



Todd Harms
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 · Mather, California 95655 · Phone (916) 859-4300 · Fax (916) 859-3700

BOARD OF DIRECTORS - REGULAR MEETING

Thursday, January 10, 2019 – 6:00 PM

Sacramento Metropolitan Fire District
10545 Armstrong Avenue
Board Room – Second Floor
Mather, California

Gay Jones
Board President
Division 8

Jennifer Sheetz
Board Vice President
Division 5

Matt Kelly
Board Secretary
Division 7

Cynthia Saylor
Board Member
Division 1

Grant Goad
Board Member
Division 2

Randy Orzalli
Board Member
Division 3

Ted Wood
Board Member
Division 4

D'Elman Clark
Board Member
Division 6

Jim Barnes
Board Member
Division 9

The mission of the Sacramento Metropolitan Fire District is to provide professional and compassionate protection, education and service to our community.

CALL TO ORDER

PLEDGE TO FLAG

METRO CABLE ANNOUNCEMENT

The Open Session Meeting is videotaped for cablecast on Metro Cable 14. Replay on Saturday, January 12th at 2:00pm and Monday, January 14th at 6:00pm on Channel 14; Webcast at www.sacmetroable.tv.

The open session Meetings are also available for viewing on the District website at www.metrofire.ca.gov.

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON AGENDA

*The Board of Directors of the Sacramento Metropolitan Fire District appreciates and encourages public interest and welcomes questions and opinions at its meetings. Public members desiring to address the Board are requested to first be recognized by the presiding officer and identify themselves for the record. The presiding officer may in the interest of time and good order limit the number of public member presentations. Speakers' comments will be limited to **three minutes** (Per Section 31 of the Board of Directors Policies and Procedures).*

In accordance with Section 31 of the Board of Directors Policies and Procedures, members of the Public requesting their written comments be read into the meeting record must be present or have a representative present to read their comments during the time allotted.

CONSENT ITEMS

Matters of routine approval including but not limited to action summary minutes, referral of issues to committee, committee referrals to the full Board, items that require yearly approval, declaration of surplus equipment, and other consent matters. Consent Agenda is acted upon as one unit unless a Board member requests separate discussion and/or action.

Serving Sacramento and Placer Counties



Sacramento Metropolitan Fire District

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REGULAR BOARD MEETING AGENDA

THURSDAY, JANUARY 10, 2019

CONSENT ITEMS

- | | <u>Page No.</u> |
|--|-----------------|
| 1. Action Summary Minutes
Recommendation: Approve the Action Summary Minutes for the Board meeting of December 13, 2018. | 5 |
| 2. Resolution No. 2019-001 – James C. Saunders Station 101 Dedication
Recommendation: Adopt Resolution dedicating Station 101 in memory of James C. Saunders. | 10 |

ACTION ITEMS

- | | |
|---|----|
| 1. Purchase Approval – Two Pierce Type I Engines
(Fleet Manager Shea Pursell)
Recommendation: Approve the purchase of two Type I Pierce Engines from Golden State Fire Apparatus in the amount of \$1,335,690.36. | 11 |
| 2. Contract Amendment & Extension– Emergency Medical Services Cost Recovery – (Battalion Chief Rick Griggs)
Recommendation: Approve the amendment and five-year extension to the contract for EMS cost recovery services with Wittman Enterprises effective January 1, 2019. | 12 |

PRESENTATION ITEM

- | | |
|--|----|
| 1. Fiscal Year 2017/18 Annual Reports
(Amanda Thomas, Chief Financial Officer and Ingrid Sheipline, CPA) | 15 |
| A. Comprehensive Annual Financial Report (CAFR)
**PDF Separate Attachment | 17 |
| B. Compliance Reports | 18 |
| C. Appropriations Limit Report | 29 |
| D. Governance Letter | 32 |
| Recommendation: Receive Presentation. No action required. | |

REPORTS

- PRESIDENT'S REPORT—(President Jones)**
- FIRE CHIEF'S REPORT—(Chief Harms)**
OPERATIONS' REPORT – (Chief Bridge)
- SMFD – FIREFIGHTERS LOCAL 522 REPORT**



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REGULAR BOARD MEETING AGENDA

THURSDAY, JANUARY 10, 2019

4. COMMITTEE AND DELEGATE REPORTS

All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.

