Rancho Santa Fe
Fire Protection District

Rancho Santa Fe, California

Annual Financial Report

For the Year Ended June 30, 2016

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Mission Statement

To protect life, property, and environment through prevention, preparedness, education and emergency response.

Rancho Santa Fe Fire Protection District
Board of Directors as of June 30, 2016

Name	Position	Elected/Appointed	Current Term
James H. Ashcraft	President	Elected	12/12 - 12/16
John C. Tanner	Vice President	Elected	12/14 - 12/18
Nancy C. Hillgren	Director	Elected	12/12 - 12/16
Randall Malin	Director	Elected	12/12 - 12/16
Tucker Stine	Director	Elected	12/14 - 12/18

Rancho Santa Fe Fire Protection District
Tony Michel, Fire Chief
18027 Calle Ambiente
Rancho Santa Fe, CA 92067 (858)756-5971
www.rsf-fire.org

Rancho Santa Fe Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2016

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Rancho Santa Fe Fire Protection District
Rancho Santa Fe, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection District as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the Rancho Santa Fe Fire District
Rancho Santa Fe, California

Emphasis of Matter

Net Pension Liability

As discussed in Note 6 to the basic financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* on July 1, 2014. The District's net pension liability is reported in the statement of net position in the amount of $8,883,393 as of the measurement dates of June 30, 2015. The net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2014, the valuation date, and was then rolled-forward by the actuaries to June 30, 2015, the measurement date. Our opinion is not modified with respect to this matter.

Other 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 8, the Budgetary Comparison – General Fund, Budgetary Comparison – Special Revenue Fund, Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability, and the Schedule of the District's Contributions to the Pension Plan on pages 43 through 46, respectively 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Santa Ana, California
November 30, 2016

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Board of Directors
of the Rancho Santa Fe Fire Protection District
Rancho Santa Fe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rancho Santa Fe Fire Protection District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Directors
of the Rancho Santa Fe Fire Protection District
Rancho Santa Fe, California

Purpose of this Report

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

Santa Ana, California
November 30, 2016

As management of the Rancho Santa Fe Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2016. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's total revenues increased by 11.30% or $1,466,957, to $14,450,869 in fiscal year 2016 due primarily to an increase in property tax and annexation revenues.
- The District's total expenses increased 5.11% or $604,838, in fiscal year 2016 due primarily to increases in various operational costs.
- The District's change in net position for the year ended June 30, 2016 amounted to $2,010,072.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and compliance.

	June 30, 2016	June 30, 2015	Change
Assets:			
Current assets	$ 16,965,684	$ 18,732,664	$ (1,766,980)
Capital assets, net	18,370,695	19,039,886	(669,191)
Total assets	35,336,379	37,772,550	(2,436,171)
Deferred outflows of resources	4,576,758	1,465,727	3,111,031
Liabilities:			
Current liabilities	1,255,374	1,342,453	(87,079)
Noncurrent liabilities	8,883,393	9,516,816	(633,423)
Total liabilities	10,138,767	10,859,269	(720,502)
Deferred inflows of resources	2,427,223	3,041,933	(614,710)
Net position:			
Net investment in capital assets	18,370,695	19,039,886	(669,191)
Restricted for capital projects	1,276,857	909,781	367,076
Unrestricted	7,699,595	5,387,408	2,312,187
Total net position	$ 27,347,147	$ 25,337,075	$ 2,010,072

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $27,347,147 as of June 30, 2016.

Government-wide Financial Analysis (Continued)

A portion of the District's net position 67% or $18,370,695 reflects its investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2016, the District shows a positive balance in its unrestricted net position of $7,699,595 that may be utilized in future years.

