

**GOLD RIDGE FIRE PROTECTION DISTRICT**

**ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008**



**RODNEY A. DOLE**  
SONOMA COUNTY  
AUDITOR-CONTROLLER  
TREASURER-TAX COLLECTOR

**GOLD RIDGE FIRE PROTECTION DISTRICT**

**Annual Report  
For the Fiscal Year Ended  
June 30, 2008**

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**RODNEY A. DOLE**  
AUDITOR-CONTROLLER  
TREASURER -TAX COLLECTOR



**DONNA M. DUNK**  
ASSISTANT  
AUDITOR-CONTROLLER

**ROBERT BOITANO**  
ASSISTANT  
TREASURER

**PAM JOHNSTON**  
ASSISTANT  
TAX COLLECTOR / AUDITOR

Board of Directors  
Gold Ridge Fire Protection District  
Sebastopol, CA

### **Auditor-Controller's Report**

We have audited the accompanying basic financial statements of the Gold Ridge Fire Protection District (the District), as of and for the year ended June 30, 2008, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note IV.C of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2008, and the respective changes in its financial position for the year then ended, in conformity with accounting principals generally accepted in the United States of America.

The District's management has not presented the management's discussion and analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

*Sonoma County Auditor-Controller*

February 24, 2009

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Statement of Net Assets**  
**June 30, 2008**

<b>Assets</b>	
Cash and investments	\$ 845,221
Due from other governments	72,086
Capital assets (net of accumulated depreciation)	
Non-depreciable	40,066
Depreciable	<u>1,815,240</u>
Total assets	<u>2,772,613</u>
<b>Liabilities</b>	
Accounts payable	90,403
Capital leases payable - Due within one year	71,174
Non-current liabilities:	
Compensated absences	55,151
Capital leases payable - Due in more than one year	<u>367,650</u>
Total liabilities	<u>584,378</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	1,416,482
Unrestricted	<u>771,753</u>
Total net assets	<u>\$ 2,188,235</u>

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

**Program Expenses**

Public safety - fire prevention	
Salaries and employee benefits	\$ 999,288
Services and supplies	328,931
Contribution to other government	3,845
Depreciation	73,191
Debt service - interest	21,753
Other charges	2,321
	<hr/>
Total program expenses	1,429,329
	<hr/>

**Program Revenues**

Charges for services	
Intergovernmental revenue	303,109
Charges for services	5,549
Donations	15,354
	<hr/>
Total charges for services	324,012

Operating Grants and Contributions

Grant revenue	14,682
	<hr/>

Total program revenues	338,694
	<hr/>

Net program revenues (expenses)	(1,090,635)
	<hr/>

**General Revenues**

Property taxes	1,228,805
Investment earnings	30,916
Rental income	36,840
	<hr/>
Total general revenues	1,296,561
	<hr/>

Change in net assets	205,926
Net assets, beginning of year	1,982,309
	<hr/>
Net assets, end of year	\$ 2,188,235
	<hr/> <hr/>

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2008**

**Assets**

Cash and investments	\$	845,221
Due from other governments		<u>72,086</u>
Total assets	\$	<u><u>917,307</u></u>

**Liabilities and Fund Balance**

Liabilities:		
Accounts payable	\$	90,403
Fund balance:		
Unreserved:		<u>826,904</u>
Total liabilities and fund balance	\$	<u><u>917,307</u></u>

**Reconciliation of Balance Sheet to Statement of Net Assets**

Fund balance - total government funds	\$	826,904
Amount reported for governmental activities in the statement of net assets is different because:		
Capital assets (net of accumulated depreciation and long-term debt) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,416,482
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		<u>(55,151)</u>
Net assets of governmental activities	\$	<u><u>2,188,235</u></u>

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Fiscal Year Ended June 30, 2008**

**Revenues**

Property taxes	\$ 1,228,805
Investment earnings	30,916
Intergovernmental revenue	303,109
Grant revenue	14,682
Charges for services	5,549
Donations	15,354
Rental income	36,840
	1,635,255
Total revenues	1,635,255