- A. **Executive Committee – (Jones)**
Report Out: January 10, 2019 at 5:30 PM
Next Meeting: TBD
- B. **Communications Center JPA – (AC Wagaman)**
Report Out: January 8, 2019 at 8:00 AM
Next Meeting: January 22, 2019 at 8:00 AM
- C. **California Fire & Rescue Training JPA – (DC Shannon)**
Next Meeting: January 17, 2019 at 4:00 PM
Location: California Exercise Simulation Center (CESC)
10545 Armstrong Avenue, Suite 320
Mather, CA 95655
- D. **Finance and Audit Committee – (Kelly)**
Next Meeting: January 22, 2019 at 5:30 PM
- E. **Policy Committee – (Goold)**
Next Meeting: February 14, 2019 at 5:30 PM

BOARD MEMBER QUESTIONS AND COMMENTS

CLOSED SESSION

- 1. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant Exposure to litigation pursuant to California Government Code Section 54956.9 (b): One case**
Claim Against Public Entity Pursuant to Government Code Section 910
Briana Johnson v. Sacramento Metropolitan Fire District
Greg Casentini, Deputy Chief Administration
- 2. **CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION – Pursuant to California Government Code Section 54956.9 (a): Five (5) cases**
 - A. Griffin v. Sacramento Metropolitan Fire District, et al.
Case No. 34-2017-00214654
 - B. Dandurand v. Sacramento Metropolitan Fire District, et al.
Case No. 34-2018-00226577-CU-PA-GDS
 - C. Hanes et al. v. Sacramento Metropolitan Fire District, et al.
Case No. 34-2018-0226783



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REGULAR BOARD MEETING AGENDA

THURSDAY, JANUARY 10, 2019

- D. Singh v. Sacramento Metropolitan Fire District, et al.
Case No. 34-2018-00238753
- E. Garibay Valdes et al. v. Sacramento Metropolitan Fire District, et al.
Case No. 34-2018-00237038

ADJOURNMENT

NEXT BOARD MEETING(S):

Unless specified differently, all meetings of the Board are held at Sacramento Metropolitan Fire District, 10545 Armstrong Avenue, Mather, CA

- Next Board Meeting – January 24, 2019 at 6:00 PM

The following action and presentation items are scheduled for the next board meeting agenda. Board members are requested to identify additional action or presentation items they desire to be scheduled on the agenda.


ANTICIPATED AGENDA ITEMS: TBD

Posted on January 7, 2019

Michelle Dehoney

Michelle Dehoney, Interim Clerk of the Board

* No written report

**  Separate Attachment

DISABILITY INFORMATION:

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk of the Board at (916) 859-4305. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

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ACTION SUMMARY MINUTES – REGULAR MEETING

BOARD OF DIRECTORS SACRAMENTO METROPOLITAN FIRE DISTRICT Thursday, December 13, 2018 10545 Armstrong Avenue – Board Room Mather, California

CALL TO ORDER

The meeting was called to order at 6:00 pm by President Barnes. Board members present: Barnes, Clark, Goold, Jones, Kelly, Orzalli, Saylor, Sheetz, and Wood. Board members absent: None. Staff present: Fire Chief Harms, Interim Clerk Dehoney, and General Counsel Lavra.

PLEDGE TO FLAG

PUBLIC COMMENT: None

CONSENT ITEMS

Action: Moved by Wood, seconded by Kelly, and carried unanimously to adopt the Consent Calendar as follows:

- 1. Action Summary Minutes**
Recommendation: Approve the Action Summary Minutes for the Board meeting of November 8, 2018.
Action: Approved the Action Summary Minutes.
- 2. 2019 Schedule of Regular Board Meetings**
Recommendation: Approve the 2019 schedule of regular Board Meetings and cancel meetings that fall on or near holidays.
Action: Approved the 2019 schedule.
- 3. Certified Election Results – General Election, November 6, 2018**
****FOIP Separate Attachment**
Recommendation: Accept certified results of the November 6, 2018 General District Election as provided by the Certificate of Facts from the Registrar of Voters, County of Sacramento and County of Placer.
Action: Accepted the certified results of the November 6, 2018 General District Election.
- 4. Sacramento County Authorized Signature List**
Recommendation: Approve list of employees authorized to sign all fiscal documents for Metro Fire.
Action: Approved list of employees.
- 5. Appoint Delegate to Sacramento Regional Fire/EMS Comms Center JPA**
Recommendation: Appoint Assistant Chief Wagaman as the delegate to the Sacramento Regional Fire/EMS Communications Center JPA.

Action: Appointed Assistance Chief Wagaman as the delegate to the Sacramento Regional Fire/EMS Communications Center JPA.

PRESENTATION ITEM

- 1. Life Saving Commendation – Civilian Award (Chief Harms)**
Marcus Colley, Ben Milam, and Olivia Francis
Recommendation: Receive presentation, no action required.
Action: No action taken.