	June 30, 2016	June 30, 2015	Change
Revenues:			
Program revenues:			
Charges for services	$ 1,098,787	$ 524,712	$ 574,075
Operating grants and contributions	567,426	457,256	110,170
Capital grants and contributions	387,999	134,303	253,696
General revenues:			
Property taxes	10,744,797	10,273,126	471,671
Voter approved taxes	1,029,740	1,028,265	1,475
Developer payments in-leiu of proprty taxes	173,654	241,593	(67,939)
Rental income	280,659	261,483	19,176
Investment earnings	82,566	59,028	23,538
Other	85,241	4,146	81,095
Total revenues	14,450,869	12,983,912	1,466,957
Expenses:			
Fire protection operations:			
Salaries and wages	7,259,676	6,924,843	334,833
Employee benefits	2,418,350	2,278,336	140,014
Contractual services	1,258,901	1,130,385	128,516
Materials and supplies	769,566	784,576	(15,010)
Depreciation	734,304	717,819	16,485
Total expenses	12,440,797	11,835,959	604,838
Change in net position	2,010,072	1,147,953	862,119
Net position:			
Beginning of year	25,337,075	35,584,717	(10,247,642)
Prior period adjustment	-	(11,395,595)	11,395,595
End of year	$ 27,347,147	$ 25,337,075	$ 2,010,072

The statement of activities shows how the government's net position changes during the fiscal year. In the case of the District, net position increased by $2,010,072 for the fiscal year ended June 30, 2016.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2016, the District's General Fund reported a fund balance of $17,119,150. An amount of $13,998,853 constitutes the District's *unassigned fund balance*, which is available for future use.

Capital Asset Administration

At the end of fiscal year 2016, the District's investment in capital assets amounted to $18,370,695 (net of accumulated depreciation). This investment in capital assets includes structures and improvements and equipment. (See Note 3 for further information)

Capital assets balances are as follows:

	June 30, 2016	June 30, 2015
Non-depreciable assets	$ 3,374,840	$ 3,374,840
Depreciable assets	23,864,874	23,799,761
Accumulated depreciation and amortization	(8,869,019)	(8,134,715)
	$ 18,370,695	$ 19,039,886

Economic and Other Factors Effecting Next Year's Operations and Budget

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Administrative Manager, Karlena Rannals, at the Rancho Santa Fe Fire Protection District, P.O. Box 410, 18027 Calle Ambiente, Rancho Santa Fe, California, 92067 or (858) 756-5971.

BASIC FINANCIAL STATEMENTS

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Rancho Santa Fe Fire Protection District

Statement of Net Position

June 30, 2016

Assets	
Cash and investments (Note 2)	$ 15,639,527
Accrued interest receivable	22,117
Accounts receivable	1,199,555
Property taxes receivable	36,323
Other receivable	66,962
Prepaid items	1,200
Capital assets – not being depreciated (Note 3)	3,374,840
Capital assets, net – being depreciated (Note 3)	14,995,855
Total assets	35,336,379
Deferred Outflows of Resources	
Pension contributions made after the measurement date (Note 6)	2,793,222
Difference between actual and proportionate share of employer contributions (Note 6)	1,771,323
Adjustment due to differences in proportions (Note 6)	5,026
Differences between expected and actual experience (Note 6)	7,187
Total deferred outflows of resources	4,576,758
Liabilities	
Accounts payable and accrued expenses	197,375
Accrued salaries and related payables	362,243
Workers' compensation claims payable (Note 11)	155,857
Compensated absences (Note 4)	539,899
Aggregate net pension liability (Note 9)	8,883,393
Total liabilities	10,138,767
Deferred Inflows of Resources	
Differences between projected and actual earnings on pension plan investments (Note 6)	425,417
Difference between actual and proportionate share of employer contributions (Note 6)	6,008
Adjustment due to differences in proportions (Note 6)	987,770
Differences between expected and actual experience (Note 6)	167,881
Changes in assumptions (Note 6)	840,147
Total deferred inflows of resources	2,427,223
Net Position	
Net investment in capital assets	18,370,695
Restricted for capital projects	1,276,857
Unrestricted	7,699,595
Total net position	$ 27,347,147

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Fire protection operations	$ 12,440,797	$ 1,098,787	$ 567,426	$ 387,999	$ (10,386,585)
Total governmental activities	$ 12,440,797	$ 1,098,787	$ 567,426	$ 387,999	(10,386,585)
General revenues:					
Property taxes					10,744,797
Voter approved taxes					1,029,740
Developer payments in-leiu of proprty taxes					173,654
Rental income					280,659
Investment earnings					82,566
Other					85,241
Total general revenues					12,396,657
Change in net position					2,010,072
Net Position:					
Beginning of year					25,337,075
End of year					$ 27,347,147

