

**LAKESIDE  
FIRE PROTECTION DISTRICT  
COUNTY OF SAN DIEGO  
LAKESIDE, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2017**

**LAKESIDE FIRE PROTECTION DISTRICT  
ANNUAL FINANCIAL REPORT  
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JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lakeside Fire Protection District  
Lakeside, California

We have audited the accompanying financial statements of the governmental activities and fund of the Lakeside Fire Protection District as of and for the year ended June 30, 2017, 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.

### Auditors' 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. 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 opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Lakeside Fire Protection District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Lakeside Fire Protection District  
Lakeside, California

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison, post-employment benefits, and pension information on pages 3-7 and 38-42 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 consist 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 the Lakeside Fire Protection District's basic financial statements. The accompanying financial and statistical information listed in the table of contents on pages 38-44, is presented for purposes of additional analysis and is not a required part of the financial statement of Lakeside Fire Protection District. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Fechter & Company  
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in dark ink and is positioned above the printed name and address of the firm.

Sacramento, California  
December 18, 2017



## ***LAKESIDE FIRE PROTECTION DISTRICT*** **MANAGEMENT DISCUSSION AND ANALYSIS**

Fiscal Year Ending June 30, 2017

As management of the Lakeside Fire Protection 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, 2017. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two main parts (1) Management's Discussion and Analysis and, (2) Basic Financial Statements.

### **Financial Highlights**

- The District's Net Position at the end of the fiscal year was \$-9,387,665 with a Net Pension Liability amount of \$23,521,384.
- The Change in Net Position was \$-2,861,905 due to an increase in the Net Pension Liability of \$4,070,333 after deferred pension changes.
- The District had General Fund operational revenue in excess of expenses in the amount of \$862,668 in the current year compared to \$1,411,521 in the previous year.
- This year the District had \$433,984 worth of additions to Capital Assets compared to \$2,153,819 last year.
- The District's General Fund Balance increased by \$862,668 to \$7,299,260.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's audit report is comprised of four components: 1) financial statements and notes, 2) supplementary information, 3) reports on compliance and internal control, and 4) findings and recommendations.

### **Basic Financial Statements**

The basic financial statements include *Government-wide Financial Statements* and *Fund Financial Statements*. The two sets of statements are tied together by reconciliations showing why they differ.

The *Government-wide Financial Statements* provide a longer-term view of the District's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on the full accrual basis, with emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

The *Fund Financial Statements* report the District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the District's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

The *Notes to the Basic Financial Statements* are included to provide more detailed data and explain some of the information in the statements.



# **LAKESIDE FIRE PROTECTION DISTRICT**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Fiscal Year Ending June 30, 2017

*Reports on Compliance and Internal Control* encompass the independent auditor's reports showing compliance with Government Auditing Standards and provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *Findings and Recommendations* section notes material weaknesses in the system and recommendations.

### **Government-wide Financial Analysis**

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, and the depreciation of capital assets.

### **Statement of Net Position**

To begin our analysis, a summary of the District's Statement of Net Position is presented in Table 1 below 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, assets exceeded liabilities by \$-9,447,465 as of June 30, 2017. The Net Position of the District is the product of several financial transactions including net result of activities, capital asset changes and depreciation, and pension liability changes.

**TABLE 1**  
**CONDENSED STATEMENT OF NET POSITION**

	FY 16/17	FY 15/16	\$ Change
Current and Other Assets	\$ 8,934,899	\$ 7,983,090	\$ 951,809
Deferred Pensions - Outflows of Resources	4,866,173	1,507,829	3,358,344
Capital Assets (Net) & Bond issue costs	14,789,315	15,082,634	(293,319)
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 28,590,387</b>	<b>\$ 24,573,553</b>	<b>\$ 4,016,834</b>
Current Liabilities	\$ 1,635,639	\$ 1,629,922	\$ 5,717
Deferred Pensions - Inflows of Resources	1,092,829	1,159,389	(66,560)
General Long-Term Debt	35,249,584	28,310,002	6,939,582
<b>Total Liabilities</b>	<b>\$ 37,978,052</b>	<b>\$ 31,099,313</b>	<b>\$ 6,878,739</b>
Net Assets:		-	
Investment in Capital Assets	\$ 9,284,688	\$ 8,819,319	\$ 465,369
Unrestricted Net Position	(18,672,353)	(15,345,079)	(3,327,274)
<b>Total Net Position</b>	<b>\$ (9,387,665)</b>	<b>\$ (6,525,760)</b>	<b>\$ (2,861,905)</b>



**LAKESIDE FIRE PROTECTION DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

Fiscal Year Ending June 30, 2017

The largest portion of the District’s net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); 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. The District’s long-term debt consists of net pension liability, compensated leave due, OPEB liability, and bonds. The General Obligation Bond debt service payments are funded by the County of San Diego through a Cooperation Agreement for the construction of the River Park Fire Station and Administration Building. The Pension Obligation Bond to refinance the side fund reduced the cost of the side fund liability, and the final payment was paid on July 15, 2017. The Net Pension Liability of \$23,521,384 is 67% of the long-term debt and is being addressed by CalPERS changes such as lowering the discount rate and creating UAL debt payments.

