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Certified Public Accountants
and Financial Advisors

San Miguel Consolidated Fire Protection District

Financial Statements

June 30, 2016

INDEX TO FINANCIAL STATEMENTS

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Squar Milner LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Miguel Consolidated
Spring Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of San Miguel Consolidated Fire Protection District, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the San Miguel Consolidated Fire Protection District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining funds of the San Miguel Consolidated Fire Protection District, as of June 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Prior Period Adjustment

As discussed in Note 11 to the financial statements, the San Miguel Consolidated Fire Protection District's net position at June 30, 2015 was adjusted in the amount of $13,053,678 to record its other postemployment benefit plan liability and eliminate its CalPERS Side Fund. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, budgetary comparison information on pages 49 through 52, schedule of the District's proportionate share of the net pension liability, schedule of the District's plan contributions, and other postemployment benefits plan schedule of funding progress on pages 53 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Miguel Consolidated Fire Protection District's basic financial statements. The budgetary comparison schedules, the organizational structure and assessed valuation presented in Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules on pages 59 through 60 and the organizational structure and assessed valuation on pages 61 and 62 of the other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

SQUAR MILNER LLP

Squar Milner LLP

San Diego, California
June 7, 2017

As management of the San Miguel Consolidated Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and accompanying notes, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements and, (3) Required Supplementary Information.

These financial statements consist of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – Management Discussion and Analysis for State and Local Governments*.

FINANCIAL HIGHLIGHTS

- The District's ending net position was a deficit of $27,312,615, which includes prior period adjustment of $13,053,678 for elimination of the CalPERS side fund as a result of implementing GASB 68 and recording the District's OPEB liability under GASB 45.

- The change in net position for the year was a decrease of $3,200,963, due to an increase in administrative costs for $101,436, pension costs for $2,565,322, and OPEB costs for $1,033,503.

- The District had an excess of revenues over expenditures in the General Fund (before transfers) in the amount of $946,507 in the current year compared to $1,621,948 in the previous year.

- This year the District had $327,886 in additions to capital assets compared to $400,000 in the previous year.

- The District's General Fund Budget for this year showed an excess of revenues over expenditures of $2,655 (before transfers) compared to an actual excess of revenues over expenditures in the amount of $946,507 (before transfers).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

Basic Financial Statements

The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by Reconciliations showing why they differ.

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

More detailed information about the District's most significant funds, not the District as a whole, is provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The *Statement of Net Position*, a government-wide statement, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities*, a government-wide statement, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at fiscal year-end available for spending.

The *Statement of Revenues, Expenditures and Changes in Fund Balances* for all governmental fund types focuses on how money flows into and out of the various funds.

The *Notes to the Basic Financial Statements* and this Discussion and Analysis support these financial statements.

The *Required Supplementary Information* provides a budgetary comparison for each major fund, schedules relating to net pension liabilities, and postemployment benefits.

The *Supplementary Information* gives an overview of the governing body and budgetary comparison of non-major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

To begin our analysis, a summary of the District's Statement of Net Position is presented in Table 1 for the current year and the prior year.

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by $27,312,615 as of June 30, 2016. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, the increase and reduction in long-term debt, and the depreciation of capital assets. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvement, vehicles and furniture and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

TABLE 1
Condensed Statement of Net Position

	2016	2015	$ Change	% Change
ASSETS				
Current and other assets	$ 9,926,233	$ 15,307,081	$ (5,380,848)	-35.2%
Capital assets, net	11,226,138	11,779,611	(553,473)	-4.7%
TOTAL ASSETS	21,152,371	27,086,692	(5,934,321)	-21.9%
DEFERRED OUTFLOWS OF RESOURCES	1,853,566	1,415,786	437,780	30.9%
LIABILITIES				
Current liabilities	2,904,093	2,942,511	(38,418)	-1.3%
Non current liabilities	40,702,639	33,674,743	7,027,896	20.9%
TOTAL LIABILITIES	43,606,732	36,617,254	6,989,478	19.1%
DEFERRED INFLOWS OF RESOURCES	6,711,820	6,922,012	(210,192)	-3.0%
NET POSITION				
Net investment in capital assets	8,046,138	7,884,611	161,527	2.0%
Unrestricted	(35,358,753)	(22,921,399)	(12,437,354)	54.3%
TOTAL NET POSITION	$ (27,312,615)	$ (15,036,788)	$ (12,275,827)	81.6%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities

- The District's total revenues for the fiscal year ended June 30, 2016, excluding inter-fund transfers, increased to $20,892,326. This was due primarily to an increase in general revenues.

- The District's total expenses increased by $4,230,811.

- The change in net position was a decrease of $3,200,963.

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2016.

TABLE 2
Condensed Statement of Activities

	2016	2015	$ Change	% Change
REVENUES				
Program revenues	$ 990,024	$ 937,283	$ 52,741	5.6%
General revenues	19,902,302	18,925,195	977,107	5.2%
Total revenues	20,892,326	19,862,478	1,029,848	5.2%
EXPENSES				
Operations	14,574,059	14,224,917	349,142	2.5%
Administration	2,644,783	2,543,347	101,436	4.0%
Pension	721,147	(1,844,175)	2,565,322	-139.1%
OPEB	1,033,503	-	1,033,503	-100.0%
Interest	499,680	595,283	(95,603)	-16.1%
Unallocated depreciation	641,303	364,292	277,011	76.0%
Total expenses	20,114,475	15,883,664	4,230,811	26.6%
CHANGE IN NET POSITION	777,851	3,978,814	(3,200,963)	-80.5%
NET POSITION - BEGINNING, AS ADJUSTED	(28,090,466)	(19,015,602)	(9,074,864)	-47.7%
NET POSITION - ENDING	$ (27,312,615)	$ (15,036,788)	$ (12,275,827)	-81.6%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