ACTION ITEM

- 1. Election of Board Officers (Interim Board Clerk Dehoney)**
Recommendation: Nominate and elect members of the Board to serve as:
a) President, b) Vice President, and c) Secretary for one (1) year terms to commence January 1, 2019.

Action: a) Moved by Barnes, seconded by Wood, and carried unanimously by the members present to elect Director Jones as President.

b) Moved by Jones, seconded by Wood, and carried unanimously by the members present to elect Director Sheetz as Vice President.

c) Moved by Clark, seconded by Wood, and carried unanimously by the members present to elect Director Kelly as Secretary.

REPORTS

- 1. PRESIDENT'S REPORT:** No Report.

- 2. FIRE CHIEF'S REPORT:**

Retirement

Effective 11/20, Engineer Charles Nicholas – 26 years of service

Effective 12/8, Captain Curt Wick – 25 years of service

Recruitment

EMS Shift Captain – Final Filing Date 12/17, 4 PM

Assistant Chief Promotional Opportunity – Final Filing Date 12/14, 4 PM

2019 Fire Captain Promotional Exam – Final Filing Date 3/1, 4 PM

Fire Investigator II – Final Filing Date 12/28, 4PM

Meetings Attended

11/14, Citrus Heights 2x2 Meeting

11/26, Sacramento County Fire Chiefs Executive Group (Fire Chiefs and Deputy Chiefs only)

December 13, 2018 Board Meeting Action Summary Minutes

Page 2 of 5

11/27, Speaker at the Carmichael Chamber of Commerce Luncheon

11/30, 18-2 Academy Graduation (No Greater Privilege)

12/7, SRP 18-3 Badge Pinning

November/December – Fire Chief Forums

Miscellaneous

Congratulations to Assistant Chief Maurice Johnson who has taken the position of Fire Chief of the El Dorado Hills Fire Department. Chief Harms remarked on what a great asset he has been in shaping the political landscape within the County.

Changes to the Fire Station Memorial/Dedication policy (121.01) will be brought before the Policy Committee and Board in either January or February

Chief Harms wished a happy holiday season to all.

OPERATIONS REPORT

The Board was presented with a video recap of the Camp Fire by Captain Vestal, Chief Wegener, and Chief Lozano. Chief Wegener, a strike team leader during the deployment along with Chief Lozano, remarked on the tragedies experienced by those deployed to the Camp Fire, and how important it was to look for and focus on the positive events. He mentioned that the City of Paradise is identified as the number one target hazard for an entrapment scenario in the state and how unfortunate the situation was for all involved. Chief Lozano remarked that he had yet to go more than a few days without speaking to someone who had been impacted by the fire. He expressed his appreciation for the opportunity to see the effectiveness and professionalism of the members and thanked the Board and Executive Staff for their decision to send anyone and everyone we could to assist with the endeavor.

3. SMFD – FIREFIGHTERS LOCAL 522 REPORT:

Vice President Trevor Jamison reiterated his appreciation for the professionalism and dedication of the membership. Even with the 10 engines deployed to the Camp Fire and those here continuing to run hundreds of calls in the community, it was amazing to see our ability to come together and work as a team. He discussed the incredible value the public receives from the membership and how the fire department is the last line of defense with so many of the issues they contend with. He remarked that the negotiations going on right now are done in good faith for the membership and people we serve. He wished congratulations to Director Saylor on her election, the incumbents on their re-election, and to the newly elected Executive Committee and a happy holiday season to all.

4. COMMITTEE AND DELEGATE REPORTS

All Committee Meetings will be held at the Sacramento Metropolitan Fire District Board Room, 10545 Armstrong Avenue, Mather, California unless otherwise specified.

A. Executive Committee – (Barnes)

Next Meeting: January 10, 2019 at 5:30 PM

B. Communications Center JPA – (AC Johnson)

Report Out: Special Board Workshop
December 11, 2018 at 9:00 AM

Assistant Chief Johnson relayed that during the Special Board Workshop, they received an update on negotiations with local 150 and 856, and the Executive Director and Deputy Director contracts. The next meeting is scheduled for January 8th, 2019 at 8:00 AM.

Chief Johnson took this opportunity to thank everyone for his time at Metro Fire and remarked that this truly is a first class organization. The Board relayed their sentiments and well wishes for his continued success in his future endeavors and thanked him for the time and leadership he provided for Metro Fire.

