PUBLIC HEARINGS:

None.

CONTINUED BUSINESS:

None.

NEW BUSINESS:

None.

BOARD MEMBER ITEMS:

Vice Chair White reported that the special election for a ballot measure to support fire service in Oceano is moving forward.

GENERAL COUNSEL ITEMS:

None.

FIRE CHIEF ITEMS:

- a. Chief Lieberman continues to provide information to the Grand Jury regarding statistics and the dispatch contract.
- b. There are no Five Cities Fire Authority strike teams out at this time.
- c. Chief Lieberman is working on scheduling a meeting with the managers of the member communities.
- d. Chief Lieberman delivered a draft Public Safety Power Shutdown (PSPS) annex for the city emergency plans to the police chiefs for review and comments.

BOARD COMMUNICATIONS:

None.

CLOSED SESSION:

The Board adjourned to a Closed Session at 10:06 a.m. concerning the following items:

CONFERENCE WITH LABOR NEGOTIATORS pursuant to Government Code Section 54957.6:

Agency Negotiators:

Nicole Valentine – Accounting Manager – Arroyo Grande
Karla Mattocks – Human Resources Coordinator-Grover Beach
Lisa Christensen – Human Resources Manager-Arroyo Grande

Represented Employees: International Association of Fire Fighters (IAFF) Local 4403

RECONVENE TO OPEN SESSION:

Chief Lieberman called the meeting back to order at 10:52 a.m. with no reportable action.

ADJOURNMENT:

Chair Nicolls adjourned the meeting at 10:53 a.m. The next Board meeting is scheduled for December 20, 2019, at 10:00 a.m. at the City of Grover Beach Council Chambers, 154 South Eighth Street, Grover Beach, California.

KAREN WHITE, CHAIR

ATTEST:

TRICIA MEYERS, CLERK TO THE BOARD



STAFF REPORT

TO: Chair and Board Members **MEETING DATE:** January 17, 2020

FROM: Stephen C. Lieberman, Fire Chief
Nicole Valentine, City of Arroyo Grande Accounting Manager

SUBJECT: Review of Cash Disbursement Activity

RECOMMENDATION

It is recommended that the Five Cities Fire Authority (FCFA) Board of Directors receive and file the attached listing of cash disbursements for the period December 1 through December 31, 2019.

BACKGROUND

FCFA staff recently determined that this information has never been presented to the JPA Board of Directors. As a means of providing Board oversight and allowing transparency to the member communities of the Five Cities Fire Authority, FCFA staff is bringing this information forward to the Board. This report will appear on all future Board agendas.

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.

The attachment check listing document includes information including a description. Due to a limited number of characters allowed for the "Description" field, the document may not reflect multiple items or services that were covered by the specific check.

FISCAL IMPACT

The attached documents represent the cash disbursements required for normal and usual operations during the period. The disbursements are accounted for in the FY 2019-20 budget.

There is a \$392,075.06 fiscal impact to the current year budget that includes the following items:

- Accounts Payable Checks \$48,084.63
- Payroll and Benefit Checks \$343,990.43

ALTERNATIVES

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

1. Receive and file the cash disbursements listing.
2. Provide other direction.

ATTACHMENTS

December 1 through December 31, 2019 Accounts Payable Register
December 6 and December 20, 2019 Payroll and Check Register

PREPARED BY

Stephen C. Lieberman, Fire Chief

FIVE CITIES FIRE AUTHORITY
CHECK LISTING
DECEMBER 1 - 31, 2019

Line	Check Date	Check #	Amount	Description	Acct #	Vendor Name
1	12/06/2019	6765	4.99	Freight	290.4211.5255	ADVANCE MARKING SYSTEMS
2	12/06/2019	6765	32.40	PASSPORT NAMETAGS-SALCE, LEATH	290.4211.5255	ADVANCE MARKING SYSTEMS
3	12/06/2019	6766	183.28	SHOP SUPPLIES-RENTAL	290.4211.5303	AMERIPRIDE UNIFORM SVCS
4	12/06/2019	6767	431.77	ACCT#287284288210, IPAD WIRELESS	290.4211.5403	AT&T MOBILITY
5	12/06/2019	6768	8.65	PRESSURE SWITCH	290.4211.5601	CARQUEST AUTO PARTS
6	12/06/2019	6768	28.86	REPAIRS-EXPEDITION	290.4211.5601	CARQUEST AUTO PARTS
7	12/06/2019	6769	110.45	ACCT#8245101000202519, TV-STN	290.4211.5401	CHARTER COMMUNICATIONS
8	12/06/2019	6769	85.41	ACCT#82451010116287, TV STN	290.4211.5401	CHARTER COMMUNICATIONS
9	12/06/2019	6770	275.00	NFPA FIRE ALARM SYSTEM REVIEW	290.4211.5303	COLLINGS & ASSOCIATES LLC
10	12/06/2019	6771	80.25	SEAL REPLACEMENT KIT	290.4211.5273	L N CURTIS & SONS
11	12/06/2019	6772	1,592.44	FUEL	290.4211.5608	J B DEWAR, INC
12	12/06/2019	6773	105.96	ACCT#DB30N41-RENTAL CAR-SILVA	290.4211.5512	FEAN SERVICES LLC
13	12/06/2019	6774	25.68	SHIPPING TO CAL FIRE SANTA ROSA	290.4211.5208	FEDEX
14	12/06/2019	6775	25.00	UNIFORM HATS-HENSLEY	290.4211.5276	FIVE CITIES PROF. FIREFIGHTERS
15	12/06/2019	6776	214.08	UTILITIES-WATER STN 2	290.4211.5401	CITY OF GROVER BEACH
16	12/06/2019	6777	577.50	11/19-PROF SVCS	290.4211.5303	HALE, DAVID P.
17	12/06/2019	6778	494.00	LEGAL SVCS	290.4211.5303	LIEBERT, CASSIDY, WHITMORE
18	12/06/2019	6779	23.68	BAG FOR BRUSH	290.4211.5255	MINER'S ACE HARDWARE, INC
19	12/06/2019	6779	4.81	SUPPLIES-STN 1	290.4211.5604	MINER'S ACE HARDWARE, INC
20	12/06/2019	6779	93.69	UTV OUTFITTING	290.4211.6201	MINER'S ACE HARDWARE, INC
21	12/06/2019	6779	22.16	UTV OUTFITTING	290.4211.6201	MINER'S ACE HARDWARE, INC
22	12/06/2019	6779	66.28	UTV OUTFITTING	290.4211.6201	MINER'S ACE HARDWARE, INC
23	12/06/2019	6780	3,750.00	FIRE STATION RENT 01/20-03/20	290.4211.5553	OCEANO COMMUNITY SERVICES
24	12/06/2019	6781	279.07	GAS SERVICES-STN 1 10/23-11/22	290.4211.5401	SOCALGAS
25	12/06/2019	6782	84.58	FARNSWORTH, HINDEN UNIFORM ORD	290.4211.5276	THE TOP SHOP
26	12/06/2019	6783	420.68	ACCT#670954297-00001, PHONE LI	290.4211.5403	VERIZON WIRELESS
27	12/12/2019	6784	92.95	ARGON/OXYGEN RENTAL	290.4211.5303	AIRGAS USA, LLC
28	12/12/2019	6785	1,228.88	LAUNDRY DETERGENT-OXY 5 GALL,	290.4211.5604	AQUA SYSTEMS, INC
29	12/12/2019	6786	172.37	BAN#9391033178 MONTHLY CIRCUIT	290.4211.5403	AT&T
30	12/12/2019	6786	172.37	BAN#9391033179 MONTHLY CIRCUIT	290.4211.5403	AT&T
31	12/12/2019	6787	107.10	MEDICAL SUPPLIES	290.4211.5206	BOUND TREE MEDICAL, LLC
32	12/12/2019	6787	90.72	MEDICAL SUPPLIES	290.4211.5206	BOUND TREE MEDICAL, LLC
33	12/12/2019	6787	(150.15)	CREDIT FOR MEDICAL SUPPLIES	290.4211.5206	BOUND TREE MEDICAL, LLC
34	12/12/2019	6788	103.65	ID CARDS-LANE, HUNT, RAWSON	290.4211.5508	CARD INTEGRATORS CORP
35	12/12/2019	6789	204.98	ACCT#8245100960252290 INTERNET	290.4211.5401	CHARTER COMMUNICATIONS
36	12/12/2019	6790	726.52	FUEL	290.4211.5608	J B DEWAR, INC
37	12/12/2019	6791	2,157.28	DODGE RAM COMMAND VEHICLE UPGR	290.4211.6201	DRIVE CUSTOMS
38	12/12/2019	6791	2,500.00	2019 F250 RADIOS, ANTENNAS, LI	290.4211.6301	DRIVE CUSTOMS
39	12/12/2019	6792	98.13	TRAINING SUPPLIES	290.4211.5501	MINER'S ACE HARDWARE, INC