**Expenditures**

Current:	
Salaries and employee benefits	1,009,673
Services and supplies	328,931
Contribution to other government	3,845
Other charges	2,321
Debt service	
Principal	68,247
Interest	21,753
Capital outlay	173,010
	1,607,780
Total expenditures	1,607,780

Net change in fund balance	27,475
Fund balance, beginning of year	799,429
	826,904
Fund balance, end of year	\$ 826,904

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**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, 2008**

**Amounts reported for governmental activities in the statement of activities are different because:**

Net change in fund balance - total governmental fund	\$	27,475
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Current year depreciation		(73,191)
The net effect of various miscellaneous transactions involving capital leases payable (i.e. principal payment, accrued interest) is to increase net assets.		68,247
The net effect of various transactions involving the purchase and sale of capital assets is to increase net assets		173,010
Change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.		<u>10,385</u>
Change in net assets of governmental activities	\$	<u><u>205,926</u></u>

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgets and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

<b>Revenues</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Property taxes	\$ 1,223,440	\$ 1,252,655	\$ 1,228,805	\$ (23,850)
Investment earnings	23,000	28,000	30,916	2,916
Intergovernmental revenue	149,123	283,612	303,109	19,497
Grant revenue			14,682	14,682
Charges for services	4,000	5,565	5,549	(16)
Donations	5,000	9,025	15,354	6,329
Rental income	36,840	36,840	36,840	0
Miscellaneous	85	4,007	0	(4,007)
Other financing sources	5,000	5,000	0	(5,000)
<b>Total revenues</b>	<b>1,446,488</b>	<b>1,624,704</b>	<b>1,635,255</b>	<b>10,551</b>
<b>Expenditures</b>				
Current:				
Salaries and employee benefits	1,022,148	1,073,398	1,009,673	63,725
Services and supplies	304,066	340,606	328,931	11,675
Contribution to other government			3,845	(3,845)
Other charges	2,500	2,500	2,321	179
Debt service:				
Principal	143,247	78,247	68,247	10,000
Interest	21,754	21,754	21,753	1
Capital outlay	25,000	109,000	173,010	(64,010)
Appropriations for contingency	27,773	98,999	0	98,999
<b>Total expenditures</b>	<b>1,546,488</b>	<b>1,724,504</b>	<b>1,607,780</b>	<b>116,724</b>
Net change in fund balance	(100,000)	(99,800)	27,475	127,275
Fund balance, beginning of year	799,429	799,429	799,429	0
Fund balance, end of year	\$ 699,429	\$ 699,629	\$ 826,904	\$ 127,275

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

On June 29, 1993 the Sonoma County Board of Supervisors ordered the reorganization of the Hessel and Twin Hills Fire Protection Districts under Resolution No. 93-0888. The resulting District was renamed the Gold Ridge Fire Protection District (the District) under the District's Resolution No. 92-93-05. The District operates under Health and Safety Code Sections 13816 through 13822. The District's governmental powers are exercised through a seven member Board of Directors.

**B. Government-wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Investments**

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

**2. Receivables and Payables**

**a. Property Taxes**

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

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

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

Included within the property tax revenue is \$115,907 in Benefit Assessments collected. Benefit Assessments are a type of flat charge applied to each parcel of property within the District, exclusive of the property value.

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

**3. Capital Assets**

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30-50
Equipment	5-20

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**4. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**5. Net Assets**

Net assets are classified into three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This category represents net assets of the entity, not restricted for any project or other purpose.

**6. Fund Equity**

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

**E. Implementation of Governmental Accounting Standards Board (GASB) Statements**

Effective July 1, 2007, Gold Ridge Fire Protection District implemented the following new GASB Statements:

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**GASB Statement No. 50**

GASB Statement No. 50 - *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27* establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. The effective date is for financial statements for periods beginning after June 15, 2007.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**III. DETAILED NOTES**

**A. Cash and Investments**

The District follows the County's practice of pooling cash and investments of all funds with the County Treasurer, except for cash on hand used as a petty cash fund.