Location: SRFEC Conference & Training Center
3121 Gold Canal Drive
Rancho Cordova, CA 95670

Next Meeting: TBD in 2019

C. California Fire & Rescue Training JPA – (DC Shannon)

Next Meeting: January 17, 2019 at 4:00 PM

Location: California Exercise Simulation Center (CESC)
10545 Armstrong Avenue, Suite 320
Mather, CA 95655

D. Finance and Audit Committee – (Kelly)

Next Meeting: TBD in 2019

E. Policy Committee – (Goold)

Next Meeting: TBD in 2019

BOARD MEMBER QUESTIONS AND COMMENTS

Director Kelly expressed his appreciation to Captain Vestal, Chief Wegener, and Chief Lozano for the Camp Fire video presentation and reiterated how humbling it was to see how the membership came together to assist with the devastation in the community of Paradise. He welcomed Director Saylor and wished a Merry Christmas to all.

Director Clark echoed the sentiments of Director Kelly in thanking the strike teams who were deployed to the Camp Fire and said that many of his members lost their homes but thank goodness not their lives. He also welcomed Director Saylor and congratulated Directors Kelly, Orzalli and Barnes on their re-election. He thanked those who assisted with the annual Santa Parade event at Starr King, particularly Brenda Briggs for her coordination efforts, and Captain William Fox, Engineer James Beil and Firefighter Michelle Landaeta who assisted during the event. He recounted how ecstatic the kids were to see Santa, played by Randy Young, and Mrs. Clause, played by Patty Patterson, when they arrived on Engine 110. He wished a Merry Christmas and Happy New Year to all.

Director Wood thanked Director Barnes for his leadership as President during the last year. He welcomed Director Saylor and thanked the personnel of Engine 68 for attending the Santa Parade in his community last week. He thanked Captain Vestal, Chief Wegener and Chief Lozano for the video presentation and remarked on how wonderful it was to recognize the life-saving civilians during the commendation presentation and his hopes to see many more of those in the future. He wished a Merry Christmas and Happy New Year to all.

Director Orzalli welcomed Director Saylor and thanked those who assisted on the strike teams during the Camp Fire. He relayed that even with all of the property destruction during the fire, the community felt very supported by the Firefighters. He expressed his excitement in attending the graduation ceremony and seeing the bright future of Metro Fire and thanked 522 for their hospitality and collaborative attitude during the open house.

Director Gould thanked the Executive Committee and expressed his excitement when looking towards our leadership in 2019. He echoed the sentiments of the previous Directors comments in welcoming Director Saylor. He thanked the families of the men and women who had members deployed to the Camp Fire and expressed his pride in everyone who participated at every level. He wished a happy holiday season to all.

Director Saylor thanked everyone for the warm welcome. She also thanked the crews who were deployed to the Camp Fire and echoed the sentiments of Director Gould in acknowledging the sacrifices of their families.

Director Sheetz congratulated the retirees and recent graduates. She also wished congratulations to Chief Johnson and extended a welcome to Director Saylor. She recognized those who are not able to be at home with their families during the holidays.

Director Jones remarked on the paradigm of the positive and negative events that bookended the agency this year and her pride in being part of an organization that can handle these events. She compared the employees retiring with the 60 plus new members who were welcomed during the recent graduations and the devastation of the Camp Fire with the positive stories and extensive support which Metro Fire provided. These events define our agency and are important to acknowledge. She congratulated Chief Johnson on the fantastic leadership opportunity and wished him well.

Director Barnes remarked on the perspective the Camp Fire video provided and how it shows that Metro Fire truly is one big family. He wished Chief Johnson all the best in his new leadership role. He expressed his excitement in seeing the future of Metro Fire at the graduation ceremony. He also discussed the Guns and Hoses Charity Football Game on January 26th at California State University and the crab feed they will be holding in support on January 12th at the Scottish Rite Center. He described 2018 as being a year of perspective full of tragedies and triumphs, retirements and new hires and the professionalism that the members of Metro Fire showed during it all. He also thanked the loved ones who hold down the fort and provide support during the difficult times.

ADJOURNMENT

The meeting was adjourned at 7:03 pm.

Gay Jones, President

Matt Kelly, Secretary

Michelle Dehoney, Interim Board Clerk

Resolution for James C. Saunders Station 101 Dedication

WHEREAS, the Board of Directors of the Sacramento Metropolitan Fire District wish to dedicate Station 101 in memory of James C. Saunders, who passed away Thursday, October 7, 2010, at the age of 52 from injuries sustained while fighting a grass fire near Haggin Oaks Golf Course in Sacramento, California; and

WHEREAS, James C. Saunders served for 22 years with the Sacramento Metropolitan Fire District. He was an honorable Firefighter, well respected by his peers, who took great pride in public service and making his community safe. He worked at Metro Fire Station 101, located on Fulton Avenue, proudly serving the Sacramento community of Arden-Arcade; and

WHEREAS, the Board of Directors of the Sacramento Metropolitan Fire District, on behalf of the Sacramento Metropolitan Fire District does hereby acknowledge the exemplary public service and dedication of James C. Saunders.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Sacramento Metropolitan Fire District does hereby proclaim recognition and remembrance of James C. Saunders for his countless contributions and the support he provided for the Fire service and public safety by dedicating Station 101 in his honor.