FIVE CITIES FIRE AUTHORITY
CHECK LISTING
DECEMBER 1 - 31, 2019

Line	Check Date	Check #	Amount	Description	Acct #	Vendor Name
40	12/12/2019	6792	12.91	CLEANING SUPPLIES	290.4211.5604	MINER'S ACE HARDWARE, INC
41	12/12/2019	6792	6.45	CLEANING SUPPLIES	290.4211.5604	MINER'S ACE HARDWARE, INC
42	12/12/2019	6792	3.40	BLDG MAINT.	290.4211.5604	MINER'S ACE HARDWARE, INC
43	12/12/2019	6792	3.81	BLDG MAINT	290.4211.5604	MINER'S ACE HARDWARE, INC
44	12/12/2019	6792	24.76	REFRIGERATOR INSTALLATION-STN	290.4211.5604	MINER'S ACE HARDWARE, INC
45	12/12/2019	6793	3,000.00	AUDIT TO DATE	290.4211.5303	MOSS, LEVY & HARTZHEIM LLP
46	12/12/2019	6794	143.36	ANNUAL FIRE EXTINGUISHER MAINT	290.4211.5303	SCOTT O'BRIEN FIRE & SAFETY CO
47	12/12/2019	6794	95.24	ANNUAL FIRE EXTINGUISHER MAINT	290.4211.5303	SCOTT O'BRIEN FIRE & SAFETY CO
48	12/12/2019	6794	38.00	ANNUAL FIRE EXTINGUISHER MAINT	290.4211.5303	SCOTT O'BRIEN FIRE & SAFETY CO
49	12/12/2019	6795	405.42	CLEANING SUPPLIES	290.4211.5604	PRO CARE JANITORIAL SUPPLY
50	12/12/2019	6796	124.42	UNIFORM-PENNER	290.4211.5276	RANGE MASTER
51	12/12/2019	6796	394.31	UNIFORM-BENNET	290.4211.5276	RANGE MASTER
52	12/12/2019	6796	283.09	UNIFORM-HENSLEY	290.4211.5276	RANGE MASTER
53	12/12/2019	6796	97.49	UNIFORM-FARNSWORTH	290.4211.5276	RANGE MASTER
54	12/12/2019	6796	807.01	UNIFORM-RAWSON	290.4211.5276	RANGE MASTER
55	12/12/2019	6796	217.58	UNIFORM-DENSMORE	290.4211.5276	RANGE MASTER
56	12/12/2019	6796	293.34	UNIFORM-HENSLEY	290.4211.5276	RANGE MASTER
57	12/12/2019	6796	948.14	UNIFORM-HUNT	290.4211.5276	RANGE MASTER
58	12/12/2019	6796	32.30	UNIFORM-LOPRESTI	290.4211.5276	RANGE MASTER
59	12/12/2019	6797	57.61	BATTERIES	290.4211.5255	RETAIL ACQUISITION & DEV., INC
60	12/12/2019	6798	229.62	SMALL TOOLS-LOCK OUT KIT	290.4211.5273	SNAP-ON INDUSTRIAL
61	12/12/2019	6799	27.00	BRUSH COAT REPAIR-FERGUSON	290.4211.5272	TURNOUT MAINTENANCE CO LLC
62	12/17/2019	6800	4.29	OFFICE SUPPLIES	290.4211.5201	BANK OF AMERICA
63	12/17/2019	6800	97.47	BOXES FOR EQUIPMENT STORAGE	290.4211.5201	BANK OF AMERICA
64	12/17/2019	6800	6.02	OFFICE SUPPLIES	290.4211.5201	BANK OF AMERICA
65	12/17/2019	6800	62.63	MEDICAL SUPPLIES	290.4211.5206	BANK OF AMERICA
66	12/17/2019	6800	66.54	SHIPPING DLA MEDICAL SUPPLIES	290.4211.5206	BANK OF AMERICA
67	12/17/2019	6800	22.17	POSTAGE	290.4211.5208	BANK OF AMERICA
68	12/17/2019	6800	98.73	USPS RETURN SHIPPING	290.4211.5208	BANK OF AMERICA
69	12/17/2019	6800	43.86	SHIPPING DLA HOSE	290.4211.5255	BANK OF AMERICA
70	12/17/2019	6800	54.86	SAW REPAIR	290.4211.5273	BANK OF AMERICA
71	12/17/2019	6800	67.25	SMALL TOOLS	290.4211.5273	BANK OF AMERICA
72	12/17/2019	6800	268.43	ANCILLARY ITEMS-LANE	290.4211.5276	BANK OF AMERICA
73	12/17/2019	6800	438.62	ANCILLARY ITEMS-BOVA	290.4211.5276	BANK OF AMERICA
74	12/17/2019	6800	343.73	ANCILLARY ITEMS-FERGUSON	290.4211.5276	BANK OF AMERICA
75	12/17/2019	6800	143.13	ANCILLARY ITEMS-HINDEN	290.4211.5276	BANK OF AMERICA
76	12/17/2019	6800	60.44	RESCUE TOOL	290.4211.5276	BANK OF AMERICA
77	12/17/2019	6800	117.37	PRINTING SERVICE	290.4211.5306	BANK OF AMERICA
78	12/17/2019	6800	150.83	OCEANO AIRPORT CONTAINMENT	290.4211.5325	BANK OF AMERICA