The amount of cash at June 30, 2008 is as follows:

Cash in County Treasury	\$ 844,921
Cash on Hand	<u>300</u>
Total	<u><u>\$ 845,221</u></u>

Investment in the Sonoma County Treasurer's Investment Pool

As authorized by Health and Safety Code 13854 (a) the District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

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

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

Interest Rate Risk

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

As of June 30, 2008, approximately 63 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 4 percent had a maturity of more than five years.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

Disclosures Relating to Credit Risk

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

Custodial Credit Risk

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

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

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 government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2008 Sonoma County CAFR.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &amp;</u> <u>Adjustments</u>	<u>Ending</u> <u>Balance</u>
Capital assets, not being depreciated:					
Land	\$ 40,066	\$	\$	\$	\$ 40,066
Construction in progress- Rescue Squad	<u>33,029</u>			<u>(33,029)</u>	<u>0</u>
Total capital assets, not being depreciated	<u>73,095</u>	<u>0</u>	<u>0</u>	<u>(33,029)</u>	<u>40,066</u>
Capital assets, being depreciated:					
Buildings and improvements	1,145,311				1,145,311
Equipment	<u>1,486,999</u>	<u>173,010</u>		<u>33,029</u>	<u>1,693,038</u>
Total capital assets, being depreciated	<u>2,632,310</u>	<u>173,010</u>	<u>0</u>	<u>33,029</u>	<u>2,838,349</u>
Less accumulated depreciation for:					
Buildings and improvements	(343,131)	(24,125)			(367,256)
Equipment	<u>(606,787)</u>	<u>(49,066)</u>			<u>(655,853)</u>
Total accumulated depreciation	<u>(949,918)</u>	<u>(73,191)</u>	<u>0</u>	<u>0</u>	<u>(1,023,109)</u>
Total capital assets, being depreciated, net	<u>1,682,392</u>	<u>99,819</u>	<u>0</u>	<u>33,029</u>	<u>1,815,240</u>
Capital assets, net	<u>\$ 1,755,487</u>	<u>\$ 99,819</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,855,306</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

    Public safety - fire protection \$ 73,191

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**C. Long-term Debt**

Changes in long-term debt

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Long-term liabilities:					
Compensated absences	\$ 65,536	\$	\$ (10,385)	\$ 55,151	\$ 0
Capital lease	<u>507,071</u>	<u></u>	<u>(68,247)</u>	<u>438,824</u>	<u>71,174</u>
Total long-term liabilities	<u>\$ 572,607</u>	<u>\$ 0</u>	<u>\$ (78,632)</u>	<u>\$ 493,975</u>	<u>\$ 71,174</u>

**D. Capital Leases Payable**

In May 2007 the District refinanced their three existing capital leases into one capital lease with Municiple Services Group for \$507,071 with an interest rate of 4.29%. This loan is to be repaid in ten annual payments of \$90,000 for the first two payments and \$55,262 for the remainder.

<u>Type of</u> <u>Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Annual</u> <u>Principal</u> <u>Installments</u>	<u>Original</u> <u>Issue</u> <u>Amount</u>	<u>Outstanding</u> <u>as of</u> <u>June 30, 2008</u>
Various capital assets (Refinance)	5/15/2017	4.29%	\$39,490-71,174	\$ 507,071	\$ <u>438,824</u>
Total					\$ <u><u>438,824</u></u>

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

The annual debt service requirements on the outstanding loan is as follows:

Year Ending June 30	Principal	Interest
2009	\$ 71,174	\$ 18,826
2010	39,490	15,772
2011	41,184	14,078
2012	42,951	12,311
2013	44,793	10,469
2014-2017	199,232	21,816
Total	\$ 438,824	\$ 93,272

**IV. OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Employee Retirement Plan**

Beginning on July 1, 2004 California Public Employees' Retirement System (CalPERS) required all participants with fewer than 100 employees to convert from an agent multiple-employer Defined Benefit Pension Plan to a cost-sharing multiple-employer Defined Benefit Pension Plan. In cost-sharing multiple-employer plans the benefit obligations are pooled. A single actuarial valuation is performed covering all participants, all employers contribute at the same rate, and all plan assets are available to pay plan benefits pertaining to the employees and retirees of any employer.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

