

APPLE VALLEY FIRE PROTECTION DISTRICT

22400 Headquarters Drive ☐ Apple Valley California 92307
(760) 247-7618 ☐ FAX (760) 247-3895

MINUTES OF SPECIAL MEETING BOARD OF DIRECTORS

May 3, 2018

1.0 CALL TO ORDER: President Leary 2:30 PM

2.0 PLEDGE OF ALLEGIANCE: Director Tinsley

3.0 ROLL CALL:

Present: Vice President Jeffs, Director Karen, President Leary, Director Savage,
Director Tinsley

Absent: None.

4.0 SPECIAL ANNOUNCEMENTS/PRESENTATIONS: None.

5.0 PUBLIC COMMENT: None.

6.0 DIRECTORS' RESPONSE TO PUBLIC COMMENT: None.

7.0 ACTION ITEMS:

.01 FY 2016-2017 Audited Financial Statements. President Leary called on Chief Gigliotti to introduce the District's auditor Brett Van Lant of Van Lant and Fankhanel, LLP, the District's audit firm. Mr. Van Lant, a partner in the firm, conducted the audit and began by explaining he had a presentation about the audit process. Following the presentation Mr. Van Lant informed the Board he would then discuss the letters issued with the audit. These comments were followed by the presentation of Mr. Van Lant's power point which is attached to these Minutes and made a part hereof.

The Board had very few questions regarding the audit process during the presentation. President Leary did request Mr. Van Lant review the Communications of Internal Controls letter which Mr. Van Lant did following the power point presentation. There was some discussion among the Board, Staff and Mr. Van Lant regarding the cash receipting and the burn permit process with an agreement there would be further discussion and possible assistance from Mr. Van Lant on the District's internal controls. The Board requested Staff present some mitigation of the findings at the June Board meeting.

Following Mr. Van Lant's presentation Finance Officer Milson gave a brief power point presentation summarizing the audit findings. A copy of her presentation is attached to these Minutes and made a part hereof.

M/S Savage/Karen to accept the Financial Statement for fiscal year ended June 30, 2017.

Directors Leary, Jeffs, Karen and Savage voted aye.

Ayes: 5 Noes: 0 Abstain: 0 Absent: 0

8.0 STAFF COMMENTS: None.

9.0 DIRECTORS COMMENTS: The Board thanked Mr. Van Lant for his presentation and the work on the audit.

10.0 FUTURE AGENDA ITEMS: None.

20.0 ADJOURNMENT: The meeting was adjourned at 3:24 PM M/S/P Savage/Karen.

ATTEST:


ROSE MARIE GARRISON
Recording Secretary


DANIEL J. LEARY
President

Apple Valley Fire Protection District

Financial Statement Audit Presentation
for the Fiscal Year Ended

June 30, 2017

Presented by:
Brett Van Lant
Partner



— Certified Public Accountants —

Audit Process

- Preliminary Interim Audit Fieldwork
 - Assess the risk the financial statements could be materially misstated due to fraud or error
 - Gain an understanding of design and implementation of internal controls over financial reporting including:
 - Cash receipts process, cash disbursements process, purchasing process, payroll process, various other significant audit areas
 - Review specific transactions, observe processes, inquire with District staff throughout the District.

Audit Process – Cont.

- Year-end Audit Fieldwork
 - Audit balances and amounts in the District's financial statements
 - Procedures involve auditor's judgment based on risk assessment
 - Substantive testing of the balances and amounts to provide reasonable assurance
 - Confirmation, testing of transactions, inquiry of District Staff, analytical procedures

Reports and Letters Issued

- Audit Report - Opinion on Financial Statements
- Communication of Significant Deficiencies and Material Weaknesses
- Report on the District's Appropriations Limit
- SAS 114 Communication Letter

Audit Report on the Financial Statements

- Management's Financial Statements
- Auditor's Responsibilities
 - Express opinion
 - Reasonable assurance
- Conduct audit in accordance with applicable standards; obtain evidence
- Procedures involve auditor judgment
 - Risk assessment