TABLE 3
Changes in Capital Assets

	2016	2015	$ Change	% Change
Land	$ 2,236,317	$ 2,236,317	$ -	0.0%
Construction in progress	110,224	-	110,224	100.0%
Structures and improvements	13,028,289	13,146,957	(118,668)	-0.9%
Furniture and equipment	1,302,636	1,356,636	(54,000)	-4.0%
Vehicles and apparatuses	7,244,503	7,370,293	(125,790)	-1.7%
Less: accumulated depreciations	(12,695,831)	(12,330,592)	(365,239)	3.0%
Total capital assets, net	$ 11,226,138	$ 11,779,611	$ (553,473)	-4.7%

Debt

TABLE 4
Changes in Debt

	2016	2015	$ Change	% Change
Revenue Bonds payable	$ 3,180,000	$ 3,895,000	$ (715,000)	-18.4%
Public Property Financing	5,807,000	7,238,000	(1,431,000)	-19.8%
Total long-term debt	$ 8,987,000	$ 11,133,000	$ (2,146,000)	-19.3%

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund had the following excess of expenditures over appropriations (instances where actual amounts exceeded budgeted amounts) in the following individual categories:

TABLE 5
Excess Expenditures over Appropriations

	Budgeted Amount	Actual Amount	Variance
Communication services - Equipment	59,908	68,507	(8,599)
Grant expenditures	-	129,869	(129,869)
Medical services - Support	31,950	38,437	(6,487)
Household	20,620	34,306	(13,686)
Insurance	432,017	500,833	(68,816)
Miscellaneous expenditures	-	5,178	(5,178)
Noncapitalized equipment	100,032	192,034	(92,002)
Total	$ 644,527	$ 969,164	$ (324,637)

The District's General Fund Budget for this year showed an excess of revenues over expenditures of $2,655 (before transfers) compared to an actual excess of revenues over expenditures in the amount of $946,507 (before transfers).

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's financial condition is continuing to improve due to increases in property tax revenue. The CAL FIRE Cooperative Agreement came under budget by 3.60%, less than the anticipated 10% savings. The District is transitioning back on July 12, 2017 due to the under budget declining trend and other factors.

CONTACTING THE DISTRICT

Questions regarding this report should be directed to the Finance and Administration Division at (619) 670-0500, or by mail at 2850 Via Orange Way, Spring Valley, California, 91978.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	$ 9,753,545
Accounts receivable	172,688
Capital assets:	
Land	2,236,317
Construction in progress	110,224
Structures and improvements	13,028,289
Furniture and equipment	1,302,636
Vehicles and apparatuses	7,244,503
Less: accumulated depreciation	(12,695,831)
Total assets	21,152,371
DEFERRED OUTFLOWS OF RERSOURCES	
Pension related costs	1,853,566
LIABILITIES	
Accounts payable	2,904,093
Due within one year	2,276,000
Due in more than one year	6,804,256
OPEB liabilty	7,819,405
Net pension liability	23,802,978
Total liabilities	43,606,732
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	75,387
Pension related costs	6,636,433
Total deferred inflows of resources	6,711,820
NET POSITION	
Investment in capital assets, net of related debt	8,046,138
Unrestricted	(35,358,753)
Total net position	$ (27,312,615)

The accompanying notes are an integral part of these financial statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENTS OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

		Program Revenues			Net (Expenses), Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
GOVERNMENT ACTIVITIES:					
Operations	$ 14,574,059	$ 770,535	$ -	$ -	$ (13,803,524)
Administration	4,399,433	-	102,215	117,274	(4,179,944)
Interest	499,680	-	-	-	(499,680)
Unallocated depreciation	641,303	-	-	-	(641,303)
TOTAL GOVERNMENT ACTIVITIES	$ 20,114,475	$ 770,535	$ 102,215	$ 117,274	(19,124,451)

GENERAL REVENUES	
Property taxes	18,770,105
Benefit assessments	693,967
Miscellaneous	678,286
Loss on disposition of assets	(240,056)
Total general revenues	19,902,302
CHANGE IN NET POSITION	777,851
NET POSITION - BEGINNING, AS RESTATED	(28,090,466)
NET POSITION - ENDING	$ (27,312,615)

The accompanying notes are an integral part of these financial statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	$ 5,054,533	$ 1,103,004	$ 2,618,667	$ 977,341	$ 9,753,545
Accounts receivable	162,353	1,581	7,199	1,555	172,688
TOTAL ASSETS	$ 5,216,886	$ 1,104,585	$ 2,625,866	$ 978,896	$ 9,926,233
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 2,904,093	$ -	$ -	$ -	$ 2,904,093
Total liabilities	2,904,093	-	-	-	2,904,093
Deferred Inflows of Resources:					
Unearned revenue	75,387	-	-	-	75,387
Fund Balance:					
Assigned	-	1,104,585	2,625,866	978,896	4,709,347
Unassigned/unappropriated:					
Unassigned/unappropriated amount	2,237,406	-	-	-	2,237,406
Total fund balance	2,237,406	1,104,585	2,625,866	978,896	6,946,753
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 5,216,886	$ 1,104,585	$ 2,625,866	$ 978,896	$ 9,926,233