BE IT FURTHER RESOLVED, that this foregoing Resolution No. 19-001 was passed and adopted on January 10, 2019, by the Sacramento Metropolitan Fire District Board of Directors.

Gay Jones, Board President

Michelle Dehoney, Interim Board Clerk



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 • Mather, CA 95655 • Phone (916) 859-4300 • Fax (916) 859-3702

DATE: January 10, 2019
TO: Board of Directors
SUBJECT: Purchase Approval – Two (2) Pierce Type I Engines

TOPIC

Staff seeks Board approval for the purchase of two (2) 2019 Pierce Type I Engines from Golden State Fire Apparatus.

SUMMARY

This purchase is available through the Houston-Galveston Area Council (H-GAC) Contract [FS12-17]. This contract includes a clause allowing local government agencies to purchase vehicles with the same rights and privileges as the State under the terms of the contract. The State utilized a competitive bid process when awarding this contract. Additionally, purchasing has reviewed the contract and determined it is consistent with Metro Fire purchasing policies and procedures.

DISCUSSION

These vehicles will be replacing Type I Engines which are at the end of their service life due to age and mileage.


FISCAL IMPACT

The total cost of the purchase for the two (2) Type I Engines is \$1,335,690.36 and the funds for this purchase are included in the FY 2018/19 Final Budget.

RECOMMENDATION


Staff respectfully recommends the Board approve the purchase of these two (2) Type I Pierce Engines from Golden State Fire Apparatus.

Submitted by:



Shea Pursell
Fleet Manager

Approved by:



Brian Shannon
Deputy Chief, Support Services



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 • Mather, CA 95655 • Phone (916) 859-4300 • Fax (916) 859-3702

Date: January 10, 2019
TO: Board of Directors
FROM: Barbara Law, Assistant Chief EMS Division
SUBJECT: Contract for Emergency Medical Services (EMS) Cost Recovery Services

TOPIC

Staff proposes that the Sacramento Metropolitan Fire District (District) enter into a five-year contract for EMS Cost Recovery Services with Wittman Enterprises effective January 01, 2019.

BACKGROUND

On May 10, 2013, the District posted RFQ 13-08 EMS Cost Recovery Services. The Board of Directors awarded the contract to Wittman Enterprises on September 25, 2014 at a regular meeting. The agreement was for 4% of the net collected revenues for EMS cost recovery, and it expires on October 31, 2019.

DISCUSSION

During fiscal year 2017/18, the Cosumnes Fire Department and Sacramento Fire Department both posted RFP/RFQs for EMS cost recovery services and awarded contracts to Wittman Enterprises with a rate of 3.75% of the net collected revenues for EMS cost recovery.

Sacramento County Code 2.56.250 § 4.(7) *Exception to Bidding* specifies that property or services provided by or through other governmental agencies; or obtainable from suppliers which have in force a current contract with another governmental agency for the same item or service may, but need not be, let pursuant to competitive proposal.

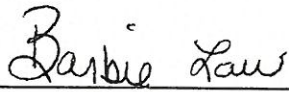
FISCAL IMPACT

The proposed fee of a five-year contract with Wittman Enterprises is 3.75% of the net collected revenues for EMS cost recovery. There are no additional costs upfront, or otherwise, to be borne by the District. The lower collection rate will save the District approximately \$100,000 per year.

RECOMMENDATION

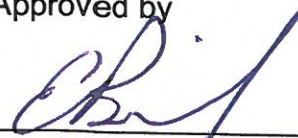
Due to the exemplary record of service Wittman Enterprises has with the District and the proposed reduction in rate, staff recommends the District enter into a five-year contract with Wittman Enterprises effective January 01, 2019.

Submitted by



Barbara Law
Assistant Chief, EMS Director

Approved by



Eric Bridge
Deputy Chief of
Operations

**AMENDMENT TO AGREEMENT
FOR PROFESSIONAL SERVICES BETWEEN
SACRAMENTO METROPOLITAN FIRE DISTRICT
AND WITTMAN ENTERPRISES, LLC
FOR AMBULANCE BILLING SERVICES**

THIS AMENDMENT TO AGREEMENT ("Amendment") is made and entered into effective this 1st day of January, 2019, by and between the SACRAMENTO METROPOLITAN FIRE DISTRICT ("DISTRICT") and WITTMAN ENTERPRISES, LLC ("W.E.").