Plan Description

All full-time employees are eligible to participate in the Public Employees' Retirement Fund (the "Fund") of the State of California's Public Employees' Retirement System ("CalPERS") under the Miscellaneous Plan, the Safety Plan 3% at 50 (tier one) and the Safety Plan 3% at 55 (tier two) of the Gold Ridge Fire Protection District. The Fund is a cost-sharing multiple-employer Defined Benefit Pension Plan (DBPP) administered by CalPERS. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and Resolution of the Board.

Copies of CalPERS' annual financial report may be obtained from their Executive Office by writing or calling the Plan: California PERS, P.O. Box 942709, Sacramento, CA 94229-2709, (916) 326-3420.

Funding Policy

The Plan's funding policy provides for periodic District contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by contractual agreements. The individual entry age normal cost method is used to determine the normal cost. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the age of hire (entry age) to the assumed retirement age.

Miscellaneous Plan and Safety Plan members are required to contribute 8.00% and 9.00%, respectively, of their annual covered salary. The District is required to contribute at an actuarially determined rate. The contribution rate for the fiscal year ending June 30, 2008 is 20.858% for miscellaneous employees of annual covered payroll. The current rate is 44.020% and 18.385% for tier one and two safety employees, respectively, of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

The three year trend information for the Fund of the actuarially required employer contribution is as follows:

**Schedule of Employer Contributions**  
**Miscellaneous Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/06	11,191	100%	0
06/30/07	12,156	100%	0
06/30/08	12,515	100%	0

**Schedule of Employer Contributions**  
**Safety Plan - 3% at 50 (Tier 1)**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/06	55,894	100%	0
06/30/07	65,257	100%	0
06/30/08	56,799	100%	0

**Schedule of Employer Contributions**  
**Safety Plan - 3% at 55 (Tier 2)**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/06	25,169	100%	0
06/30/07	59,198	100%	0
06/30/08	30,998	100%	0

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

Funded Status and Funding Progress of the Plan

Miscellaneous Plan

As of June 30, 2007, based on CalPERS most recent actuarial report the Miscellaneous Plan is 82.3% funded. The actuarial accrued liability for benefits was \$699,663,524, and the actuarial value of the asset was \$576,069,687, resulting in an unfunded liability of \$123,593,837. The covered payroll (annual payroll of active miscellaneous employees covered by the plan) was \$139,334,562, and the ratio of the unfunded liability to the covered payroll was 88.7%.

Safety Plan - 3% at 50 (Tier 1)

As of June 30, 2007, based on CalPERS most recent actuarial report, the Safety Plan – 3% at 50 is 85.5% funded. The actuarial accrued liability for benefits was \$7,986,055,176, and the actuarial value of the asset was \$6,826,599,459, resulting in a unfunded liability of \$1,159,455,717. The covered payroll (annual payroll of active safety employees covered by the plan) was \$831,607,658, and the ratio of the unfunded liability to the covered payroll was 139.4%.

Safety Plan - 3% at 55 (Tier 2)

As of June 30, 2007, based on CalPERS most recent actuarial report, the Safety Plan – 3% at 55 is 86.3% funded. The actuarial accrued liability for benefits was \$1,648,159,522, and the actuarial value of the asset was \$1,422,143,105, resulting in a unfunded liability of \$226,016,417. The covered payroll (annual payroll of active safety employees covered by the plan) was \$200,537,256, and the ratio of the unfunded liability to the covered payroll was 112.7%.