The accompanying notes are an integral part of these financial statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
RECONCILIANTION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances - governmental fund balance sheet	$ 6,946,753
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	11,226,138
Revenue bond principal which is not due in the current period is not reported in the funds.	(3,180,000)
Post-employment benefits which are not due in the current period are not reported in the funds.	(7,819,405)
Compensated absences which are not due in the current period are not reported in the funds.	(93,256)
Net pension liabilities which are not due in the current period are not reported in the funds.	(23,802,978)
Deferred outflows relating to pension costs which are applicable to future periods are not reported in the funds	1,853,566
Deferred inflows relating to pension costs which are applicable to future periods are not reported in the funds	(6,636,433)
Other non current liabilities which are not due and payable in the current period are not reported in the funds.	(5,807,000)
Net position of governmental activities - Statement of Net Position	$(27,312,615)

The accompanying notes are an integral part of these financial statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	$18,770,105	$ -	$ -	$ -	$18,770,105
Benefit assessments	693,967	-	-	-	693,967
Contract revenue	705,243	-	-	-	705,243
Mitigation fees	102,215	-	-	-	102,215
Grant revenue	117,274	-	-	-	117,274
Facilities rental	65,292	-	-	-	65,292
Other revenue	532,417	5,886	135,972	4,011	678,286
Total revenue	20,986,513	5,886	135,972	4,011	21,132,382
EXPENDITURES					
Salaries	507,982	-	-	-	507,982
Employee benefits	2,195,331	-	-	-	2,195,331
Communication services - Equipment	68,507	-	-	-	68,507
Grant expenditures	129,869	-	-	-	129,869
Medical services - Support	38,437	-	-	-	38,437
Household	34,306	-	-	-	34,306
Insurance	500,833	-	-	-	500,833
Maintenance - Equipment	19,024	-	-	-	19,024
Maintenance - Fleet	242,327	-	-	-	242,327
Maintenance - Stations	123,562	-	-	-	123,562
Office expenditures	13,688	-	-	-	13,688
Personnel development	9,973	-	-	-	9,973
Professional services	12,860,171	-	-	-	12,860,171

The accompanying notes are an integral part of these financial statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
Publications and media	1,540	-	-	-	1,540
Safety clothing/equipment	8,598	-	-	-	8,598
Special district expenditures	56,632	-	-	-	56,632
Travel	235	-	-	-	235
Utilities	200,402	-	-	-	200,402
Miscellaneous expenditures	5,178	-	-	-	5,178
Noncapitalized equipment	192,034	-	-	-	192,034
Capital outlay	185,697	-	31,031	111,158	327,886
Debt service:					
Principal	2,146,000	-	-	-	2,146,000
Interest	499,680	-	-	-	499,680
Total expenditures	20,040,006	-	31,031	111,158	20,182,195
Excess (deficiency) of revenues over (under) expenditures	946,507	5,886	104,941	(107,147)	950,187
Other financing sources (uses):					
Transfers in	371,555	178,505	500,000	1,037,619	2,087,679
Transfers out	(1,716,124)	(39,252)	(55,508)	(276,795)	(2,087,679)
Total other financing sources (uses)	(1,344,569)	139,253	444,492	760,824	-
NET CHANGE IN FUND BALANCE	(398,062)	145,139	549,433	653,677	950,187
FUND BALANCE, JULY 1	2,635,468	959,446	2,076,433	325,219	5,996,566
FUND BALANCE, JUNE 30	$ 2,237,406	$ 1,104,585	$ 2,625,866	$ 978,896	$ 6,946,753

The accompanying notes are an integral part of these financial statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - total governmental funds	$ 950,187
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	327,886
The depreciation of capital assets used in governmental activities is not reported in the funds.	(641,303)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	715,000
Repayment of other long-term debt is an expenditure in the funds but is not an expense in the SOA.	1,431,000
OPEB costs are not an expenditure in the funds but are an expense in the SOA.	(1,033,503)
Pension costs are recognized when contributions are made in the funds but are recognized on a accrual basis for the SOA.	(721,147)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(10,213)
Loss on disposal of assets in governmental activities are not reported in the funds.	(240,056)
Change in net position of governmental activities - Statement of Activities	$ 777,851

The accompanying notes are an integral part of these financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accounting policies of the San Miguel Consolidated Fire Protection District (the District) conform to accounting policies generally accepted in the United States of America as applicable to governments and to general practice within California Special Districts. The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and subsequently amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB Statement No. 14,* and GASB No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- it would be misleading or cause the financial statements to be incomplete to exclude another organization

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statement.

Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Basis of Presentation (continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The Fund Financial Statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major government funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District not accounted for and reported in another fund.

The *Capital Reserve Fund* is used to account for the acquisition and/or construction of major governmental general fixed assets.

The *Vehicle Replacement Fund* is used for fees collected that can only be used to purchase new vehicles.

Non-Major Governmental Funds:

Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlay. The following capital projects funds are utilized by the District:

> The *Facilities Replacement Fund* is used for fees collected that can only be used to purchase, replace, or improve capital facilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Basis of Presentation (continued)

The *Capital Equipment Fund* is used for the purchase and development of real property segregated for special projects.

Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after 60 days of its fiscal year-end to be available for the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a final budget no later than October 1. A public hearing must be conducted to receive comments prior to adoption. The Board of Directors satisfied these requirements.

These budgets are revised by the District's Board of Directors and District Fire Chief during the fiscal year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the fiscal year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. All appropriations lapse at fiscal year-end.

Governmental Accounting Standards Implementation in Current Year

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement was effective for the current fiscal year. Implementation of this GASB had no significant effect on the District's financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of generally accepted accounting principles ("GAAP") for all state and local governments. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. This statement became effective in the current fiscal year. Implementation of this GASB had no significant effect on the District's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Implementation in Current Year (continued)

During fiscal 2016, the District adopted GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statement No. 67, No. 68, and No. 73.* This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions,* and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District updated covered employee payroll information in the required supplementary information as part of the implementation of this accounting standard.