RECITALS

1. The DISTRICT and W.E. have entered into that certain Agreement for Professional Services, dated October 1, 2014 (Contract No. 14-EMS-WE-01, the "Agreement"), by which the DISTRICT retained W.E. to provide billing and collection services for the DISTRICT's ambulance services.

2. The DISTRICT and W.E. have agreed to renew this Agreement for a minimum of five (5) years.

3. This Amendment to Agreement is necessary to memorialize the modification of the Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

- Section 1. The DISTRICT and W.E. hereby agree to renew this Agreement for a minimum of five (5) years effective January 1, 2019.
- Section 2. The DISTRICT and W.E. hereby agree to lower contracted billing fee for cost recovery to 3.75% of net collected dollars effective January 1, 2019.
- Section 3. Except as otherwise amended by this Amendment, the Agreement and each and every term, covenant and condition thereof shall remain in full force and effect.

IN WITNESS WHEREOF, the DISTRICT has caused this Amendment to be signed and executed on its behalf by its Fire Chief, and W.E. has signed and executed this Amendment.

SACRAMENTO METROPOLITAN
FIRE DISTRICT

WITTMAN ENTERPRISES, LLC

By _____
Todd Harms, Fire Chief

By _____
Corinne Wittman-Wong, CEO



TODD HARMS
Fire Chief

Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 • Mather, CA 95655 • Phone (916) 859-4300 • Fax (916) 859-3702

DATE: January 10, 2019
TO: Board of Directors
SUBJECT: FY 2017/18 Comprehensive Annual Financial Report (CAFR) and Compliance Reports

SUMMARY

The comprehensive Annual Financial Report (CAFR) for fiscal year 2017/18 and the accompanying audit reports have been completed and are now ready for presentation to the Board for review and compliance.

DISCUSSION

The Finance Division with the assistance of other Divisions annually prepares Metro Fire's CAFR which is a thorough and detailed presentation of Metro Fire's financial condition. In recognition of financial reporting excellence, the Government Finance officers Association (GFOA) awarded Metro Fire its fourth consecutive *Certificate of Achievement for Excellence in Financial Reporting* for fiscal year 2016/17. This year's CAFR will again be submitted to the GFOA for consideration in its award program and staff is confident that Metro Fire will be awarded the certificate for the fourth time.

The CAFR has been audited by Metro Fire's independent auditors, Richardson and Company, and has received a clean opinion. Along with the financial audit, the auditors performed an audit of Metro Fire's compliance with grant laws and regulations and determined we have complied in all material respects. The auditors did not identify any material weakness in our internal controls.

The following reports and letter are included in the Board packets and will be discussed by our independent auditors:

- Comprehensive Annual Financial Report (with Independent Auditor's Report)
- Compliance Reports
 - Report on Internal Control over Financial Reporting
 - Single Audit Report (compliance with grant requirements)
- Report on Appropriations Limit testing
- Governance letter

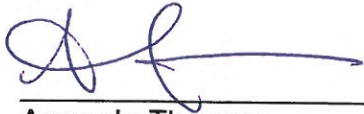
FISCAL IMPACT

There is no direct fiscal impact of accepting the auditor's reports.

RECOMMENDATION

Staff recommends that that Board accept the reports.

Submitted by:



Amanda Thomas
Chief Financial Officer

Approved by:



Greg Casentini
Deputy Chief, Administration



Sacramento Metropolitan Fire District

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REGULAR BOARD MEETING AGENDA

THURSDAY, JANUARY 10, 2019

PRESENTATION ITEM NO. 1

Fiscal Year 2017/18 Annual Report

****  Separate Attachment**

A. Comprehensive Annual
Financial Report (CAFR)

SACRAMENTO METROPOLITAN FIRE DISTRICT

COMPLIANCE REPORTS

June 30, 2018

SACRAMENTO METROPOLITAN FIRE DISTRICT

COMPLIANCE REPORTS

June 30, 2018

TABLE OF CONTENTS

Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing
Standards* 1

Independent Auditor’s Report on Compliance for Each Major Program,
Internal Control Over Compliance and Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance..... 3

Schedule of Findings and Questioned Costs..... 6

Schedule of Expenditures of Federal Awards..... 8

Notes to the Schedule of Expenditures of Federal Awards..... 9



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Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

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

Board of Directors
Sacramento Metropolitan Fire District
Sacramento, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the Sacramento Metropolitan Fire District (Metro Fire), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Metro Fire's basic financial statements, and have issued our report thereon dated December 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Board of Directors
Sacramento Metropolitan Fire District

Compliance and Other Matters

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

Purpose of this Report

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

Richardson & Company, LLP

December 26, 2018



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,
INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Sacramento Metropolitan Fire District
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited the Sacramento Metropolitan Fire District's (Metro Fire) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Metro Fire's major federal programs for year ended June 30, 2018. Metro Fire's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Metro Fire's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Metro Fire's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Metro Fire's compliance.