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District

Balance Sheet - Governmental Funds

June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Assets:			
Cash and investments	$ 14,431,396	$ 1,208,131	$ 15,639,527
Accrued interest receivable	20,353	1,764	22,117
Accounts receivable	1,199,555	-	1,199,555
Property taxes receivable	36,323	-	36,323
Other receivables	-	66,962	66,962
Prepaid items	1,200	-	1,200
Total assets	$ 15,688,827	$ 1,276,857	$ 16,965,684
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and accrued expenses	$ 197,375	$ -	$ 197,375
Accrued salaries and related payables	362,243	-	362,243
Total liabilities	559,618	-	559,618
Fund balance: (note 5)			
Nonspendable	1,200	-	1,200
Restricted	-	1,276,857	1,276,857
Committed	545,069	-	545,069
Assigned	584,087	-	584,087
Unassigned	13,998,853	-	13,998,853
Total fund balance	15,129,209	1,276,857	16,406,066
Total liabilities and fund balance	$ 15,688,827	$ 1,276,857	$ 16,965,684

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District

Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position of Governmental Activities

June 30, 2016

Fund balance of governmental funds	$ 16,406,066
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	
Capital assets – not being depreciated	3,374,840
Capital assets, net – being depreciated	14,995,855
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Workers' compensation claims payable	(155,857)
Compensated absences	(539,899)
Aggregate net pension liability	(8,883,393)
Pension related deferred outflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension contributions made after the measurement date	2,793,222
Difference between actual and proportionate share of employer contributions	1,771,323
Adjustment due to differences in proportions	5,026
Differences between expected and actual experience	7,187
Pension related deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.	
Differences between projected and actual earnings on pension plan investments	(425,417)
Difference between actual and proportionate share of employer contributions	(6,008)
Adjustment due to differences in proportions	(987,770)
Differences between expected and actual experience	(167,881)
Changes in assumptions	(840,147)
Total adjustments	10,941,081
Net position of governmental activities	$ 27,347,147

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District

Statement of Revenues, Expenditures and Change in Fund Balances

For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Total
Revenues:			
Property taxes	$ 10,744,797	$ -	$ 10,744,797
Voter approved taxes	1,029,740	-	1,029,740
Developer payments in-leiu of proprty taxes	173,654	-	173,654
Charges for services	1,098,787	-	1,098,787
Operating grants and contributions	567,426	-	567,426
Capital grants and contributions	-	387,999	387,999
Rental income	280,659	-	280,659
Interest earnings	75,828	6,738	82,566
Other	85,241	-	85,241
Total revenues	14,056,132	394,737	14,450,869
Expenditures:			
Fire protection operations:			
Salaries and wages	7,264,071	-	7,264,071
Employee benefits	6,716,083	-	6,716,083
Contractual services	1,258,901	-	1,258,901
Materials and supplies	769,566	-	769,566
Capital outlay	65,113	-	65,113
Total expenditures	16,073,734	-	16,073,734
Excess of revenues over expenditures	(2,017,602)	394,737	(1,622,865)
Other financing sources/(uses) of funds:			
Transfers in/(out)	27,661	(27,661)	-
Change in fund balance	(1,989,941)	367,076	(1,622,865)
Fund Balance:			
Beginning of year	17,119,150	909,781	18,028,931
End of year	$ 15,129,209	$ 1,276,857	$ 16,406,066

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities

For the Year Ended June 30, 2016

Net change in fund balance of governmental funds	$ (1,622,865)
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	65,113
Depreciation expense	(734,304)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in pension related deferred outflows of resources	3,111,031
Net change in workers' compensation claims payable	(61,431)
Net change in compensated absences	4,395
Net change in aggregate net pension liability	633,423
Net change in pension related deferred inflows of resources	614,710
Total adjustments	3,632,937
Change in net position of governmental activities	$ 2,010,072

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Rancho Santa Fe Fire Protection District was formed on October 14, 1946 under an order adopted by the County Board of Supervisors. The District spans approximately 38-square miles and protects over 31,412 citizens. The District is governed by a five-person elected Board of Directors. The Board is responsible for establishing policies, guidelines and providing direction for Fire District staff.

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of GASB Statement No. 34.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus

The District' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

> ***Deferred Outflows of Resources*** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.
>
> ***Deferred Inflows of Resources*** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as a revenue until that time.