FIVE CITIES FIRE AUTHORITY
CHECK LISTING
DECEMBER 1 - 31, 2019

Line	Check Date	Check #	Amount	Description	Acct #	Vendor Name
79	12/17/2019	6800	18.64	SECURE CONFERENCE	290.4211.5403	BANK OF AMERICA
80	12/17/2019	6800	0.99	CHIEFS CELL PHONE STORAGE	290.4211.5403	BANK OF AMERICA
81	12/17/2019	6800	118.42	BATTALION CHIEF SAT PHONE CASE	290.4211.5403	BANK OF AMERICA
82	12/17/2019	6800	127.00	SUPPLIES FOR ALL HANDS MEETING	290.4211.5508	BANK OF AMERICA
83	12/17/2019	6800	28.12	STRIKE TEAM FOOD	290.4211.5508	BANK OF AMERICA
84	12/17/2019	6800	15.17	MEETING SUPPLIES	290.4211.5508	BANK OF AMERICA
85	12/17/2019	6800	233.08	JAC CONFERENCE FUEL & HOTEL-LE	290.4211.5512	BANK OF AMERICA
86	12/17/2019	6800	75.50	FUEL	290.4211.5512	BANK OF AMERICA
87	12/17/2019	6800	43.07	RESCUE & BRUSH INTERIOR LIGHTS	290.4211.5601	BANK OF AMERICA
88	12/17/2019	6800	545.03	STRIKE TEAM VEHICLE REPAIR	290.4211.5601	BANK OF AMERICA
89	12/17/2019	6800	1,097.48	REFRIGERATOR-STN 2	290.4211.5603	BANK OF AMERICA
90	12/17/2019	6800	656.34	STN 1 ICE MACHINE REPAIR	290.4211.5603	BANK OF AMERICA
91	12/17/2019	6800	34.96	STN 3 BLDG MAINT	290.4211.5604	BANK OF AMERICA
92	12/17/2019	6800	227.66	STRIKE TEAM FUEL	290.4211.5608	BANK OF AMERICA
93	12/17/2019	6800	65.67	COMMAND VEHICLE UPGRADE	290.4211.6201	BANK OF AMERICA
94	12/17/2019	6801	200.00	CPR INSTRUCTOR TRAINING-PENNER	290.4211.5501	HELPING HAND HEALTH EDUCATION
95	12/20/2019	6802	316.52	STATION BOOTS-HENSLEY	290.4211.5272	ALLSTAR FIRE EQUIPMENT, INC
96	12/20/2019	6803	185.28	SHOP SUPPLIES-RENTAL	290.4211.5303	AMERIPRIDE UNIFORM SVCS
97	12/20/2019	6804	33.03	ACCT#235 841-3953 777 9 CIRCUI	290.4211.5403	AT&T
98	12/20/2019	6805	1,445.26	BANK#9391033185, 9/25-1/25	290.4211.5403	AT&T
99	12/20/2019	6806	120.10	BATTERY FOR BATTALION 1	290.4211.5601	CARQUEST AUTO PARTS
100	12/20/2019	6806	74.97	MASTER DISCONNECT B1	290.4211.5601	CARQUEST AUTO PARTS
101	12/20/2019	6806	14.76	LIGHTBULB E2	290.4211.5601	CARQUEST AUTO PARTS
102	12/20/2019	6807	116.70	12/19 USERS FEE-SCHEDULING SOFTWARE	290.4211.6103	CREWSENSE LLC
103	12/20/2019	6808	50.00	UNIFORM HATS-DENSMORE	290.4211.5276	FIVE CITIES PROF. FIREFIGHTERS
104	12/20/2019	6809	214.96	SMOG FOR INVESTIGATOR VEHICLE	290.4211.5601	FOUR STAR VILLAGE AUTO SERVICE
105	12/20/2019	6810	150.00	REIMBURSE FOR DAMAGED PROPERTY	290.4211.5276	LOPRESTI, MIKE
106	12/20/2019	6811	21.54	STATION MAINTENANCE	290.4211.5604	MINER'S ACE HARDWARE, INC
107	12/20/2019	6812	31.50	EMBROIDERY-FARNSWORTH, PENNER	290.4211.5276	R & T EMBROIDERY, INC
108	12/20/2019	6813	170.00	E1 REPAIR-TREADLE VALVE LEAK	290.4211.5601	SOUTH COAST EMERGENCY
109	12/20/2019	6813	85.00	B1 REPAIR BATTERY DISCONNECT	290.4211.5601	SOUTH COAST EMERGENCY
110	12/20/2019	6813	12,175.24	TRUCK 6645 REPAIRS-AC, WATER	290.4211.5601	SOUTH COAST EMERGENCY
111	12/20/2019	6813	135.36	E3 REPAIR-REAR FOLD DOWN STEP	290.4211.5601	SOUTH COAST EMERGENCY
112	12/20/2019	6814	50.00	HAZMAT DISPOSAL 11/19	290.4211.5303	STERICYCLE INC.
113	12/20/2019	6814	50.00	HAZMAT DISPOSAL 12/19	290.4211.5303	STERICYCLE INC.
114	12/20/2019	6814	129.99	QTRLY OSHA COMPLIANCE	290.4211.5303	STERICYCLE INC.
115	12/20/2019	6814	50.00	HAZMAT DISPOSAL 01/20	290.4211.5303	STERICYCLE INC.
116	12/26/2019	6815	1,109.29	SVC-CO MONITOR REPAIR	290.4211.5603	BAUER COMPRESSORS, INC
117	12/26/2019	6816	43.11	SEAT COVER-BATTALION 6611	290.4211.5601	CARQUEST AUTO PARTS

FIVE CITIES FIRE AUTHORITY
 CHECK LISTING
 DECEMBER 1 - 31, 2019

Line	Check Date	Check #	Amount	Description	Acct #	Vendor Name
118	12/26/2019	6817	204.98	ACCT#82451010138133, INTERNE	290.4211.5401	CHARTER COMMUNICATIONS
119	12/26/2019	6817	204.98	ACCT#8245101000239800, INTERNE	290.4211.5401	CHARTER COMMUNICATIONS
120	12/26/2019	6818	860.12	1 DRUM SMALL ENGINE FUEL	290.4211.5608	J B DEWAR, INC
121	12/26/2019	6819	42.59	SHIPPING TO PELICAN PRODUCTS	290.4211.5208	FEDEX
122	12/26/2019	6820	99.00	BLS PROVIDER CARDS (9)	290.4211.5501	HELPING HAND HEALTH EDUCATION
123	12/26/2019	6821	12.89	T5 REPAIRS-FASTENERS	290.4211.5601	MINER'S ACE HARDWARE, INC
124	12/26/2019	6822	40.00	TIRE BEAD RESET-PATROL 6663	290.4211.5601	SANTA MARIA TIRE, INC
125	12/26/2019	6823	680.00	BRUSH 1 LIGHT BAR & FOG LIGHT	290.4211.5601	SOUTH COAST EMERGENCY
126	12/26/2019	6823	863.20	T5 IGNITION SWITCH REPAIR	290.4211.5601	SOUTH COAST EMERGENCY
			49,084.63			

FIVE CITIES FIRE AUTHORITY
DEPARTMENTAL LABOR DISTRIBUTION
PAY PERIOD
11/15/19 - 11/28/19
12/6/2019

BY ACCOUNT

5101	Salaries Full time	67,401.17
5103	Salaries Part-Time - TPT	5,738.44
5105	Salaries OverTime	37,727.35
5106	Salaries Strike Team OT	-
5108	Holiday Pay	5,287.35
5109	Sick Pay	2,738.19
5110	Annual Leave Buyback	7,425.48
5111	Vacation Buyback	-
5112	Sick Leave Buyback	1,247.06
5113	Vacation Pay	-
5114	Comp Pay	4,633.68
5115	Annual Leave Pay	559.66
5121	PERS Retirement	18,528.90
5122	Social Security	5,323.47
5123	PARS Retirement	9.80
5126	State Disability Ins.	483.44
5127	Deferred Compensation	125.00
5131	Health Insurance	16,475.62
5132	Dental Insurance	968.16
5133	Vision Insurance	267.04
5134	Life Insurance	121.52
5135	Long Term Disability	154.34
		175,215.67

FIVE CITIES FIRE AUTHORITY
DEPARTMENTAL LABOR DISTRIBUTION

PAY PERIOD

11/29/19 - 12/12/19

12/20/2019

BY ACCOUNT

5101	Salaries Full time	68,641.85
5103	Salaries Part-Time - TPT	6,484.48
5105	Salaries OverTime	36,245.14
5106	Salaries Strike Team OT	-
5108	Holiday Pay	5,287.34
5109	Sick Pay	1,899.60
5110	Annual Leave Buyback	-
5111	Vacation Buyback	-
5112	Sick Leave Buyback	-
5113	Vacation Pay	3,048.48
5114	Comp Pay	5,224.70
5115	Annual Leave Pay	-
5121	PERS Retirement	18,441.51
5122	Social Security	4,977.68
5123	PARS Retirement	13.48
5126	State Disability Ins.	398.82
5127	Deferred Compensation	125.00
5131	Health Insurance	16,475.62
5132	Dental Insurance	968.16
5133	Vision Insurance	267.04
5134	Life Insurance	121.52
5135	Long Term Disability	154.34
		<u>168,774.76</u>



STAFF REPORT

TO: Chair and Board Members **MEETING DATE:** January 17, 2020

FROM: Stephen C. Lieberman, Fire Chief
Nicole Valentine, City of Arroyo Grande Accounting Manager

SUBJECT: Consideration of Audited Financial Reports for the Fiscal Year Ended June 30, 2019

RECOMMENDATION

It is recommended the Board of Directors receive and file the audited financial reports for the fiscal year ended June 30, 2019.