To the Board of Directors
Sacramento, California

Opinion on Each Major Federal Program

In our opinion, Metro Fire complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Metro Fire is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro Fire's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Metro Fire, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Metro Fire's basic financial statements. We issued our report thereon dated December 26, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro Fire's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

To the Board of Directors
Sacramento, California

accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Richardson & Company, LLP

December 26, 2018

SACRAMENTO METROPOLITAN FIRE DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
97.083	Staffing for Adequate Fire and Emergency Response
5. Dollar Threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)?	Yes

SACRAMENTO METROPOLITAN FIRE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2018

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. CURENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

D. PRIOR YEAR FINDINGS

None

SACRAMENTO METROPOLITAN FIRE DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security - Direct Program</u>			
Assistance to Firefighters Grant - AFG16	97.044	EMW-2016-FO-06986	\$ 160,890
<u>U.S. Department of Homeland Security</u>			
Passed-through the State of California, Emergency Management Agency and the County of Sacramento, Office of Emergency Services			
Homeland Security Grant Program - HSP15	97.067	2015-0078	169,880
Homeland Security Grant Program - SHSGP17	97.067	2014-00093	55,444
<u>U.S. Department of Homeland Security - Direct Program</u>			
Assistance to Firefighters Grant - FY 15 Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2015-FH-00119	1,407,407
<u>U.S. Department of Health Services - Direct Program</u>			
Medical Assistance Program Ground Emergency Medical Transportation	93.778	GEMT-SPA-0924	846,051
		TOTAL FEDERAL AWARDS	<u>\$ 2,639,672</u>

See accompanying notes to schedule of expenditures of federal awards.

SACRAMENTO METROPOLITAN FIRE DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Sacramento Metropolitan Fire District (Metro Fire) under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Metro Fire's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of Metro Fire.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the modified accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE 3 – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the (federal/state/local) grant portion of the program costs. Entire program costs, including the Metro Fire's portion, may be more than shown.

NOTE 4 – NONCASH AWARDS

No noncash awards existed in the current year.

NOTE 5 – INDIRECT COSTS

Metro Fire did not elect to charge indirect costs to its federal programs using the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs are charged to the programs using a number allocation basis including square footage of buildings, payroll time studies and direct costs.

NOTE 6 – SUBRECIPIENTS

There were no subrecipients of Metro Fire's programs during the year ended June 30, 2018.

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT TESTING

To the Board of Directors
Sacramento Metropolitan Fire District
Sacramento, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriations Limit of the Sacramento Metropolitan Fire District (the District) for the year ended June 30, 2018. These procedures, which were agreed to by the Sacramento Metropolitan Fire District and the League of California Cities (as presented in the publication entitled *Agreed-Upon Procedures applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*) were performed solely to assist the Sacramento Metropolitan Fire District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The District's management is responsible for the Appropriations Limit calculation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the District's calculation of the fiscal year 2017/2018 Appropriations Limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost of living adjustment component to Article XIII B, which states that the District may annually adjust the component for either the change in California per capita personal income or, the percentage change in the District's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the methodology used to determine the population adjustment component to Article XIII B which states that the District may annually choose to adjust the component for either the change in population in the County in which the District is located, or the change in population within the unincorporated area of the County in which the District is located. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year Appropriations Limit presented in the accompanying Appropriations Limit Calculation to the prior year Appropriations Limit adopted by the Board of Directors for the prior year.

Finding: No exceptions were noted as a result of our procedures.

5. We recalculated the fiscal year 2017/2018 Appropriations Limit by multiplying the product of the two above factors by the prior year Appropriations limit.

Finding: No exceptions were noted as a result of our procedures.

6. We compared the District's budgeted and actual revenues to the computed Appropriations Limit for fiscal year 2017/2018.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Calculation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the Appropriations Limit for the base year, as defined by *Article XIII-B* of the California Constitution.