Assets, Liabilities, and Equity

Cash and Investments

The District maintains a majority of its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The investments are stated at the fair value, which equates to cost. The County Treasurer's investment policy is in compliance with Section 53601 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies.

Prepaid Expenditures

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefitting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Structures and improvements	10-50
Furniture and equipment	7-20
Vehicles and apparatuses	5-20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferral of outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District reports deferred employer pension contributions and other deferred outflows related to the District's pension.

Pension plan employer contributions paid during the current year are deferred under GASB Statement No. 68, and will be recognized in the subsequent year. Other adjustments deferred under GASB Statement 68 are: due to differences between expected and actual experience; difference between actual and projected contributions; and the net difference between projected and actual earnings on plan investments, which are amortized over the straight-line basis over the average expected remaining service lives of all member that are provided benefits.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Certain changes in the District's net pension liability are required to be deferred over a closed amortized period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

Pension plan differences between projected and actual earnings on pension plan investments are amortized on a straight-line basis over five years; and changes in assumptions are amortized over the straight-line basis over the average expected remaining service lives of all members that are provided with benefits.

Unearned revenue of $75,387 represents federal, state and local grant funds that have been received and not spent.

Compensated Absences

Accumulated unpaid employee vacation benefits and sick leave are recognized as liabilities of the District.

Forty hour per week employees may accumulate up to a maximum of 1,040 hours combined vacation and sick leave.

Fund Balance Reserves and Designation

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* groups all capital assets into one component of net position. Accumulated depreciation on these assets and the outstanding principal of any related reduce this category.
- *Restricted Net Position* represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* represents the remaining net position of the District that does not meet the definition of the above two categories.

The District has adopted GASB Statement No. 54 (GASB Statement No. 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Fund Balance Reserves and Designation (continued)

GASB Statement No. 54 requires the fund balance amounts to be properly reported within one of the fund balances categories listed below:

- *Nonspendable*, such as fund balance associated with revolving funds, inventories, prepaids, long-term loans and notes receivable, and property held for resale.
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* fund balance classification includes amounts that can be used for the specific purposes determined by a formal action of the Board of Directors.
- *Assigned* fund balance classification are intended to be used by the entity for specific purposes, but do not meet the criteria to be classified as restricted or committed.
- *Unassigned* fund balance is the residual classification for the entity's general fund and includes all spendable amounts not contained in the other classification.

When the District incurs an expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

When the District incurs an expenditure for which committed, assigned, or unassigned amounts may be used, it is the District's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

Interfund Activity

Interfund Activity results from loans, services provided reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers In and Transfers Out are netted and presented as a single “Transfers” line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of February 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

The District receives property taxes under the Teeter Plan, whereby the County determines the amount due and pays the District ratably throughout the year with the County bearing the risk of delinquent property taxes and retaining any interest and penalties earned thereon.

Pensions

The District follows *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* as of July 1, 2014. This statement requires accrual-based measurement and recognition of the cost of pension benefits during the periods when employees render their services.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2014
Measurement Date (VD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, Certain Financial Statement Note Disclosures, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

3. CASH AND INVESTMENTS

Cash and investments as of June 30, 2016, consist of the following:

Pooled investment with County Treasury	$ 9,350,205
Deposits with financial institutions	401,240
Cash on hand	2,100
Total	$ 9,753,545

Cash balances in banks ($403,340 as of June 30, 2016) are insured up to $250,000 by the Federal Deposit Insurance Corporation. The remaining balance was collateralized by the bank, as discussed below, in the District's name.

Custodial Credit Risk for Deposits and Investments

Custodial credit risk for deposits and investments is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District'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.

3. CASH AND INVESTMENTS (continued)

Custodial Credit Risk for Deposits and Investments (continued)

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

The District maintains cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2016, the District has $9,350,205 in the common investment pool.

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. The weighted average maturity of the County's investments is 0.65 years.

Fair Value Measurements – Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's pooled investments in the County Treasurer are valued based on Level 2 inputs.

3. CASH AND INVESTMENTS (continued)

Credit Risk – Investments

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 statistically rating organization.

The County Treasurer's investments consist of 29.64% negotiable CDs, 24.63% commercial paper, 24.07% federal agencies, 10.34% U.S.Treasury notes, 5.50% money market funds, 4.59% supranational, 0.65% FDIC CDs, 0.55% asset backed securities, and 0.03% repurchase agreements. The credit ratings for these investments included A1+/A1 by Moody's Investor Service, and AAA/AA- by Standard and Poor's.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016, consist of the following:

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
Property taxes	$ 56,054	$ -	$ -	$ -	$ 56,054
Grant receivable	72,937	-	-	-	72,937
Other receivables	33,362	1,581	7,199	1,555	43,697
Totals	$ 162,353	$ 1,581	$ 7,199	$ 1,555	$ 172,688

5. INTERFUND ACTIVITIES

Transfers to and from other funds at June 30, 2016, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Capital Reserve Fund	Other Governmental Funds	$ 39,252	Budgeting Purposes
Vehicle Replacement Fund	Other Governmental Funds	55,508	Budgeting Purposes
Other Governmental Funds	Multiple Funds	276,795	Budgeting Purposes
General Fund	Multiple Funds	1,716,124	Budgeting Purposes
	Total	$ 2,087,679	

6. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2016, is shown below:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not being depreciated				
Land	$ 2,236,317	$ -	$ -	$ 2,236,317
Construction in progress	-	110,224	-	110,224
Total capital assets, not being depreciated	2,236,317	110,224	-	2,346,541
Capital assets, being depreciated:				
Structures and improvements	13,146,957	162,153	(280,821)	13,028,289
Furniture and equipment	1,356,636	-	(54,000)	1,302,636
Vehicles and apparatuses	7,370,293	55,509	(181,299)	7,244,503
Total capital assets, being depreciated	21,873,886	217,662	(516,120)	21,575,428
Less accumulated depreciation for:				
Structures and improvements	(6,409,535)	(281,628)	40,765	(6,650,398)
Furniture and equipment	(1,143,550)	(42,283)	54,000	(1,131,833)
Vehicles and apparatuses	(4,777,507)	(317,392)	181,299	(4,913,600)
Total accumulated depreciation	(12,330,592)	(641,303)	276,064	(12,695,831)
Total capital assets, being depreciated, net	9,543,294	(423,641)	(240,056)	8,879,597
Capital assets, net of depreciation	$11,779,611	$(313,417)	$(240,056)	$ 11,226,138

Depreciation expense for the year ended June 30, 2016 was $641,303 and is not allocated to the various governmental functions.

7. NON-CURRENT LIABILITIES

Non-Current Liabilities Activity

Non-current liabilities include debt and other long-term liabilities.

Changes in non-current liabilities for the fiscal year ended June 30, 2016, are as follows:

7. NON-CURRENT LIABILITIES (continued)

Non-Current Liabilities Activity (continued)

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds payable	$ 3,895,000	$ -	$ (715,000)	$ 3,180,000	$ 740,000
Public Property Financing	7,238,000	-	(1,431,000)	5,807,000	1,536,000
Compensated absences	83,043	10,213	-	93,256	-
Total governmental activities	$ 11,216,043	$ 10,213	$ (2,146,000)	$ 9,080,256	$ 2,276,000

In the government-wide financial statements, interest expense for the year ended June 30, 2016, was $499,680 and is included in the functional expenses as a direct charge.

Revenue Bonds Payable

In October 2003, the San Diego Regional Building Authority (Authority) issued $10,005,000 of Refunding Lease Revenue Bonds, Series 2003 (Bonds) on behalf of the District. Proceeds of the Bonds were used to provide funds to refund, on a current basis, the Refunding Lease Revenue Bonds, Series 1993A, and pay certain costs incurred in connection with execution and delivery of the Bonds. The refunding was undertaken to reduce total future debt service payments and to extend the life of the debt.

The Bonds are special obligations of the Authority, payable from and secured by revenues of the Authority consisting primarily of payments to be made by the District, for the right to the use of certain real property and improvements thereon (Leased Property) pursuant to that certain Second Amended and Restated Lease Agreement dated October 1, 2003 (Lease Agreement), by and between the District, as lessee, and the Authority, as lessor. The District has covenanted in the Lease Agreement to make the Lease Payments for the Leased Property as provided for therein, to include all such Lease Payments in each of its budgets and to make the necessary annual appropriations for all such Lease Payments.

The terms of the Refunding Lease Revenue Bonds call for installments of principal and interest payments up to $887,725, annually. This includes interest ranging from 2.00% to 5.00% through February 2020. These Bonds are collateralized by land, structure and equipment.

The annual requirements to amortize revenue bonds payable, outstanding as of June 30, 2016, are as follows:

7. NON-CURRENT LIABILITIES (continued)

Revenue Bonds Payable (continued)

Year Ending June 30,	Principal	Interest	Totals
2017	$ 740,000	$ 130,500	$ 870,500
2018	775,000	96,413	871,413
2019	810,000	58,725	868,725
2020	855,000	19,238	874,238
Totals	$ 3,180,000	$ 304,876	$ 3,484,876

Public Property Financing Corporation

On June 1, 2011, in order to fund the CalPERS Side Fund Obligations related to the District's pension obligation, thereby realizing a substantial cash flow savings, the District leased certain real property, together with all buildings, facilities and other improvements which are located thereon to the Public Property Financing Corporation of California in exchange for an advance rental payment of $11,282,000, which was sufficient to fund the CalPERS Side Fund Obligation. The District is making sixteen bi-annual payments with interest at 4.9% per annum.

The Loan will mature on July 30, 2019. Debt service requirements for this note payable are as follows:

Year Ending June 30,	Principal	Interest	Totals
2017	$ 1,536,000	$ 265,948	$ 1,801,948
2018	1,658,000	189,214	1,847,214
2019	1,727,000	106,893	1,833,893
2020	886,000	21,707	907,707
Totals	$ 5,807,000	$ 583,762	$ 6,390,762

8. EMPLOYEE RETIREMENT SYSTEMS

Plan Description, Benefits Provided and Employees Covered

The District contributes to the Miscellaneous and Safety Plans (Plans) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained at www.calpers.ca.gov under Forms and Publications.

This report is a publically available valuation report that can be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and are effective on the July 1 of each year following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 8.0% (7.0% for employees hired after June 30, 2013) of annual pay for the Miscellaneous Plan, and the employer's contribution rate is 12.822% after payment of the Annual Lump Sum Payment Option. The contribution rate for the Safety Plan is 18.191% after payment of the Annual Lump Sum Payment Option.

Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a net pension liability of $23,802,978 for its proportionate share of the net pension liability of the Plan. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Change in assumptions	$ -	$ 47,973
Difference between expected and actual experiences	5,071	
Difference between actual and projected contributions	-	144,207
Differences between District contributions and the District's proportionate share of contributions	827,923	-
Net differences between projected and actual earnings on pension plan investments	-	6,444,253
District contributions subsequent to the measurement date	1,020,572	-
	$ 1,853,566	$ 6,636,433

The $1,020,572 reported as deferred outflows of resources related to the pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Years Ended June 30,	Deferred Outflows of Resources	Deferred inflows of Resources
2017	$ 208,249	$ 1,659,108
2018	208,249	1,659,108
2019	208,249	1,659,108
2020	208,248	1,659,108
	$ 832,995	$ 6,636,433

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for the year ended June 30, 2016. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the assumed discount rate. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term rate on pension investments. Based on the testing of the plans, the test revealed the assets would not run out. Therefore the long-term expected rate of return of 7.65% on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability for the PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% for the year ended June 30, 2016 investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability.

CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018.

Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed the District's methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Discount Rate (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the year ended June 30, 2016. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Debt Securities	19.00%	0.99%	2.43%
Inflation Assets	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65% for the year ended June 30, 2016 as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Discount Rate -1.00% 6.65%	Current Discount Rate 7.65%	Discount Rate +1.00% 8.65%
Misc Plan's Net Pension Liability	$ 2,676,518	$ 1,595,959	$ 703,814
Safety Plan's Net Pension Liability	$ 35,605,493	$22,207,029	$ 11,220,534

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the District’s GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the District’s funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the District’s funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

At June 30, 2016, the District reported a payable of $0 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.

The District contributions to CalPERS Miscellaneous Plan and Safety Plan for the fiscal year ending June 30, 2016 was $134,534 and $943,018, respectively, equaling 100% of the required contributions for each plan for each year.

9. JOINT POWER AGREEMENTS

Public Agencies Self Insurance System (PASIS)

The District entered into a Joint Powers Agreement (JPA), known as the Public Agencies Self Insurance System (PASIS), a self-insurance plan for workers' compensation insurance. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the PASIS. The JPA is a separate entity which is independently audited.

Contributions to PASIS were approximately $91,340 for the year ended June 30, 2016. Condensed financial information available for the PASIS as of June 30, 2016 are as follows.

Total revenues	$	19,075
Total expenses		403,396
Net increase in net position		(384,321)
Beginning net position		3,759,663
Ending net position	$	3,375,342

The complete financial statements can be obtained by contacting PASIS at 366 San Miguel Drive, Suite 312, Newport Beach, CA 92660.

Fire Agencies Insurance Risk Authority (FAIRA)

The District entered into a JPA, known as the Fire Agencies Insurance Risk Authority (FAIRA), a self-insurance plan for general liability insurance. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the FAIRA. The JPA is a separate entity which is independently audited.

Contributions to FAIRA were approximately $32,017 for the year ended June 30, 2016. Condensed financial information available for the FAIRA as of June 30, 2016 are as follows.

Total revenues	$	2,732,887
Total expenses		2,730,601
Net increase in net position		2,286
Beginning net position		3,112,074
Ending net position	$	3,114,360

The complete financial statements can be obtained by contacting FAIRA at 1255 Battery St, Suite 450, San Francisco, CA 94111.

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

To be eligible for retiree health benefits, an employee must retire from the District and commence pension benefit under CalPERS (typically on or after age 50 with at least 5 years of CalPERS eligible service). The District's financial obligation is to provide a monthly contribution towards the retiree's continuation of health coverage through the CalPERS Health Program for the lifetime of the retiree or for a surviving spouse. The District's annual contribution is capped at the Kaiser (non-medical) Basic premium amount in 2011 plus 50% of any future increases based on retiree's coverage category. Employees hired after November 1, 2011 will only receive a District Contribution equal to the CalPERS minimum required employee contribution.

The detail plan provision is described below:

- Active employees are offered a choice of medical plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plans to eligible retirees except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer.

- The District contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. For employees who retired on or before November 1, 2011, the District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum which is equal to the Kaiser Basic family premium. For employees who retired after November 1, 2011, the District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum capped at 50% of the growth from the 2011 Kaiser Basic Plan based upon family status. Employees hired after November 1, 2011, the District's financial obligation is to pay the minimum amount required by law for health insurance coverage upon their retirement.

- An employee is eligible for the District contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the District. Vesting requires at least 5 years of CalPERS eligible service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT (continued)

Funding Policy

The District policy is to fund the Plan on a pay as you go basis, which covers only current cost of health insurance premiums for employees and retirees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 30 years.

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution (ARC)	$ 2,068,309
Interest on Net OPEB Obligation	305,366
Adjustment to annual required contribution	(468,139)
Annual OPEB cost	1,905,536
Contributions made	(872,033)
Increase in OPEB Obligation	1,033,503
Net OPEB Obligation - beginning	6,785,902
Net OPEB Obligation - ending	$ 7,819,405

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2016 and the two preceding years were as follows:

Years Ended	Annual Required Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 2,201,460	41.4%	$ 5,764,730
6/30/2015	$ 2,054,711	43.6%	$ 6,785,902
6/30/2016	$ 2,068,309	42.2%	$ 7,819,405

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT (continued)

Funding Status and Funding Progress

As of June 30, 2016, the actuarial accrued liability for benefits was $7,819,405, all of which was unfunded.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of valuations.

The following simplifying assumptions were made:

- Retirement age for active employees: According to the retirement rates under the most recent CalPERS pension plan experience study, active plan members were assumed to retire at age 52.

- Measurement date: July 1, 2014

- Mortality: Life expectancies at the calculation date are based on the most recent mortality tables used by CalPERS for the pension valuations.

- Turnover: Termination rates are based on the most recent rates used by CalPERS for the pension valuations.

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT (continued)

Methods and Assumptions (continued)

- Spouse Coverage: 70% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage and spouse ages are used for current retirees.

- Dependent Coverage: Not explicitly valued.

- Cost claim development: The valuation claim costs are based on the premiums paid for medical insurance coverage. The District participates in the CalPERS Health Plan, a community rated plan. The valuation assumes the District is exempt from the valuation of any medical plan rate subsidy.