The District reports the following major governmental funds:

> **General Fund** – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.
>
> **Special Revenue Fund** – is used for fees collected that can only be used to purchase capital assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Investments

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

> Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
>
> Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
>
> Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Property Taxes

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Secured property taxes are levied on July 1 and become delinquent on December 10 and April 10, for the first and second installments, respectively. Unsecured personal property taxes are collected in one installment and become delinquent August 31.

Property taxes are allocated on the County of San Diego's annual tax bills to property owners who receive fire protection service by the District. The County of San Diego Tax Collector's Office collects the property taxes payments from the property owners and transfers the collections to the District's operating fund held with the County Treasurer's Office. The District has adopted the Teeter Plan as defined under the California Revenue and Taxation Code. Under the Teeter Plan, the District receives from the County 99.6% of the annual assessed secured and unsecured property taxes, with the County responsible for the collection of any delinquent property taxes.

Therefore, the County receives the benefits of collecting all penalty and interest charges on the delinquent property taxes; hence, no accrual for uncollected property taxes is recorded at year-end.

Prepaid Items

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at $10,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Structures and improvements	20 to 40 years
Equipment and vehicles	5 to 12 years

Compensated Absences

The District's policy is to permit full time employees to accumulate earned vacation leave. Safety employees with more than one year but less than 4 years may accumulate 144 hours of vacation per year; 168 hours for the fifth through ninth year of employment; 192 hours for the tenth through fourteenth year of employment; 240 hours for the fifteenth through nineteenth; and 288 hours thereafter. Safety management positions accrue vacation leave from 15 to 25 days per year depending on their position. Administrative employees in their first through fifth year may accumulate 80 hours of vacation per year; 120 hours for the sixth through tenth year; 136 hours for the eleventh through fifteenth year; 160 hours for the sixteenth through twentieth; and 200 hours after 21 years. Vacations may accumulate beyond the end of the calendar year.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the District's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS	
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Measurement period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on assets reduced by liabilities and deferred inflows of resources use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Fund Balance

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

***Nonspendable* –** amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.

Unassigned – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Accounting Changes

During fiscal year ended June 30, 2016, the District has implemented the following new GASB pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, which 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 disclosure related to all fair value measurements. Application of this statement is effective for fiscal year ending June 30, 2016.

Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). Application of this statement is effective for District's fiscal year ending June 30, 2016, except those provisions that address employers and governmental non-employer contributing entities that are not within the scope of GASB Statement 68, which are effective for financial statements for fiscal year ending June 30, 2017.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. Application of this statement is effective for fiscal year ending June 30, 2016.

Note 2 – Cash and Investments

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

Description	Balance
Deposits with financial institutions	$ 785,016
Investments	14,854,511
Total cash and investments	$ 15,639,527

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does 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. At June 30, 2016, the District had no deposits with financial institutions subject to custodial credit risk.

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk (Continued)

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or external investment pools.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

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.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments as of June 30, 2016.

Investments	Measurement Input	Fair Value June 30, 2016	Maturity 12 Months or Less
External Investment Pools:			
California Local Agency Investment Fund (LAIF)	N/A	$ 2,516,512	$ 2,516,512
Public Agency Self Insurance System (PASIS)	N/A	545,069	545,069
San Diego County Pooled Investment Fund	N/A	11,792,930	11,792,930
Total investments		$ 14,854,511	$ 14,854,511

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the following areas:

External Investment Pools:
- California Local Agency Investment Fund (LAIF)
- Public Agency Self Insurance System (PASIS)
- San Diego County Pooled Investment Fund (SDCPIF)

Non-negotiable certificates-of-deposit
Governmental agency securities

Note 2 – Cash and Investments (Continued)

Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2016, included a portion of the pool funds invested in structured notes and asset-backed securities:

> ***Structured Notes***: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
>
> ***Asset-Backed Securities***: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District has $2,516,512 invested in LAIF, which had invested 2.81% of the pooled investment funds as of June 30, 2016 in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2016.

Public Agency Self Insurance System (PASIS)

PASIS was formed under a joint exercise of powers agreement to establish and operate a cooperative program of self-insurance and risk management. PASIS holds its members self-insurance reserves in LAIF and the SDCPID. AS of June 30, 2016, the District had $545,069 on deposit with PASIS.