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, 2019. 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 November 2019. 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 2019. 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 \$604,981. The fund balance represents approximately 11% 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, 2019, 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, 2019

PREPARED BY

Nicole Valentine, City of Arroyo Grande Accounting Manager

FIVE CITIES FIRE AUTHORITY



AUDIT REPORT

For the Fiscal Year Ended June 30, 2019

FIVE CITIES FIRE AUTHORITY
AUDIT REPORT
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 For the Fiscal Year Ended June 30, 2019

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FIVE CITIES FIRE AUTHORITY



FINANCIAL SECTION

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, 2019, 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, 2019, 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 26, the schedule of changes in OPEB liability and related ratios on page 27, the schedule of OPEB contributions on page 28, the schedule of proportionate share of net pension liability on page 29, and the schedule of pension contributions on page 30, 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 January 3, 2020, 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, Remy & Haugheim LLP

Santa Maria, California
January 3, 2020

FIVE CITIES FIRE AUTHORITY
STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,543,356
Receivables:	
Accounts	90,849
Interest	3,110
Capital assets:	
Depreciable:	
Vehicles and equipment	3,085,583
Accumulated depreciation	<u>(1,810,887)</u>
Total assets	<u>2,912,011</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,669,055
OPEB	23,836
Total deferred outflows of resources	<u>1,692,891</u>
LIABILITIES	
Accounts payable	833,669
Accrued payroll	198,340
Unearned revenue	325
Noncurrent liabilities:	
Due within one year:	
Capital lease	83,072
Due in more than one year:	
Capital lease	581,578
Compensated absences	377,528
Net pension liability	3,399,770
Other postemployment benefits	<u>1,065,321</u>
Total liabilities	<u>6,539,603</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	56,107
OPEB	157,378
Total deferred inflows of resources	<u>213,485</u>
NET POSITION	
Net investment in capital assets	610,046
Unrestricted	<u>(2,758,232)</u>
Total net position	<u>\$ (2,148,186)</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, 2019

		Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Fire protection services	\$ 6,513,263	\$ 5,695,563	\$ 44,553	\$ -	\$ (773,147)
Total governmental activities	<u>\$ 6,513,263</u>	<u>\$ 5,695,563</u>	<u>\$ 44,553</u>	<u>\$ -</u>	(773,147)
		General Revenues:			
					11,645
					(761,502)
					(1,386,684)
					<u>\$ (2,148,186)</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, 2019

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 1,543,356
Receivables:	
Accounts	90,849
Interest	<u>3,110</u>
Total assets	<u>\$ 1,637,315</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 833,669
Accrued payroll	198,340
Unearned revenue	<u>325</u>
Total liabilities	<u>1,032,334</u>
Fund Balance:	
Unassigned	<u>604,981</u>
Total fund balance	<u>604,981</u>
Total liabilities and fund balance	<u>\$ 1,637,315</u>

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

FIVE CITIES FIRE AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUND - BALANCE SHEET
TO THE STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2019

Total fund balance - governmental fund \$ 604,981

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	\$	3,085,583	
Accumulated depreciation		<u>(1,810,887)</u>	
Net capital assets			1,274,696

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	\$	664,650	
Compensated absences		377,528	
Net pension liability		3,399,770	
Other postemployment benefits		<u>1,065,321</u>	
Total long-term liabilities			(5,507,269)

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 \$1,692,891 and deferred inflows of resources of \$(213,485) is:

	<u>1,479,406</u>
Total net position - governmental activities	<u><u>\$ (2,148,186)</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, 2019

	<u>General Fund</u>
REVENUES	
Member contributions	\$ 5,309,131
Use of money and property	11,645
Grant revenue	44,553
Charges for services	275,923
Other revenue	<u>110,509</u>
Total revenue	<u>5,751,761</u>
EXPENDITURES	
Salaries and benefits	4,601,143
Services and supplies	800,466
Capital outlay	321,415
Debt Service:	
Principal	80,886
Interest	<u>20,310</u>
Total expenditures	<u>5,824,220</u>
Excess of revenue over(under) expenditures	(72,459)
Fund balance, July 1, 2018	<u>677,440</u>
Fund balance, June 30, 2019	<u><u>\$ 604,981</u></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, 2019**

Total net change in fund balance - governmental fund	\$ (72,459)
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 is greater than depreciation expense in the period.	69,438
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 earned exceeded the amounts used by:	(51,467)
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:	(79,807)
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 \$80,886.	80,886
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:	<u>(708,093)</u>
Change in net position - governmental activities	<u>\$ (761,502)</u>

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, 2019

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.

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

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, 2019

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.

Certain proceeds of long-term debt, including certain resources set aside for repayment, are classified as restricted assets on the government-wide balance sheet, because their use is limited by applicable debt covenants. FCFA has classified additional assets as restricted to comply with laws and other agreements.

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, 2019

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, 2019

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. 84 "Fiduciary Activities"

The provisions of this statement are effective
for fiscal years beginning after December 15, 2018.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

K. Future Accounting Pronouncements – continued

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
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, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.

NOTE 2 – CASH AND INVESTMENTS

The composition of cash and investments as of June 30, 2019, is as follows:

	<u>Total</u>
Cash in bank and on hand	\$ 1,056,729
Investments	<u>486,627</u>
Total cash and investments, statement of net position	<u>\$ 1,543,356</u>

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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, however, that external pool is not measured under Level 1, 2 or 3.

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, 2019

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	\$ 486,627	\$ 486,627	\$ -	\$ -	\$ -
Total	\$ 486,627	\$ 486,627	\$ -	\$ -	\$ -

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	\$ 486,627	N/A	\$ -	\$ -	\$ -	\$ 486,627
Total	\$ 486,627		\$ -	\$ -	\$ -	\$ 486,627

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 2019, is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Depreciable capital assets				
Equipment	\$ 231,331	\$ 321,415	\$ -	\$ 552,746
Vehicles	2,532,837			2,532,837
Total depreciable capital assets	2,764,168	321,415		3,085,583
Less accumulated depreciation	(1,558,910)	(251,977)		(1,810,887)
Net capital assets	<u>\$ 1,205,258</u>	<u>\$ 69,438</u>	<u>\$ -</u>	<u>\$ 1,274,696</u>

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 4 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, is as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One year</u>
Governmental Activities					
Capital Lease	\$ 745,536	\$ -	\$ 80,886	\$ 664,650	\$ 83,072
Compensated absences	326,061	208,793	157,326	377,528	
Net pension liability	2,689,117	1,096,340	385,687	3,399,770	
OPEB	<u>1,015,060</u>	<u>71,123</u>	<u>20,862</u>	<u>1,065,321</u>	
Total	<u>\$ 4,775,774</u>	<u>\$ 1,376,256</u>	<u>\$ 644,761</u>	<u>\$ 5,507,269</u>	<u>\$ 83,072</u>

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 non-current portion of these vested benefits (payable in accordance with various collective bargaining agreements) at June 30, 2019, total \$377,528.

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 \$1,065,321 at June 30, 2019. FCFA is currently funding the liability on a pay-as-you-go basis. See Note 6 for further detail.

E. Capital Lease

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 \$554,275. 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, 2019

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, 2019, are summarized below:

	<u>Miscellaneous Plan</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2013	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%	6.250%
Required employer contribution rates	10.609%	6.842%

	<u>Safety Plan</u>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2013	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	18.677%	12.141%
Required employer payment of unfunded liability	\$88,034	\$365

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 2018-19 fiscal year were \$25,618 for the miscellaneous plan and \$445,000 for the safety plan.