- Medical trends rates: Medical costs are adjusted in future years by the following trends:

Year	PPO	HMO
2017	6.50%	6.00%
2018	6.00%	5.50%
2019	5.50%	5.00%
2020+	5.00%	5.00%

- Minimum contribution: The CalPERS minimum required contribution is assumed to increase 4% per year.

- Inflation: The rate of inflation was 2.7% per annum.

- Payroll increases: The rate of increase for payroll was 3.0% per annum.

- Discount rate: Based on the historical and expected returns of the District’s investments, the discount rate of 4.5% was used.

- The actuarial cost method used was Projected Unit Credit with service prorate. Under this method, the Actuarial Accrued Liability is the present value of projected benefits multiplied by the ratio of benefit service as of the valuation date to the projected benefit service at retirement, termination, disability or death. The Normal Cost for a plan year is the expected increase in the Accrued Liability during the plan year.

All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the District were included in the valuation.

11. PRIOR PERIOD ADJUSTMENT

Other Postemployment Benefit Plan

The District recorded prior period adjustments for its OPEB liability not previously recorded as required under GASB Statement 45 and to adjust the District's pension obligation for its CalPERS Side Fund as required under GASB 68. As a result, the District reduced its net position by $13,053,678 as of July 1, 2015. The effect on the statement of activities for the year ended June 30, 2015 was a decrease in net position of $2,274,728.

	Governmental Activities
Net Position, Beginning, as Previously Reported	$ (15,036,788)
Elimination of CalPERS side fund	(6,267,776)
Recording OPEB liability	(6,785,902)
Net Position, Beginning, as Restated	$ (28,090,466)

REQUIRED SUPPLEMENTARY INFORMATION

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property taxes	$ 18,184,210	$ 18,184,210	$ 18,770,105	$ 585,895
Benefit assessments	693,737	693,737	693,967	230
Contract revenue	705,243	705,243	705,243	-
Mitigation fees	-	-	102,215	102,215
Grant revenue	50,000	50,000	117,274	67,274
Facilities rental	61,569	61,569	65,292	3,723
Other revenue	555,000	555,000	532,417	(22,583)
Total revenues	20,249,759	20,249,759	20,986,513	736,754
Expenditures:				
Salaries	566,726	566,726	507,982	58,744
Employee benefits	2,225,111	2,225,111	2,195,331	29,780
Communication services - Equipment	59,908	59,908	68,507	(8,599)
Grant expenditures	-	-	129,869	(129,869)
Medical services - Support	31,950	31,950	38,437	(6,487)
Household	20,620	20,620	34,306	(13,686)
Insurance	432,017	432,017	500,833	(68,816)
Maintenance - Equipment	46,150	46,150	19,024	27,126
Maintenance - Fleet	255,632	255,632	242,327	13,305
Maintenance - Stations	131,850	131,850	123,562	8,288
Office expenditures	17,750	17,750	13,688	4,062
Personnel development	48,150	48,150	9,973	38,177
Professional services	13,274,850	13,274,850	12,860,171	414,679
Publications and media	3,981	3,981	1,540	2,441
Safety clothing/equipment	54,435	54,435	8,598	45,837
Special district expenditures	105,852	105,852	56,632	49,220
Travel	1,020	1,020	235	785
Utilities	225,385	225,385	200,402	24,983
Miscellaneous expenditures	-	-	5,178	(5,178)
Noncapitalized equipment	100,032	100,032	192,034	(92,002)
Capital outlay	877,344	877,344	185,697	691,647
Debt service:				
Principal	1,431,000	1,431,000	2,146,000	(715,000)
Interest	337,341	337,341	499,680	(162,339)
Total expenditures	20,247,104	20,247,104	20,040,006	207,098

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (Continued)
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Excess (deficiency) of revenues				
over (under) expenditures	2,655	2,655	946,507	943,852
Other financing sources (uses):				
Transfers in	75,000	75,000	6,558,187	(6,483,187)
Transfers out	-	-	(7,902,756)	7,902,756
Total other financing sources (uses)	75,000	75,000	(1,344,569)	1,419,569
Net change in fund balance	77,655	77,655	(398,062)	(475,717)
Fund balance, July 1	2,635,468	2,635,468	2,635,468	-
Fund balance, June 30	$ 2,713,123	$ 2,713,123	$ 2,237,406	$ (475,717)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Other revenue	$ -	$ -	$ 5,886	$ 5,886
Total revenues	-	-	5,886	5,886
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	5,886	5,886
Other financing sources (uses):				
Transfers in	-	-	178,505	(178,505)
Transfers out	-	-	(39,252)	39,252
Total other financing sources (uses)	-	-	139,253	(139,253)
Net change in fund balance	-	-	145,139	145,139
Fund balance, July 1	959,446	959,446	959,446	-
Fund balance, June 30	$ 959,446	$ 959,446	$1,104,585	$ 145,139

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
VEHICLE REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Other revenue	$ -	$ -	$ 135,972	$ 135,972
Total revenues	-	-	135,972	135,972
Expenditures:				
Capital outlay	1,124,928	1,124,928	31,031	1,093,897
Total expenditures	1,124,928	1,124,928	31,031	1,093,897
Excess (deficiency) of revenues over (under) expenditures	(1,124,928)	(1,124,928)	104,941	(957,925)
Other financing sources (uses):				
Transfers in	-	-	500,000	(500,000)
Transfers out	-	-	(55,508)	55,508
Total other financing sources (uses)	-	-	444,492	(444,492)
Net change in fund balance	(1,124,928)	(1,124,928)	549,433	(513,433)
Fund balance, July 1	2,076,433	2,076,433	2,076,433	-
Fund balance, June 30	$ 951,505	$ 951,505	$2,625,866	$ (513,433)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – MISCELLANEOUS PLAN
LAST 10 YEARS
June 30, 2016