San Diego County Pooled Investment Fund (SDCPIF)

The SDCPIF is a local government investment pool managed by the County Treasurer's Office on behalf of Investment Pool participants. Depositors in the Investment Pool include both mandatory participants, those agencies required by law to deposit their funds with the County Treasurer's Office, and voluntary participants, agencies that place their funds in the Investment Pool as an investment option. Voluntary participants, including cities, fire districts, and various special districts accounted for approximately 4.72% and 6.83% of the Investment Pool as of June 30, 2016 and 2015, respectively.

Pursuant to Section 27130-27137 of the California Government Code, the County Board of Supervisors has established the Treasurer's Oversight Committee (TOC) that monitors and reviews the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public having expertise in, or an academic background in public finance.

Note 2 – Cash and Investments (Continued)

San Diego County Pooled Investment Fund (SDCPIF) (Continued)

To mitigate credit risk, the Investment Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "A1" for short-term. Non-rated securities include sweep accounts, collateralized certificates of deposit and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by the California Government Code Section 53601, having fair market value of 102% or greater than the amount of the repurchase agreement. The Investment Pool does not hold any investments in structured notes.

The District's investments with the County Treasurer's Office include a portion of the pool funds invested in asset-backed securities. As of June 30, 2016, the District had $11,792,930 invested with the SDCPIF, which had invested 0.55% of the pool investment funds in asset-backed securities. .

Note 3 – Capital Assets

At June 30, 2016, the capital assets balances for the District are as follows:

	Balance July 1, 2015	Additions	Deletions/ Transfers	Balance June 30, 2016
Non-depreciable assets:				
Land	$ 3,374,840	$ -	$ -	$ 3,374,840
Total non-depreciable assets	3,374,840	-	-	3,374,840
Depreciable assets:				
Structures and improvements	19,068,227	-	-	19,068,227
Equipment and vehicles	4,731,534	65,113	-	4,796,647
Total depreciable assets	23,799,761	65,113	-	23,864,874
Accumulated depreciation:				
Structures and improvements	(4,756,536)	(478,625)	-	(5,235,161)
Equipment and vehicles	(3,378,179)	(255,679)	-	(3,633,858)
Total accumulated depreciation	(8,134,715)	(734,304)	-	(8,869,019)
Total depreciable assets, net	15,665,046	(669,191)	-	14,995,855
Total capital assets, net	$ 19,039,886	$ (669,191)	$ -	$ 18,370,695

Note 4 – Compensated Absences

At June 30, 2016, the compensated absences balance is as follows:

Balance July 1, 2015	Earned	Taken	Balance June 30, 2016
$ 544,294	$ 478,529	$ (482,924)	$ 539,899

Note 5 – Fund Balance

Fund balance classifications as of June 30, 2016 are as follows:

Description	General Fund	Special Revenue Fund	Total Governmental Funds
Nonspendable:			
Prepaid items	$ 1,200	$ -	$ 1,200
Restricted:			
Capital projects	-	1,276,857	1,276,857
Committed:			
Public Agency Self Insurance System	545,069	-	545,069
Assigned:			
Advanced life support equipment	39,793	-	39,793
Compensated absences	544,294	-	544,294
Total assigned	584,087	-	584,087
Unassigned:	13,998,853	-	13,998,853
Total fund balance	$ 15,129,209	$ 1,276,857	$ 16,406,066