At June 30, 2019, FCFA reported a liability of \$229,955 for the miscellaneous plan and \$3,169,815 for the safety plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 which was updated for June 30, 2018 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, 2018, FCFA’s proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion-June 30, 2017	0.00552%	0.04136%
Proportion-June 30, 2018	<u>0.00450%</u>	<u>0.05474%</u>
Adjustment due to differences in proportions	<u>-0.00102%</u>	<u>0.01338%</u>

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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, 2019, FCFA recognized pension expense of \$1,178,711. 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, 2019, 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	\$ 470,618	\$ -
Net difference between projected and actual earnings on pension plan investment	22,598	
Differences between expected and actual experience	73,974	302
Changes of assumptions	337,230	48,386
Adjustment due to differences in proportions	676,375	
Differences between employer’s contribution and the employer’s proportionate share of contributions	88,260	7,419
Total	<u>\$ 1,669,055</u>	<u>\$ 56,107</u>

The reported deferred outflows of resources related to pensions in the amount of \$470,618 resulting from FCFA contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the 2019-20 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
2020	\$ 707,576
2021	419,751
2022	39,025
2023	(24,022)
Total	<u>\$ 1,142,330</u>

Actuarial Assumptions – The total pension liability for both the miscellaneous and safety plans in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
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 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 – DEFINED BENEFIT PENSION PLAN - continued

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

Change in Assumptions – In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the Public Employees’ Retirement Fund (PERF). The mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent scale MP2016 published by the Society of Actuaries. The inflation assumption was reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increase and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

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%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	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

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 5 – DEFINED BENEFIT PENSION PLAN – continued

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

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:

Plan’s Net Pension Liability	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous	\$ 332,775	\$ 229,955	\$ 145,079
Safety	4,834,044	3,169,815	1,806,276
Total	\$ 5,166,819	\$ 3,399,770	\$ 1,951,355

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

C. Payable to the Pension Plan

At June 30, 2019, FCFA had no amount outstanding for contributions to the pension plan required for the 2018-19 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	18
Inactive employees or beneficiaries currently receiving benefits	2
Total	20

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

Net OPEB Liability

The Authority’s Net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation dated June 30, 2017, Standard actuarial update procedures were used to project/discard from valuation to measurement dates.

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

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

Salary increases	3.00%
Medical cost trend rate	Pre-Medicare: 7.50%
	Post-Medicare: 6.50%

Pre-retirement mortality rates were based on the MP-2017 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the MP-2017 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the June 30, 2018 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

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 3.87 percent.

Change in assumptions. The discount rate was increased from 3.58 percent to 3.87 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:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long Term Expected Return of Plan Investments</u>	<u>Municipal 20 Year High Grade Rate Index</u>	<u>Discount Rate</u>
June 30, 2019	June 30, 2018	3.87%	3.87%	3.87%
June 30, 2018	June 30, 2017	3.58%	3.58%	3.58%

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018 (Valuation Date June 30, 2017)	<u>\$ 1,015,060</u>
Changes recognized for the measurement period:	
Service cost	85,394
Interest	39,023
Changes of assumptions	(53,294)
Contributions - employer	
Net investment income	
Benefit payments	<u>(20,862)</u>
Net Changes	<u>50,261</u>
Balance at June 30, 2019 (Measurement Date June 30, 2018)	<u><u>\$ 1,065,321</u></u>

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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease <u>2.87%</u>	Current Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
OPEB Liability	\$ 1,266,899	\$ 1,065,321	\$ 908,012

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:

	1% Decrease <u> </u>	Healthcare Cost Trend Rate <u> </u>	1% Increase <u> </u>
OPEB Liability	\$ 901,943	\$ 1,065,321	\$ 1,293,305

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

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

For the fiscal year ended June 30, 2019, the Authority recognized OPEB expense of \$103,643. As of the fiscal year ended June 30, 2019, 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	\$ 23,836	\$ -
Change in assumptions		157,378
	<u>\$ 23,836</u>	<u>\$ 157,378</u>

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>
2020	\$ (20,774)
2021	(20,774)
2022	(20,774)
2023	(20,774)
2024	(20,774)
Thereafter	(53,508)
	<u>\$ (157,378)</u>

NOTE 7 – CAPITAL LEASE

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, 2019

NOTE 7 – CAPITAL LEASE - continued

Fiscal year Ending June 30	Amount
2020	\$ 66,366
2021	66,366
2022	66,366
2023	66,366
2024	66,366
2025-2026	<u>132,735</u>
Total minimum lease payments	464,565
Less amount representing interest	<u>(43,179)</u>
Present value of net minimum lease payments	<u>\$ 421,386</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
2020	\$ 34,830
2021	34,830
2022	34,830
2023	34,830
2024	34,830
2025-2027	<u>104,490</u>
Total minimum lease payments	278,640
Less amount representing interest	<u>(35,376)</u>
Present value of net minimum lease payments	<u>\$ 243,264</u>

FIVE CITIES FIRE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 8 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds is as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Fund:	
General Fund	
Salaries and benefits	\$ 181,443
Services and supplies	\$ 81,066

NOTE 9 – CONTINGENCIES AND COMMITMENTS

There are no contingent liabilities are outstanding and no lawsuits are 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



REQUIRED SUPPLEMENTARY INFORMATION SECTION (unaudited)

FIVE CITIES FIRE AUTHORITY
BUDGETARY INFORMATION - MAJOR GOVERNMENTAL FUND
General Fund
For the Fiscal Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance Over/(Under)
	Original	Final		
REVENUES				
Member contributions	\$ 5,309,130	5,309,130	\$ 5,309,131	\$ 1
Use of money and property	700	700	11,645	10,945
Grant revenue			44,553	44,553
Charges for services	24,000	24,000	275,923	251,923
Other revenue	9,000	9,000	110,509	101,509
Total revenues	5,342,830	5,342,830	5,751,761	408,931
EXPENDITURES				
Salaries and benefits	4,419,700	4,419,700	4,601,143	(181,443)
Services and supplies	719,400	719,400	800,466	(81,066)
Capital outlay	102,500	429,539	321,415	108,124
Debt Service:				
Principal	80,886	80,886	80,886	
Interest	20,344	20,344	20,310	34
Total expenditures	5,342,830	5,669,869	5,824,220	(154,351)
Excess of revenue over expenditures		(327,039)	(72,459)	254,580
Fund balance, July 1, 2018	677,440	677,440	677,440	
Fund balance, June 30, 2019	\$ 677,440	\$ 350,401	\$ 604,981	\$ 254,580

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 85,394	\$ 98,895
Interest	39,023	32,286
Actual and expected experience difference		
Changes in assumptions	(53,294)	(139,901)
Benefit payments	<u>(20,862)</u>	<u>(20,279)</u>
Net change in total OPEB Liability	50,261	(28,999)
Total OPEB liability - beginning	<u>1,015,060</u>	<u>1,044,059</u>
Total OPEB liability - ending	<u><u>\$ 1,065,321</u></u>	<u><u>\$ 1,015,060</u></u>
Covered payroll	\$ 3,114,826	\$ 2,161,110
Authority's OPEB liability as a percentage of covered payroll	34.20%	46.97%

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

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2019

The Authority's contribution for the fiscal year ended June 30, 2019 was \$23,836. The Authority did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore 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 actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore 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 two years are shown.

FIVE CITIES FIRE AUTHORITY
NET PENSION LIABILITY - SCHEDULE OF PROPORTIONATE SHARE
Last Ten Fiscal Years*

Fiscal Year End	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.03528%	0.02712%	0.02599%	0.01632%	0.01888%
Proportionate share of the net pension liability	\$ 3,399,770	\$ 2,689,117	\$ 2,248,800	\$ 1,119,860	\$ 1,174,799
Covered payroll	\$ 1,789,707	\$ 1,642,433	\$ 1,682,511	\$ 1,543,995	\$ 1,617,249
Proportionate share of the net pension liability as percentage of covered payroll	189.96%	163.73%	133.66%	72.53%	72.64%
Plan's total pension liability	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan's fiduciary net position as a percentage of the plan's total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Change in Assumptions

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected ages of general employees.

* - The 2014-15 fiscal year was the first year of implementation, therefore less than 10 years is shown.

FIVE CITIES FIRE AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
Last Ten Fiscal Years*

Fiscal Year End June 30	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 470,618	\$ 385,687	\$ 351,661	\$ 341,236	\$ 376,592
Contributions in relation to the actuarially determined contribution	(470,618)	(385,687)	(351,661)	(341,236)	(376,592)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,176,596	\$ 1,789,707	\$ 1,642,433	\$ 1,682,511	\$ 1,526,801
Contributions as a percentage of covered payroll	21.62%	21.55%	21.41%	20.28%	24.67%

Notes to Schedule

Measurement Date June 30	2018	2017	2016	2015	2014
Valuation Date June 30	2017	2016	2015	2014	2013
Actuarial Cost Method	Entry Age Normal				
Actuarial Assumptions:					
Discount Rate	7.375%	7.65%	7.65%	7.65%	7.50%
Inflation	2.75%	2.75%	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)	7.375%	7.65%	7.65%	7.65%	7.50%
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds				
Post Retirement Benefit Increase	Contract COLA up to 2.75% 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 less than 10 years is shown.