The Schedule of Funding Progress, presented as Required Supplementary Information (RSI), following the Notes to Financial Statements, presents three-year trend information about whether the actuarial value of the plan assets of both the Miscellaneous Plan and the Safety Plans are increasing or decreasing over time relative to the actuarial liability for benefits.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

Actuarial Assumptions and Methods

CalPERS uses the rate stabilization methodologies in its actuarial valuations which have been shown to be very effective in mitigating rate volatility. A summary of principal assumptions and methods used by CalPERS to determine the District's annual required contributions to the Miscellaneous Plan and the Safety Plans is shown below:

Valuation date	June 30, 2007	June 30, 2006	June 30, 2005
Actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Average remaining period	Closed; 16 years as of the valuation date for the Miscellaneous Plan; and 16 years as of the valuation date for the Safety Plans.	Closed; 17 years as of the valuation date for the Miscellaneous Plan; and 17 years as of the valuation date for the Safety Plan (Tier 1) and 15 years as of the valuation date for the Safety Plan (Tier 2.)	Closed; 17 years as of the valuation date for the Miscellaneous Plan; and 15 years as of the valuation date for the Safety Plan.
Asset valuation method	15 year smoothed market	15 year smoothed market	15 year smoothed market
Investment rate of return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected salary increases	3.25% to 14.45% depending on age, service and type of employment	3.25% to 14.45% depending on age, service and type of employment	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%	3.00%	3.00%
Payroll growth	3.25%	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

**C. Auditor Independence**

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2008**

**D. Subsequent Event**

On November 4, 2008 the Gold Ridge Fire Protection District parcel tax, Measure O, was passed by a two thirds majority of voters. This measure levies a special tax of \$45 per parcel, annually, on all improved parcels of real property within the District. The first revenues associated with this measure will be received in December 2009.

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**June 30, 2008**

**Schedule of Funding Progress-  
CalPERS Miscellaneous 3% at 60 Risk Pool**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL As a Percentage of Covered Payroll ((B-A)/C)
06/30/05	\$ 405,480,805	\$ 499,323,280	\$ 93,842,475	81.2%	\$ 108,618,321	86.4%
06/30/06	\$ 501,707,110	\$ 620,492,183	\$ 118,785,073	80.9%	\$ 126,049,770	94.2%
06/30/07	\$ 576,069,687	\$ 699,663,524	\$ 123,593,837	82.3%	\$ 139,334,562	88.7%

**Schedule of Funding Progress-  
CalPERS Safety 3% at 50 Risk Pool (Tier 1)**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL As a Percentage of Covered Payroll ((B-A)/C)
06/30/05	\$ 5,295,150,375	\$ 6,367,049,264	\$ 1,071,898,889	83.2%	\$ 664,147,796	161.4%
06/30/06	\$ 6,102,615,567	\$ 7,278,049,834	\$ 1,175,434,267	83.9%	\$ 754,730,438	155.7%
06/30/07	\$ 6,826,599,459	\$ 7,986,055,176	\$ 1,159,455,717	85.5%	\$ 831,607,658	139.4%

**Schedule of Funding Progress-  
CalPERS Safety 3% at 55 Risk Pool (Tier 2)**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL As a Percentage of Covered Payroll ((B-A)/C)
06/30/05	\$ 1,105,298,221	\$ 1,325,510,754	\$ 220,212,533	83.4%	\$ 161,446,071	136.4%
06/30/06	\$ 1,252,059,468	\$ 1,473,284,852	\$ 221,225,384	85.0%	\$ 177,088,890	124.9%
06/30/07	\$ 1,422,143,105	\$ 1,648,159,522	\$ 226,016,417	86.3%	\$ 200,537,256	112.7%

**GOLD RIDGE FIRE PROTECTION DISTRICT**  
**Roster of Board Members**

As of February 24, 2009 the District Board consisted of the following members:

<u>Directors:</u>	<u>Office</u>	<u>Term Expires</u>
Alfred Fiori .....	Chairman .....	November, 2012
Robert Gloeckner .....	Secretary, Clerk .....	November, 2010
Ronald Balzer .....		November, 2012
Patrick Farrell .....		November, 2010
Gary Petersen .....		November, 2010
Charles Lachman .....		November, 2012
Domenic Carinalli .....		November, 2010

Regular Meetings:

The regular meeting of the Board of Directors is held at 7:00 P.M. on the first Wednesday of each month on a rotating schedule at the Hessel and Twin Hills stations. Contact Ruth Newman at (707) 823-1084 for further location information.