Note 6 – Net Pension Liability and Defined Benefit Pension Plan

Summary

Type of Account	Balance as of July 1, 2015	Additions	Deletions	Balance as of June 30, 2016
Deferred Outflows of Resources:				
Pension contributions made after the measurement date:				
CalPERS – Miscellaneous Plan	$ 754,744	$ 75,841	$ (754,744)	$ 75,841
CalPERS – Safety Plan	3,135,226	2,717,381	(3,135,226)	2,717,381
Sub-total	3,889,970	2,793,222	(3,889,970)	2,793,222
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	-	597,116	(157,136)	439,980
CalPERS – Safety Plan	48,666	1,764,364	(481,687)	1,331,343
Sub-total	48,666	2,361,480	(638,823)	1,771,323
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	7,818	-	(2,792)	5,026
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	-	9,754	(2,567)	7,187
Total deferred outflows of resources	$ 3,946,454	$ 5,164,456	$ (4,534,152)	$ 4,576,758
Aggregate Net Pension Liability:				
CalPERS – Miscellaneous Plan	$ 815,919	$ 368,351	$ (754,744)	$ 429,526
CalPERS – Safety Plan	8,700,897	2,888,196	(3,135,226)	8,453,867
Total aggregate net pension liability	$ 9,516,816	$ 3,256,547	$ (3,889,970)	$ 8,883,393
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	$ 274,187	$ -	$ (240,098)	$ 34,089
CalPERS – Safety Plan	2,627,088	-	(2,235,760)	391,328
Sub-total	2,901,275	-	(2,475,858)	425,417
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	9,346	-	(3,338)	6,008
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	-	468,662	(123,332)	345,330
CalPERS – Safety Plan	110,435	775,534	(243,529)	642,440
Sub-total	110,435	1,244,196	(366,861)	987,770
Differences between expected and actual experience:				
CalPERS – Safety Plan	-	227,839	(59,958)	167,881
Changes in assumptions:				
CalPERS – Miscellaneous Plan	-	92,285	(24,286)	67,999
CalPERS – Safety Plan	-	1,047,915	(275,767)	772,148
Sub-total	-	1,140,200	(300,053)	840,147
Total deferred inflows of resources	$ 3,021,056	$ 2,612,235	$ (3,206,068)	$ 2,427,223

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

Miscellaneous Plans

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to April 30, 2012	On or after May 1, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%
Required member contribution rates	8.000%	8.000%	6.250%
Required employer contribution rates	16.691%	15.135%	6.250%

Safety Plans

	Safety Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to April 30, 2012	Prior to May 1, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7 @ 57
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	1.0% to 2.7%
Required member contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	27.849%	21.367%	11.500%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2015 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Members Covered by Benefit Terms

At June 30, 2015 (Valuation Date), the following members were covered by the benefit terms:

	Miscellaneous Plans			
Plan Members	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Active members	5	2	4	11
Transferred and terminated members	18	1	-	19
Retired members and beneficiaries	5	-	-	5
Total plan members	28	3	4	35

	Safety Plans			
Plan Members	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Active members	38	4	3	45
Transferred and terminated members	25	-	3	28
Retired members and beneficiaries	47	-	-	47
Total plan members	110	4	6	120

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, 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 members. For the measurement period ended June 30, 2015 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

For the year ended June 30, 2016, the contributions made to the Plan were as follows:

	Miscellaneous Plans			
Contribution Type	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Contributions – employer	$ 55,201	$ 9,068	$ 11,572	$ 75,841
Contributions – members	35,659	8,001	11,596	55,256
Total contributions	$ 90,860	$ 17,069	$ 23,168	$ 131,097

	Safety Plans			
Contribution Type	**Classic Tier 1**	**Classic Tier 2**	**PEPRA Tier 3**	**Total**
Contributions – employer	$ 2,579,500	$ 91,242	$ 46,639	$ 2,717,381
Contributions – members	378,776	52,549	48,092	479,417
Total contributions	$ 2,958,276	$ 143,791	$ 94,731	$ 3,196,798

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2015 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
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 valuation were based on the results of an actuarial experience study for the period from 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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.*

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Discount Rate

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

Investment Type	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	100.00%		

[1] An expected inflation rate-of-return of 2.5% is used for years 1 – 10.

[2] An expected inflation rate-of-return of 3.0% is used for years 11+.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability 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:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 6.65%	Current Discount Rate 7.650%	Discount Rate + 1% 8.65%
CalPERS – Miscellaneous Plan	$ 1,108,616	$ 429,526	$ (131,142)

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 6.65%	Current Discount Rate 7.650%	Discount Rate + 1% 8.65%
CalPERS – Safety Plan	$ 15,137,643	$ 8,453,867	$ 2,973,293

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the CalPERS Miscellaneous and Safety Plans as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2014 (Measurement Date)	$ 4,807,654	$ 3,991,735	$ 815,919
Balance as of June 30, 2015 (Measurement Date)	$ 4,986,466	$ 4,556,940	$ 429,526
Change in Plan Net Pension Liability	$ 178,812	$ 565,205	$ (386,393)