STAFF REPORT

TO: Chair and Board Members **MEETING DATE:** January 17, 2020

FROM: Stephen C. Lieberman, Fire Chief

SUBJECT: Consideration of a Resolution Authorizing Participation in the Federal Excess Personal Property Program in Accordance with the United States Forest Service Cooperative Forestry Assistance Act of 1978

RECOMMENDATION

It is recommended that the Five Cities Fire Authority (FCFA) Board of Directors adopt a resolution to authorize this agency's participation in the Federal Excess Personal Property Program (FEPP) to obtain property through the Department of Defense (DOD), or United States Forest Service.

BACKGROUND

In April of 2019, the Board authorized FCFA's participation in another Federal / DOD surplus program. While FCFA staff has been successful in obtaining needed equipment at little cost, staff has been unable to locate used pick-up trucks which are a critical need for single resource mutual aid requests. FCFA staff recently learned that a related program would be more appropriate to locate and take custody of pick-up trucks and even fire apparatus belonging to the United States government.

FISCAL IMPACT

The fiscal impact to the Five Cities Fire Authority would be minimal in comparison to the cost savings; an example would be acquiring an essential vehicle but possibly having to install emergency response equipment.

ALTERNATIVES

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

1. Approve the resolution allowing participation in Federal Excess Personal Property program, and
2. Authorize and delegate to Fire Chief Lieberman the authority to enter into an agreement in furtherance of participating in this program, or
3. Provide other direction.

ATTACHMENTS

Cover Letter from Department of Forestry and Fire Protection
Agreement
Resolution
GSAXcess Screener Request Form
Property Wish List Form

PREPARED BY

Stephen C. Lieberman, Fire Chief

**DEPARTMENT OF FORESTRY & FIRE PROTECTION
BUSINESS SERVICES OFFICE**

Federal Property Unit
P. O. Box 944246
Sacramento, CA 94244-2460
(916) 323-3827
Website: www.fire.ca.gov



December 27, 2019

Chief Stephen Lieberman
Five Cities Fire Authority
140 Traffic Way
Arroyo Grande, CA 93420

Subject: FEPP Cooperative Agreement Number 993409

Dear Chief Lieberman:

Enclosed is a renewal Cooperative Agreement with CAL FIRE for the Federal Excess Personal Property (FEPP) program. Currently Five Cities FA is not participating in the program.

Please review the agreement for accuracy and complete the following:

1. Sign page six (6) of the Cooperative Agreement
2. Include a signed resolution from the governing board/council approving continued participation in the FEPP program* (*Example has been included*)
3. GSAXcess Screener Request Form
4. Want/Wish List form
5. Mail the original agreement and additional paperwork listed above to:

CAL FIRE Federal Property Unit, P.O. Box 944246, Sacramento, CA 94244-2460

Attn: Merced Arguello

NOTE: Per the USDA Forest Service, without the resolution, the agreement is incomplete and will result in the inability of CAL FIRE to acquire future property items for your department.

Items 3 and 4 are both optional and are not a requirement. A copy of the agreement will be mailed to you when the additional signatures have been attained.

Thank you for your assistance in completing this agreement in a timely manner and please contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads "Merced Arguello".

Merced Arguello
State FEPP Analyst
Merced.Arguello@fire.ca.gov
(916) 323-3827

Enclosure

cc: Scotty Jalbert, San Luis Obispo Unit (SLU)

STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY
DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)

COOPERATIVE AGREEMENT FOR THE
USDA FOREST SERVICE
FEDERAL EXCESS PERSONAL PROPERTY (FEPP) PROGRAM
Under the United States Forest Service Cooperative Forestry Assistance Act (CFAA) of 1978

This agreement is entered into by and between

THE STATE OF CALIFORNIA
DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)

AND

FIVE CITIES FIRE AUTHORITY

This agreement made and entered into this **26th** day of **December, 2019**, by and between the State of California acting by and through the Director of the Department of Forestry and Fire Protection (CAL FIRE), hereinafter referred to as the STATE and the **Five Cities Fire Authority**, hereinafter referred to as the COOPERATOR, covenants as follows:

I. PURPOSE

The STATE has been approved as an agent of the United States Department of Agriculture (USDA) Forest Service for administering Federal Excess Personal Property (FEPP) as part of the Cooperative Fire Protection Program, which allows the COOPERATOR to take custody and use FEPP property for wildland and rural community fire protection services.

II. MUTUAL INTEREST OF PARTIES

Both the STATE and the COOPERATOR have a mutual interest in the prevention, protection and suppression of all wildland and rural community fires near and adjacent to the property and people of California.

III. AUTHORITIES

The Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. § 483) and the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. § 2106(c)) authorizes the FEPP Program as an element of the Cooperative Fire Protection Program (16 U.S.C. § 2106(b)). Under these authorities, the USDA Forest Service may lend FEPP property needed for wildland and rural community fire protection to the STATE and to local paid or unpaid fire departments for their use.

IV. RESPONSIBILITIES

THE COOPERATOR AGREES:

1. Primary use of FEPP property must be 90 percent for activities directly related to wildland and rural community fire protection; however, situations may occur that make this exclusive use impractical. Non-fire emergency use of FEPP property is authorized and limited to no more than 10 percent total

usage. Abuse of the 10 percent non-fire use standard could result in recall of the property on loan, suspension from the program, or other sanctions.

2. FEPP property acquired by the COOPERATOR is not permitted to be rented, leased, loaned, or traded to another party; no exceptions. FEPP property is not permitted to be transferred or sold without approval from the STATE or USDA Forest Service. FEPP property is for official use only; personal use of FEPP property is prohibited, violates the law, and this Cooperative agreement. Any personal use violations found, subjects the COOPERATOR to penalties and FEPP property recall as determined by the STATE and USDA Forest Service.
3. To notify the STATE of receipt of FEPP property during the acquisition process. No exceptions.
4. To bear the entire cost of transportation, retrofit, modification, maintenance, repairs, and operation of acquired FEPP property while in the COOPERATOR's possession.
5. COOPERATOR must paint any FEPP rolling stock acquired directly from the USDA Forest Service that has the distinct Forest Service green color. If FEPP property is acquired from the Department of Defense (DoD) and has military colors or markings, it must be painted. This is mandatory per the STATE and the USDA Forest Service. The painting of the FEPP vehicle must be accomplished within ONE (1) calendar year of the acquisition.
6. To register all FEPP rolling stock with the California Department of Motor Vehicles (DMV) within 60 days of receipt of property. LEIN HOLDER will remain as the USDA Forest Service. This is mandatory as ownership remains with the Forest Service. REGISTERED OWNER will be the COOPERATOR. Copies of DMV Registration for all FEPP rolling stock in COOPERATOR'S possession must be sent to the STATE. This is mandatory per the USDA Forest Service; no exceptions.
7. To obtain prior to operation of any FEPP property the minimum liability insurance in the amount required by State law to cover the operation of FEPP rolling stock. COOPERATOR must maintain adequate insurance to cover damages or injuries to cover persons or property relating to the use of the property. Proof of insurance coverage must be provided to the STATE in the form of an insurance policy or a self-insured statement on an official letterhead.
8. Drivers of FEPP property must take the necessary equipment training and have a valid California operator license to operate the loaned vehicle(s).
9. To make FEPP property operable and ready to be placed into service for wildland and rural community fire protection, including fire suppression and prevention. Operational condition of the property will be achieved within one (1) year to the date of property pick up/receipt.
10. FEPP property cannot be modified or cannibalized without prior authorization from the STATE and the USDA Forest Service. COOPERATOR shall contact the STATE with a request and justification to modify or cannibalize any FEPP property. The request must be submitted for approval before any modification or cannibalization to FEPP property takes place.
11. The COOPERATOR is responsible for the proper care, maintenance, security and storage of all acquired FEPP property.
12. All FEPP property must be identified as property belonging to the USDA Forest Service and for fire use only. The STATE will provide USDA Forest Service property tags along with a property number assigned to accountable FEPP property.