Audit Report on the Financial Statements - continued

- Unmodified (clean) Opinion
- Required Supplementary Information
 - Budgetary schedule, Pension and OPEB schedules
 - Limited audit procedures – no opinion expressed
- There were no restrictions imposed by management in performing our audit procedures

Financial Statement Key Figures

- Governmental Accounting Standards Board (GASB) Statement No. 68
 - District has a Net Pension Liability of \$11,629,487
- Fund Balance for General Fund increased approx. \$600,000 compared to FY 2015-16
- Unrestricted Fund Balance in General Fund is approximately 38% of FY 2016-17 expenditures (4.5 months reserves)
 - GFOA best practices recommends a minimum of 2 months operating reserves

Financial Statement Key Figures

- cont.

- Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
 - This statement was implemented in FY 2016-17 (implemented early)
 - District has a Net OPEB Liability of \$2,095,621
 - OPEB is approximately 55% funded

Communication of Significant Deficiencies and Material Weaknesses

- Required to report significant deficiencies and material weaknesses identified
- Consider internal control to determine what audit procedures to perform
- 2 Significant deficiencies and 2 material weaknesses identified

Report on District's Appropriations Limit

- Required by Article XIII B of the California Constitution
- Specific procedures to test the calculation for the fiscal year ended June 30, 2017
 - Agreed-Upon Procedures Report
 - No exceptions to the District's calculation
- Spending Limit from proceeds of taxes
 - District is well below the appropriations limit

SAS 114 Report

- Required Communication from auditors directly to “those charged with governance” – District Council
- Estimates
- Sensitive Disclosures
- Difficulties or Disagreements
- Other Audit Findings or Issues

Questions?

Thank you to District Staff for
their cooperation and
assistance in completing the
audit.



APPLE VALLEY FIRE PROTECTION DISTRICT

22400 HEADQUARTERS DRIVE APPLE VALLEY, CA 92307

"COMMITMENT TO SERVICE EXCELLENCE"



2016-17 Audited Financial Statements May 3, 2018



Summary 2016-17

- Revenues decreased from 2015-16 due to prior year one time revenue from PASIS dissolution \$1,021,802
- Expenditures increased due to repayment of installment debt



Historical Revenues

Governmental Funds Historical Revenues

For the year ended June 30

	2017	2016	2015
Property taxes	5,892,033	5,467,442	5,119,169
Special assessments	2,428,580	2,378,357	2,321,474
Intergovernmental	388,122	68,104	549,212
Charges for services	257,135	1,370,367	643,738
Development fees	55,671	-	-
Use of property and money	251,741	227,079	218,434
Contributions	95	725	1,153
Total Revenues	9,273,377	9,512,074	8,853,180

2015 and 2014 Development Impact Fees are included in Intergovernmental

- 2017 Property taxes increased 7.8% from 2015
- 2017 Special assessments increased 2.1% from 2015
- 2016 Charges for Services includes one-time \$1,021,802 PASIS refund



General Fund Expenditures

Statement of Activities Expenses For the Year ended June

	2017 Actual	2016 Actual	Increase (Decrease) from 2016
Expenditures	10,592,031	10,107,031	485,000

The 2017 increase in expenditures is primarily debt service to repay the installment loan on two engines



Net Position Overview

	For the year ended June Inc (Dec)		
	2017 Actual	2016 Actual	2015 Actual from 2016
Investment in Capital Assets Net of Debt	7,309,522	7,354,800	7,830,381
Restricted - Development Impact Fees	67,250	7,781	10,228
Restricted - Capital Projects	-	524,767	653,179
Unrestricted	(8,317,557)	(7,168,949)	(8,203,928)
Total Net Position	(940,785)	718,399	289,860

- Net position decreased by \$940,785 in 2017, primarily due to the changes in accounting for Pension and OBEP liabilities
- Capital Projects has been reclassified from restricted to unrestricted to appropriately report the balance as part of the general fund in accordance with Governmental Accounting Standards



Questions