This report is intended solely for the use of the Board of Directors and management of the District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

December 26, 2018

APPENDIX A

**SACRAMENTO METROPOLITAN FIRE DISTRICT
APPROPRIATION LIMIT CALCULATION
Year Ended June 30, 2018**

APPROPRIATION LIMIT

ADOPTED BY DISTRICT:

Recorded in Final 2017/2018 Budget \$ 326,502,529

APPROPRIATION LIMIT

COMPUTATION PER REVIEW:

2016/2017 Appropriation Limit	\$ 311,889,198	
Cost of Living Factor:		
Change in California per capita income	1.0369	
Population Adjustment Factor:		
Population change in Sacramento and Placer Counties	1.0096	
Auditor computed limitation		<u>326,502,529</u>
Variance		<u>\$ (0)</u>



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GOVERNANCE LETTER

To the Board of Directors
Sacramento Metropolitan Fire District
Sacramento, California

We have audited the financial statements of the governmental activities and the major funds and aggregate remaining funds of the Sacramento Metropolitan Fire District (the District), for the year ended June 30, 2018, and have issued our report thereon dated December 26, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as information related to the planned scope and timing of the audit. We communicated such information to you in our engagement letter dated February 24, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance

As stated in our engagement letter dated February 24, 2017 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We have communicated internal control related matters that are required to be communicated under professional standards in a separate letter.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated February 24, 2017.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions as of July 1, 2017, which resulted in the District recording a restatement of beginning net position at July 1, 2017 to increase the other postemployment benefit (OPEB) liability related to health benefits provided to retirees as discussed in Note 10 of the financial statements. Implementation of GASB No. 75 resulted in an increase in the OPEB liability of \$239,694,011 as of July 1, 2017. Additional required disclosures under GASB Statement No. 75 were also added to Note 7 to the financial statements due to the adoption of this Statement. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Accounting estimates were used in the following areas:

1. Inventory Valuations: While the District has taken physical inventories to verify quantities, the dollar values assigned to the quantities, especially those assigned to the helicopter inventory, are estimated values.
2. Depreciable Lives and Methods: The depreciable lives and methods used for capital assets affects the amount of depreciation expense that is recorded and are based on the District's estimate of the useful lives of the assets.
3. Uncollectible Receivables: The allowances for uncollectible ambulance accounts receivable are based on historical collection and write-off statistical data, applied to the accounts receivable balances at the fiscal year-end.
4. Workers Compensation Liability: The self-insured workers compensation claims liability is based on an independent actuarial study, which is in turn based on assumptions about amounts that will be required to settle claims known and not yet known at the actuarial dates, plus related administrative costs.

5. OPEB Liability: The OPEB liability is based on an actuarial valuation, which utilizes assumptions including future employment, retirement rates and future costs of health care and health insurance.
6. Pension Liability: The pension liability is based on an actuarial study performed by CalPERS, utilizing assumptions including future employment, retirement rates, mortality, salary increases and interest rates.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Pension Liability: The disclosure of the pension liability in Note 6 to the financial statements discusses the pension liability and related deferred inflows and outflows of resources that are reflected in the Statement of Net Position as well as the assumptions that were used to determine the amounts and other required disclosures. The District's share of the unfunded pension liability at June 30, 2017, the most recent measurement date, was \$449,177,127 which is reflected as a liability in the District's financial statements as of June 30, 2018. As a result of the changes in the net pension liability and related deferred inflows and outflows, the District's pension expense is \$55,192,870 primarily because of the Plan's difference between projected and actual investment earnings on pension investments.

Other Postemployment Benefits Liability: The disclosure of the other postemployment liability in Note 7 to the financial statements discusses the liability that is reflected in the Statement of Net Position as well as the assumption that were used to determine the amounts and other required disclosures. The District's share of the unfunded OPEB liability at June 30, 2017, the most recent measurement date, was \$272,520,391 which is reflected as a liability in the District's financial statements as of June 30, 2018. As a result of the recording of the net OPEB liability and related deferred inflows and outflows, the District's OPEB expense is \$11,030,122 primarily to record changes in the net OPEB liability and deferred outflows and inflows.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material misstatements noted during the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 26 2018.

Management Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis, Schedule of Changes in Net Pension Liability – CalPERS Safety Plan, Schedule of Plan’s Proportionate Share of Net Pension Liability, Schedule of Employer Contributions to the Pension Plan – CalPERS and SCERS Plans Schedule of Changes in Net OPEB Liability and Schedule of Employer Contributions to the OPEB Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the budgetary comparison schedule for the Grant Fund, Capital Facilities Fund and Impact Fee Fund and combining non-major governmental fund schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Introductory and Statistical Sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

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

Richardson & Company, LLP

December 26, 2018