13. To promptly report any FEPP property when it is no longer needed by the COOPERATOR to the STATE and USDA Forest Service for disposal authority. The COOPERATOR is not to release FEPP property to anyone unless the STATE and USDA Forest Service have provided the proper authorization and documentation needed. The COOPERATOR is to provide reasonable access to authorized personnel for inspection and removal of FEPP property.
14. Ownership of all accessories, tools, light bars, sirens and equipment which is added to the loaned FEPP property remains with the COOPERATOR and must be removed prior to the disposal process.
15. Accidents involving FEPP property must be reported directly to the STATE within 10 days of the situation. This includes accidents that result in death, injury, illness, or property damage (more than \$350). Depending on the type of accident, the STATE will provide direction to the COOPERATOR on the information required to be submitted to the USDA Forest Service.
16. Lost, stolen, damaged or destroyed FEPP property shall be reported to the STATE for proper documentation and handling.
17. When FEPP property is lost, damaged, destroyed or stolen, a determination is required whether there was negligence on the part of the COOPERATOR. The STATE shall make a recommendation to the USDA Forest Service Property Management Officer (PMO) whether there was negligence or gross negligence.
 - a. Negligence: The failure to abide by Federal rules and regulations.
 - i. Repeated instances of negligent damage to FEPP property by staff of the COOPERATOR may be cause for the STATE to suspend further acquisitions by the COOPERATOR until the reasons for the negligence are identified and steps taken to prevent further instances.
 - b. Gross negligence: The intentional, willful, or wanton failure to exercise a reasonable degree of care to protect FEPP property in one's custody in reckless disregard of the consequences of the actions.
 - i. If the STATE determines that there is apparent gross negligence on the part of the COOPERATOR staff, the findings plus all supporting documentation shall be forwarded by the STATE to the USDA Forest Service PMO for a final determination.
 - ii. Should the USDA Forest Service submit the final determination is one of gross negligence and sends the STATE a Bill of Collection for FEPP property under COOPERATOR's care, the COOPERATOR will reimburse the STATE for all the costs listed on the Bill of Collection.
 - iii. COOPERATOR shall be suspended from acquiring any additional FEPP property for a set time as determined by the STATE.
 - iv. A second case of gross negligence will cause the COOPERATOR to lose all privileges of participation in the FEPP program as determined by the STATE.
18. To perform/participate in the physical inventory process on FEPP property in COOPERATOR's possession every two (2) years.
19. The STATE and USDA Forest Service will periodically conduct joint reviews of the FEPP program to ensure compliance with USDA Forest Service and other applicable statutes, regulations and policies are being followed. The COOPERATOR must participate and provide access to all physical FEPP property along with access to all FEPP documentation during the review. The STATE is authorized to perform audits and reviews by STATE personnel, in between joint reviews, to provide the USDA Forest Service information for FEPP program improvements.
20. To retain all documentation on all inventoried FEPP property for six (6) years and three (3) months after the year designated for the disposal of the property. The STATE will send all mandatory

documentation required for acquisition, management and disposal of FEPP property to the COOPERATOR as these processes occur.

21. The COOPERATOR must provide access to and the right to examine all records, books, papers or documents relating to the FEPP program to the USDA Forest Service, USDA Office of the Inspector General (OIG), the Comptroller General of the United States, the STATE and their authorized representatives.
22. To comply with Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and in accordance with Title VI of that Act, no person in the United States shall, on the ground of race, color, or natural origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination, under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this agreement. To comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) prohibiting discrimination where discriminatory practices will result in unequal treatment of persons who are or should be benefiting from the activity.

V. OTHER AGREEMENT TERMS

IT IS MUTUALLY AGREED THAT:

1. Title to all FEPP property shall remain vested in the United States federal government.
2. The COOPERATOR shall complete a resolution, or a statement from their governing board/council, approving participation in the FEPP program. The resolution must be received with this Cooperative agreement as a requirement of the terms and conditions before the STATE will prepare or continue (in the case of a renewal agreement) the COOPERATOR's access to screen and manage FEPP property.
3. All FEPP property loaned to the COOPERATOR shall be for an indefinite period of time, unless the COOPERATOR is negligent of program requirements as detailed in the Terms and Conditions of this Cooperative agreement as well as any Federal regulations that govern the FEPP program. The agreement may be terminated by either party after giving notice 60 days in advance of such termination to the other party.
4. The STATE will not be responsible for furnishing spare parts for FEPP property and the COOPERATOR accepts all FEPP property "as is" without any warranties of any kind, either expressed or implied.
5. Amendments to this Cooperative agreement covering acquisitions and disposals of FEPP property will be submitted by the STATE to the COOPERATOR for review and signature. These Amendments will be sent upon completion of the action taken and must be returned signed and dated by the COOPERATOR to the STATE to maintain accurate record keeping as required by the USDA Forest Service.
6. COOPERATORS with any FEPP property will cooperate with regulatory agencies to ensure compliance with Federal and State regulations, program and property management requirements.
7. In the event of any dispute over FEPP loaned equipment or any terms or conditions contained herein, the dispute shall be decided by the STATE and its decision shall be binding and final.
8. The parties hereto agree that the COOPERATOR, their officers, employees, agents, servants, contractors, volunteers, paid firefighters, and all others acting on behalf of the COOPERATOR,

performing under the terms of this Cooperative agreement, are not acting as officers, employees or agents of the State or the Federal government.

9. The COOPERATOR agrees to defend, indemnify, save and hold harmless the STATE as defined herein, and the Department of Forestry and Fire Protection (CAL FIRE), their officers, agents and employees against all claims, demands, causes of action or liability of any kind whatsoever arising out of the acts of the COOPERATOR, its agents or employees in the performance of any function provided for under the terms of this agreement or the use of property transferred.
10. The period of this agreement is for FIVE (5) years from the date of last signature on page six (6) and entered on page one (1), if no violations or signatory changes occur. Thereafter, the agreement shall be reviewed every other year for compliance by the STATE during the agreement review process and extended if no violations or changes have occurred, not to exceed a FIVE (5) year term renewal. This Cooperative agreement supersedes all prior agreements related to the FEPP program.
11. Either party may terminate this agreement by providing written notice to the other party 60 days prior to the termination date. If the agreement is terminated, the COOPERATOR shall be ineligible to continue participation in the FEPP program. Upon termination of this Cooperative agreement, all FEPP property assigned to the COOPERATOR shall be returned to the STATE. Prior to terminating a COOPERATOR's eligibility for cause, the STATE shall attempt alternative resolutions.
12. Any information provided to the STATE under this Cooperative agreement is subject to the Freedom of Information Act (5 U.S.C. §§ 551 *et seq.*).
13. The primary contact information of the parties hereto, for all notices, payments, repayments, or any other activity required or contemplated under the terms of this Cooperative agreement are:

Cooperator Name: Five Cities Fire Authority	Department of Forestry and Fire Protection (CAL FIRE) Federal Property Programs
Contact Name: Stephen Lieberman	
Title: Fire Chief	
Street Address: 140 Traffic Way	Street Address: 1300 U Street, Sacramento, CA 95818
Mailing Address:	Mailing Address: P.O. Box 944246
City: Arroyo Grande	City: Sacramento
Zip: 93420	Zip: 94244-2460
Phone Number: (805) 473-5490 Ext.	Phone Number: (916) 322-0687
Fax Number: (805) 489-0348	Fax Phone Number: (916) 323-1888
Email: slieberman@fivecitiesfire.org	Email: FederalProperty@fire.ca.gov

14. Local CAL FIRE Unit contact information:

CAL FIRE Unit: San Luis Obispo Unit (SLU)	Point of Contact: Matthew Watkins
Physical Address: 140 Traffic Way	
City: Arroyo Grande	Zip Code: 93420
Phone Number: (805) 543-4244Ext. :	

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year of the last signature below.