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Safety Plan:			
Balance as of June 30, 2014 (Measurement Date)	$ 46,825,950	$ 38,125,053	$ 8,700,897
Balance as of June 30, 2015 (Measurement Date)	$ 48,747,477	$ 40,293,610	$ 8,453,867
Change in Plan Net Pension Liability	$ 1,921,527	$ 2,168,557	$ (247,030)

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15 fiscal year).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

The District's proportionate share of the net pension liability was as follows:

	Percentage Share of Risk Pool		
CalPERS – Miscellaneous Plan	**Fiscal Year Ending June 30, 2016**	**Fiscal Year Ending June 30, 2015**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.015656%	0.033013%	-0.017357%
Percentage of Plan (PERF C) Net Pension Liability	0.006257%	0.013112%	-0.006855%

	Percentage Share of Risk Pool		
CalPERS – Safety Plan	**Fiscal Year Ending June 30, 2016**	**Fiscal Year Ending June 30, 2015**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.205169%	0.231963%	-0.026794%
Percentage of Plan (PERF C) Net Pension Liability	0.123164%	0.139830%	-0.016666%

For the year ended June 30, 2016, the District recognized pension expense/(credit) in the amount of $935,664 for the CalPERS Miscellaneous and Safety Plans.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 2,793,222	$ -
Difference between actual and proportionate share of employer contributions	1,771,323	6,008
Adjustment due to differences in proportions	5,026	987,770
Differences between expected and actual experience	7,187	167,881
Differences between projected and actual earnings on pension plan investments	-	425,417
Changes in assumptions	-	840,147
Total Deferred Outflows/(Inflows) of Resources	$ 4,576,758	$ 2,427,223

The District will recognize $2,793,222 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2017, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	$ 644,182	$ 1,046,667
2018	640,147	1,038,111
2019	499,207	866,401
2020	-	(523,956)
Total	$ 1,783,536	$ 2,427,223

Note 7 – Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Voya Financial at June 30, 2016 was $6,456,391.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

Note 8 – Health Retirement Savings Account

For the benefit of its employees, the District established, with the consent of a Trustee, a trust that is known as RSFFPD VEBA Health Savings Trust (Trust). The effective date of the Trust was January 1, 2006. The purposes of the Trust are (1) to provide a source of funds to pay benefits and administrative expenses under the District's Medical Retirement Savings Plan (Plan), and (2) to permit Trust assets to be invested and such earnings thereon to be not taxable under the Internal Revenue Code (Code).

All assets of the Plan are held in the Trust by the Trustee. The Trust is intended to qualify as a tax exempt trust under the Section 501(c)(9) of the Code. The assets held in the trust are for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Voya Financial at June 30, 2016 was $2,135,999.

Note 9 – Risk Management

The District is exposed to various risks of loss and has effectively managed risk through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. In addition, there were no settlements or claims in the past three years that exceeded insurance coverage.

The District is self-insured for workers' compensation benefits. The District is one of nine participants in the Public Agency Self-Insurance System (PASIS). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers' compensation. There is no pooling of workers' compensation liability between the participants, and each participant self-insures their liability up to $300,000 per occurrence.

All members are responsible for paying their own claims and related expenses. PASIS may advance funds to members who have incurred large losses; however, these advances must be repaid.

Excess insurance is purchased above the self-insured retention. As of June 30, 2016, the liability for workers' compensation claims payable was estimated at $155,858.

Changes in workers' compensation claims payable for the year ended June 30, 2016, were as follows:

Description	Amount
Estimated claims – beginning of year	$ 94,426
Revised claims estimate	71,748
Claim payments	(10,316)
Estimated claims – end of year	$ 155,858

The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2016:

- General liability: $1,000,000 per occurrence and $3,000,000 aggregate. The District purchased additional excess coverage layers: $10 million per occurrence and $20 million aggregate for general and auto liability, which increases the limits on the insurance coverage noted above.

- Auto liability: $1,000,000 liability limits and deductibles applied to specific vehicles with a $1,000 deductible on Comprehensive and Collision, and other vehicles have a $1,000 deductible on Comprehensive and on Collision.