	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.05817%	0.01920%
Proportionate share of the net pension liability	$ 1,595,959	$ 1,194,809
Covered - employee payroll	$ 485,488	$ 511,999
Proportionate Share of the net pension liability as percentage of covered-employee payroll	328.73%	233.36%
Plan's Proportionate Share of Aggregate Employer Contributions	$ 134,534	$ 158,069
Plan fiduciary net position as a percentage of the total pension liability	78.53%	83.03%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: None

- Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS – MISCELLANEOUS PLAN
LAST 10 YEARS
June 30, 2016

	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 150,056	$ 76,839
Contributions in relation to the actuarially determined contributions	(150,056)	(76,839)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 485,488	$ 511,999
Contributions as a percentage of covered employee payroll	30.91%	15.01%

Notes to Schedule:

Valuation date:	June 30, 2015	June 30, 2014

- Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – SAFETY PLAN
LAST 10 YEARS
June 30, 2016

	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.53895%	0.34173%
Proportionate share of the net pension liability	$ 22,207,029	$ 21,263,891
Covered - employee payroll	N/A	N/A
Proportionate Share of the net pension liability as percentage of covered-employee payroll	N/A	N/A
Plan's Proportionate Share of Aggregate Employer Contributions	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.50%	81.42%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: None

- Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – SAFETY PLAN
LAST 10 YEARS
June 30, 2016

	June 30, 2016	**June 30, 2015**
Contractually required contribution (actuarially determined)	N/A	N/A
Contributions in relation to the actuarially determined	N/A	N/A
Contribution deficiency (excess)	N/A	N/A
Covered-employee	N/A	N/A
Contributions as a percentage of covered employee	N/A	N/A

Notes to

Valuation	June 30,	June 30,

- Fiscal year 2015 was the first year of implementation, therefore only two years are

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified 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)
July 1, 2008	$ -	$ 23,711,606	$ 23,711,606	0%	N/A	N/A
July 1, 2011	$ -	$ 20,393,116	$ 20,393,116	0%	N/A	N/A
July 1, 2014	$ -	$ 25,403,812	$ 25,403,812	0%	N/A	N/A

OTHER SUPPLMENTARY INFORMATION

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SPECIAL PROJECTS FUND – CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Other revenue	$ -	$ -	$ 741	$ 741
Total revenues	-	-	741	741
Expenditures:				
Capital outlay	115,000	115,000	111,158	3,842
Total expenditures	115,000	115,000	111,158	3,842
Excess (deficiency) of revenues over (under) expenditures	(115,000)	(115,000)	(110,417)	4,583
Other financing sources (uses):				
Transfers in	-	-	427,621	(427,621)
Transfers out	-	-	(276,795)	276,795
Total other financing sources (uses)	-	-	150,826	(150,826)
Net change in fund balance	(115,000)	(115,000)	40,409	(146,243)
Fund balance, July 1	99,052	99,052	99,052	-
Fund balance, June 30	$ (15,948)	$ (15,948)	$ 139,461	$ (146,243)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
CAPITAL FACILITIES FUND – CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Other revenue	$ -	$ -	$ 3,270	$ 3,270
Total revenues	-	-	3,270	3,270
Expenditures:				
Maintenance - Stations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	3,270	3,270
Other financing sources (uses):				
Transfers in	654,381	654,381	609,998	44,383
Total other financing sources (uses)	654,381	654,381	609,998	44,383
Net change in fund balance	654,381	654,381	613,268	(41,113)
Fund balance, July 1	226,167	226,167	226,167	-
Fund balance, June 30	$ 880,548	$ 880,548	$ 839,435	$ (41,113)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
ORGANIZATION STRUCTURE
June 30, 2016

San Miguel Consolidated Fire Protection District (District) was formed on July 1, 1988, under the provisions of the California State Health and Safety Code, Section 14022, to provide fire protection, prevention, emergency medical services, code enforcement, and weed abatement. The District is currently operating eight fire stations located at:

- 3255 Helix Street
  Spring Valley, CA 91977
- 2850 Via Orange Way*
  Spring Valley, CA 91978
- 905 Gillespie Drive
  Spring Valley, CA 91977
- 1811 Suncrest Boulevard
  El Cajon, CA 92021
- 1105 Pepper Drive
  El Cajon, CA 92021
- 10105 Vivera Drive
  La Mesa, CA 91941
- 11501 Via Rancho San Diego
  El Cajon, CA 92019
- 2140 Dehesa Road
  El Cajon, CA 92019
- 1273 Clarendon Street
  El Cajon, CA 92020

* This site also houses the District Office

The Board of Directors for the fiscal year ended June 30, 2016, was comprised of the following members:

Name	Office	Term	Term Expires
Theresa McKenna	President	4 Years	December 2018
Dave Rickards	Vice President	4 Years	December 2016
Karrie Johnston	Director	4 Years	December 2016
Dan McMillan	Director	4 Years	December 2016
William Kiel	Director	4 Years	December 2016
Jim Ek	Director	4 Years	December 2018
Mike Vacio	Director	4 Years	December 2018

Administration

Name	Position
Darrin Howell	Fire Chief
Darilyn O'Dell	Administrative Officer/CFO

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
ASSESSED VALUATION
June 30, 2016

Assessed Valuation:	
Secured Property	$ 11,432,450,768
Unsecured Property	121,537,542
Total Assessed Valuation	$ 11,553,988,310