COOPERATOR	
NAME OF COOPERATOR: Five Cities Fire Authority	
BY (Authorized Signature): 	DATE SIGNED:
PRINTED NAME AND TITLE OF PERSON SIGNING: Stephen Lieberman, Fire Chief	
STATE OF CALIFORNIA Department of Forestry and Fire Protection (CAL FIRE)	
BY (CAL FIRE Unit Chief): 	DATE SIGNED:
PRINTED NAME AND TITLE OF PERSON SIGNING: Scotty Jalbert, San Luis Obispo Unit Chief	
BY (CAL FIRE Property and Local Services Manager): 	DATE SIGNED:
PRINTED NAME AND TITLE OF PERSON SIGNING: Nicole Harner, Property and Local Services Manager	

STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY
DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)

COOPERATIVE AGREEMENT FOR THE
USDA FOREST SERVICE
FEDERAL EXCESS PERSONAL PROPERTY (FEPP) PROGRAM
Under the United States Forest Service Cooperative Forestry Assistance Act (CFAA) of 1978

ATTACHMENT A

FIVE CITIES FIRE AUTHORITY

	ITEM:	SERIAL #:	PROPERTY #
1.			
2.			
3.			
4.			
5.			
6.			
7.			

Rev. March 2019

RESOLUTION NO. 2020-01

**A RESOLUTION OF THE BOARD OF THE FIVE CITIES FIRE
AUTHORITY TO CONSIDER AUTHORIZING AN AGREEMENT FOR
FEDERAL EXCESS PERSONAL PROPERTY - AGREEMENT
993409**

WHEREAS, the Five Cities Fire Authority has identified a need for excess personal firefighter property from the Department of Defense (DOD) or the United States Forest Service through the Federal Excess Personal Property program to help actively engage in prevention, protection and suppression of all fires and medical emergency response services in the County of San Luis Obispo; and

WHEREAS, there is a need for Federal Excess Personal Property to help fight wildland, rural, structure or other fires in the County of San Luis Obispo; and

WHEREAS, the Five Cities Fire Authority desires to take custody and use certain firefighter property in accordance with the United States Forest Service Cooperative Forestry Assistance Act (CFAA) of 1978 and the Federal Excess Personal Property program as described in the attached Exhibit "A", available for local firefighting agencies; and

WHEREAS, Stephen Lieberman is the Fire Chief of the Five Cities Fire Authority.

NOW, THEREFORE, BE IT RESOLVED that the Five Cities Fire Authority Board accepts the agreement between the State of California, Department of Forestry and Fire Protection (CAL FIRE) and the Five Cities Fire Authority, for taking custody and use of firefighter property and authorizes Chief Steve Lieberman to sign the agreement on behalf of the Board of Directors.

BE IT ALSO RESOLVED that the Clerk to the Board shall certify the passage and adoption of this Resolution and enter it into the book of original Resolutions.

On motion by _____, seconded by _____, 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 17th day of January, 2020.

**RESOLUTION NO. 2020-01
PAGE 2**

KAREN WHITE, CHAIR

ATTEST:

TRICIA MEYERS, CLERK TO THE BOARD

APPROVED AS TO CONTENT:

STEPHEN C. LIEBERMAN, FIRE CHIEF

APPROVED AS TO FORM:

DAVID P. 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. 2020-01 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 17th day of January, 2020.

WITNESS my hand and the Seal of the Five Cities Fire Authority affixed this 17th day of January, 2020.

TRICIA MEYERS, CLERK TO THE BOARD



STATE OF CALIFORNIA
THE NATURAL RESOURCES AGENCY
DEPARTMENT OF FORESTRY AND FIRE PROTECTION

AAMS/GSAXCESS SCREENER REQUEST FORM
PROPERTY SEARCH ONLY
FOR LOCAL COOPERATORS IN FEPP PROGRAM

PLEASE READ AND COMPLETE ONLY APPLICABLE FIELDS

NEW <input type="checkbox"/>	SCREENER ID (Update Only) <input type="checkbox"/>
DATE OF REQUEST:	LFC FEPP AGREEMENT DATE: <i>(To be completed by State)</i>

SCREENER INFORMATION - STEP 1

NAME (First, Last):

TITLE:

FIRE COOPERATOR NAME:

STREET ADDRESS (NO P.O. BOX):

MAILING ADDRESS (If different from above):

CITY AND STATE: ZIP CODE:

TELEPHONE NUMBER (ex. (555)-555-5555): CELL PHONE NUMBER (ex. (555)-555-5555):

EMAIL ADDRESS:

ACCESS LEVEL REQUESTED:

AAMS/GSAXCESS - PROPERTY SEARCH ONLY

AUTHORIZING SIGNATURES - STEP 2

BY (Fire Chief or Authorizing Signature):	DATE SIGNED:
BY (State FEPP Coordinator):	DATE SIGNED:

THE SECTION BELOW IS FOR USE BY SACRAMENTO FEPP PROGRAM OFFICE AND THE USFS

GSAXCESS LOGIN INFORMATION:

LOGON ID:	TEMPORARY PASSWORD:
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USDA FOREST SERVICE

BY (Forest Service Property Management Officer):	DATE SIGNED:
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STATE OF CALIFORNIA, THE RESOURCES AGENCY
 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE)
 USDA FOREST SERVICE



PROPERTY WANT / WISH LIST
 FEDERAL EXCESS PERSONAL PROPERTY (FEPP) PROGRAM

NEW


UPDATE


Date of Request: 12/27/2019


Agreement #: 993409


FIRE COOPERATOR INFORMATION			
Fire Cooperator Name:		Five Cities Fire Authority	
Fire Chief:		Stephen Lieberman	
Point of Contact (if different):			
Phone Number:		(805) 473-5490 ext.	
Cell Phone Number:		() -	
Email:		slieberman@fire.ca.gov	
VEHICLE REQUEST			
Body Style/Type (Fire Engine, Pickup Truck, Tender, SUV, HUMVEE, etc.):			
Model:			
Year(s):		Cab Type (2 or 4 Doors):	
Transmission Type:		Drive Type (4x2, 4x4):	
Tonnage:		Fuel Type (Gas, Diesel):	
Additional Information:			
CAL FIRE Use Only	Comments: _____		Unit FLO Initial: _____
VEHICLE REQUEST			
Body Style/Type (Fire Engine, Pickup Truck, Tender, SUV, HUMVEE, etc.):			
Model:			
Year(s):		Cab Type (2 or 4 Doors):	
Transmission Type:		Drive Type (4x2, 4x4):	
Tonnage:		Fuel Type (Gas, Diesel):	
Additional Information:			
CAL FIRE Use Only	Comments: _____		Unit FLO Initial: _____

ALL OTHER PROPERTY REQUESTS	
Other equipment examples include but are not limited to: Slip-on pumps, generators, gym equipment, fire tools, winches, medical supplies, vehicle parts, construction material, office supplies and household furniture.	
Item (Specific Details):	
Item (Specific Details):	
Item (Specific Details):	
Item (Specific Details):	
Item (Specific Details):	

Cooperator: Review Terms	
<input type="checkbox"/> 	<p>I certify that appropriate local funding will be made available to transport, repair, maintain, secure and store all FEPP property. This includes painting all acquired FEPP rolling stock to match the Fire district's/department's current vehicle fleet and to apply the logo and letter identifiers as outlined in the FEPP Cooperative Agreement Terms and Conditions.</p>

COOPERATOR	
NAME OF FIRE DEPARTMENT: Five Cities Fire Authority	
BY (Authorized Signature): 	DATE SIGNED:
PRINTED NAME AND TITLE OF PERSON SIGNING: Stephen Lieberman, Fire Chief	

STATE OF CALIFORNIA Department of Forestry and Fire Protection	
BY (CAL FIRE FORESTRY LOGISTICS OFFICER): 	DATE SIGNED:
PRINTED NAME AND TITLE OF PERSON SIGNING: Terry Winter, Forestry Logistics Officer	

STATE OF CALIFORNIA Department of Forestry and Fire Protection	
BY (CAL FIRE BUSINESS SERVICES OFFICE): 	DATE SIGNED:
PRINTED NAME AND TITLE OF PERSON SIGNING: Merced Arguello, Federal Property Analyst	