Note 10 – Contingencies

Litigation

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, other than the matter discussed above, will not materially affect its financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

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Rancho Santa Fe Fire Protection District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2016

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual	Variance Positive (Negative)
Revenues:					
Property taxes	$ 10,610,000	$ -	$ 10,610,000	$ 10,744,797	$ 134,797
Voter approved taxes	1,029,800	-	1,029,800	1,029,740	(60)
Developer payments in-leiu of proprty taxes	150,000	-	150,000	173,654	23,654
Charges for services	453,000	-	453,000	1,098,787	645,787
Operating grants and contributions	320,000	-	320,000	567,426	247,426
Rental income	276,300	-	276,300	280,659	4,359
Interest earnings	45,000	-	45,000	75,828	30,828
Other	81,000	-	81,000	85,241	4,241
Total revenues	12,965,100	-	12,965,100	14,056,132	1,091,032
Expenditures:					
Fire protection operations:					
Salaries and wages	7,028,750	-	7,028,750	7,264,071	(235,321)
Employee benefits	2,874,000	-	2,874,000	6,716,083	(3,842,083)
Contractual services	1,556,269	-	1,556,269	1,258,901	297,368
Materials and supplies	548,456	-	548,456	769,566	(221,110)
Capital outlay	988,250	-	988,250	65,113	923,137
Total expenditures	12,995,725	-	12,995,725	16,073,734	(3,078,009)
Excess of revenues over expenditures	(30,625)	-	(30,625)	(2,017,602)	$ 4,169,041
Other financing sources/(uses) of funds:					
Transfers in(out)	-	-	-	27,661	
Change in find balance	(30,625)	-	(30,625)	(1,989,941)	
Fund balance:					
Beginning of year	17,119,150		17,119,150	17,119,150	
End of year	$ 17,088,525		$ 17,088,525	$ 15,129,209	

Rancho Santa Fe Fire Protection District

Budgetary Comparison Schedule – Special Revenue Fund

For the Year Ended June 30, 2016

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual	Variance Positive (Negative)
Revenues:					
Capital grants and contributions	$ 299,200	$ -	$ 299,200	$ 387,999	$ 88,799
Interest earnings	3,600	-	3,600	6,738	3,138
Total revenues	302,800	-	302,800	394,737	91,937
Expenditures:					
Fire protection operations:					
Capital outlay	148,500	-	148,500	-	148,500
Total expenditures	148,500	-	148,500	-	148,500
Excess of revenues over expenditures	154,300	-	154,300	394,737	$ (56,563)
Other financing sources/(uses) of funds:					
Transfers in(out)	-	-	-	(27,661)	
Change in find balance	154,300	-	154,300	367,076	
Fund balance:					
Beginning of year	909,781		909,781	909,781	
End of year	$ 1,064,081		$ 1,064,081	$ 1,276,857	

Rancho Santa Fe Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS)

Measurement Date:	**June 30, 2015[1]**	**June 30, 2014[1]**
District's Proportion of the Net Pension Liability	0.129422%	0.152943%
District's Proportionate Share of the Net Pension Liability	$ 8,883,393	$ 9,516,816
District's Covered-Employee Payroll	$ 5,473,782	$ 5,039,982
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	162.29%	188.83%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.47%	81.57%

[1] Historical information is required only for measurement periods for which GASB No. 68 is applicable.

Rancho Santa Fe Fire Protection District

Required Supplementary Information (Unaudited)

Schedule of the District's Contributions to the Pension Plan

For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS)

Fiscal Year:	**2015-16**[1]	**2014-15**[1]	**2013-14**[1]
Actuarially Determined Contribution[2]	$ 1,293,222	$ 1,388,366	$ 1,240,671
Contribution in Relation to the Actuarially Determined Contribution[2]	(2,793,222)	(3,889,970)	(1,240,671)
Contribution Deficiency (Excess)	$ (1,500,000)	$ (2,501,604)	$ -
District"s Covered-Employee Payroll[3]	$ 5,925,389	$ 5,473,782	$ 5,039,982
Contributions as a Percentage of Covered-Employee Payroll	47.14%	71.07%	24.62%

[1] Historical information is required only for measurement periods for which GASB No. 68 is applicable.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the 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).