**Significant Changes in Individual Funds**

It is the policy of the Lakeside Fire Protection District to identify the various classifications of the District’s governmental fund balances in its annual financial report and annual budget. These classifications take into consideration the District’s long-term infrastructure needs, non-current liabilities, economic uncertainties, and possible catastrophic events. The District policy is to maintain transparency by maintaining appropriate reserve levels and categories based on prudent long-term financial and strategic goals. The District policy is to maintain a minimum target of fifty percent (50%) of property tax revenue in unrestricted General Fund Reserves order to meet the cash flow needs of the District.

Table 2 presents a summary of changes in the District fund balances.

**TABLE 2**  
**COMPARISON OF FUND BALANCES**

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
<b><u>Committed Reserves:</u></b>			
Economic/Budget Stability	\$ 2,691,250	\$ 2,500,000	\$ 191,250
<b><u>Assigned Reserves:</u></b>			
Budget Stability	\$ 500,000	\$ 550,000	(50,000)
Capital Facilities	950,000	850,000	100,000
Capital Equipment	1,150,000	700,000	450,000
Leave Reserve	1,100,000	300,000	800,000
Self-insured Retention Res	-	-	-
OPEB Reserve	-	454,456	(454,456)
HCFA JPA Reserve	750,000	750,000	-
Unassigned	158,010	332,134	(174,124)
<b>Total</b>	<b>\$ 7,299,260</b>	<b>\$ 6,436,590</b>	<b>\$ 862,670</b>



## ***LAKESIDE FIRE PROTECTION DISTRICT***

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Fiscal Year Ending June 30, 2017

#### **Capital Assets**

The District finalized the purchases of the following assets during the year:

1. Utility Off-Road Vehicle at a cost of \$39,941.
2. Medic Unit Re-chassis at a cost of \$121,179.
3. Four Defibrillators at a cost of \$55,641.
4. Multifunction Copier at a cost of \$14,871.
5. Ten emergency radios at a cost of \$56,441.
6. Station 1 Relocation Costs of \$145,911.

The District disposed of assets by auction for net proceeds of \$10,463.

In compliance with GASB Statement No. 34 the District reports the net book value of its capital assets. (Historical cost less accumulated depreciation. The detail on capital assets can be found in Note 1.K.1 and Note 4 of the Notes to Basic Financial Statements.)

#### **Debt Administration**

The District has long term debt of \$35,249,584 made up of the following balances.

- \$1,091,769 for Compensated absences.
- \$5,256,157 for Other Post-Employment Benefits (OPEB).
- \$5,370,000 remaining on 2010 Capital Improvement Financing C.O.P. for the construction of Station 2, which is serviced by a cooperation agreement with the County of San Diego.
- \$0 Pension Obligation Bond liability refinanced with final payment made July 2017.
- \$23,521,384 Net pension liability.
- \$10,274 for accrued interest related to bonds.

#### **Governmental Accounting Standards Board Statement 68**

Governmental Accounting Standards Board Statement 68 (GASB 68) was issued by GASB in June 2012, requiring public employers to comply with new accounting and financial reporting standards. Statement 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB68, employers that participate in a defined benefit pension plan are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position.

Net pension liability is the plan's total pension liability based on entry age normal actuarial cost method less the plan's fiduciary net position.

Pension expense is the change in net pension liability from the previous fiscal year to the current fiscal year less adjustments. This may be a negative expense (pension income).

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense.

Under the new GASB standards, each participating cost-sharing employer is required to report its proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements.



## ***LAKESIDE FIRE PROTECTION DISTRICT***

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Fiscal Year Ending June 30, 2017

Changes to the financial statements commencing in Fiscal Year 2014/2015:

- Statement of Net Position - Deferred Inflows & Outflows of Resources (Note 8)
- Statement of Activities – Prior Period Adjustment (Note 9)

#### **Economic Factors Bearing on the District's Financial Future**

The District considers economic developments when preparing the annual budget, including statewide and national political developments that may affect the District.

- The District derives the majority of its revenue from the ad valorem property tax; therefore, management pays particular attention to the developments of the state economic factors that threaten the property tax revenue source. The District has lost more than \$18 million in tax revenue since 1993 due to the current Educational Revenue Augmentation Fund (ERAF) shift.
- The District's pension costs are expected to rise by \$1,000,000 over the next 5 years, A 2% property tax growth rate is needed just to cover these costs to pay down the pension unfunded liability.
- The District contracts with the County of San Diego to provide paramedic services to the County Service Area (CSA-69).
- The District relies on a cooperation agreement between the County of San Diego and the District to service the long-term debt related to the recently completed River Park Fire Station. The cooperation agreement requires that the County of San Diego pay \$550,000 annually for 20 years from the Upper San Diego River Improvement Project (USDRIP) tax increment.
- These and other factors are taken into consideration when preparing the District's annual budget.

#### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lakeside Fire Protection District, Administrative Services Manager, and 12216 Lakeside Avenue, Lakeside, CA 92040.

## **BASIC FINANCIAL STATEMENTS**

**LAKESIDE FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

Cash and investments	\$ 8,069,614
Cash with fiscal agent	224,600
Interest receivable	24,775
Due from other governments	605,456
Prepaid expenses	10,454
Capital assets, net	14,664,962
Bond issuance costs, net	124,353

<b>TOTAL ASSETS</b>	<b>23,724,214</b>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pension (Footnote 8)	4,866,173
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**LIABILITIES**

Accounts payable	\$ 91,980
Accrued payroll	943,357
PASIS claim liability	600,302
Accrued interest	10,274
Current portion of long-term debt	320,000
Long-term liabilities:	
Net pension liability	23,521,384
Compensated absences	1,091,769
OPEB liability	5,256,157
Long-term debt	5,050,000

<b>TOTAL LIABILITIES</b>	<b>36,885,223</b>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred pension (Footnote 8)	1,092,829
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**NET POSITION**

Invested in capital assets, net of related debt	9,284,688
Unrestricted	(18,672,353)

<b>NET POSITION</b>	<b>\$ (9,387,665)</b>
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The accompanying notes are an integral part of these financial statements.

**LAKESIDE FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
<b>Governmental Activities:</b>					
Public Safety	\$ 17,492,679	\$ 2,956,534	\$ -	\$ 556,841	\$ (13,979,304)
Total Governmental Activities	<u>\$ 17,492,679</u>	<u>\$ 2,956,534</u>	<u>\$ -</u>	<u>\$ 556,841</u>	<u>(13,979,304)</u>

**General Revenues**

Property taxes	9,514,667
Special assessments	916,928
Use of money and property	167,715
Mitigation fees	154,747
Reimbursements	275,353
Miscellaneous	<u>87,989</u>
Total general revenues	11,117,399
Change in net position	<u>(2,861,905)</u>
Net position at beginning of fiscal year	<u>(6,525,760)</u>
Net position at end of fiscal year	<u>\$ (9,387,665)</u>

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

## **FUND FINANCIAL STATEMENTS**

**LAKESIDE FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2017**

<b>ASSETS</b>	<u>General Fund</u>
Cash and investments	\$ 8,069,614
Cash with fiscal agent	224,600
Interest receivable	24,775
Due from other governments	605,456
Prepaid expenses	<u>10,454</u>
 <b>TOTAL ASSETS</b>	 <b>\$ 8,934,899</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 91,980
Accrued payroll	943,357
PASIS claim liability	<u>600,302</u>
 Total liabilities	 <u>1,635,639</u>
 <b>FUND BALANCES</b>	
Fund balances:	
Committed:	
Economic/budget stability reserve	2,691,250
Assigned:	
Assigned for HCFA JPA	750,000
Assigned for facility capital expenditures	950,000
Assigned for equipment & vehicles capital expenditures	1,150,000
Assigned for sick and vacation leave	1,100,000
Assigned for budget stability reserve	500,000
Unassigned	<u>158,010</u>
 Total fund balance	 <u>7,299,260</u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 8,934,899</b>

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

**LAKESIDE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Total fund balances - governmental funds		\$ 7,299,260
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In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost, net	14,664,962	
Bond issuance costs, net	<u>124,353</u>	

Capital Assets and Bond issuance costs, Net		14,789,315
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Deferred outflows of resources are not recorded in the fund financial statements		4,866,173
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Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. Those liabilities consist of:

Deferred inflows of resources	(1,092,829)	
Net pension liability	(23,521,384)	
Compensated absences	(1,091,769)	
Other post employment benefits	(5,256,157)	
Accrued interest	(10,274)	
Long-term debt	<u>(5,370,000)</u>	<u>(36,342,413)</u>

Net position of governmental activities		<u>\$ (9,387,665)</u>
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The accompanying notes are an integral part of these financial statements.

**LAKESIDE FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>
<b>REVENUES</b>	
Property taxes	\$ 9,514,667
Special assessments	916,928
Ambulance services	2,956,534
Reimbursements	275,353
Mitigation fees	154,747
Use of money and property	167,715
Intergovernmental revenues	556,841
Miscellaneous	87,989
	<hr/>
Total revenues	14,630,774
	<hr/>
<b>EXPENDITURES</b>	
Current:	
Salaries and benefits	9,880,056
Services and supplies	2,452,903
Capital outlay	433,984
Debt service	
Principal	750,000
Interest	251,163
	<hr/>
Total expenditures	13,768,106
	<hr/>
<b>CHANGE IN NET POSITION</b>	862,668
<b>NET POSITION, BEGINNING OF YEAR</b>	6,436,592
	<hr/>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 7,299,260</u></u>

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

**LAKESIDE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$ 862,668
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	433,984
Depreciation expense not reported in governmental funds	(727,303)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in net pension liability	(4,078,333)
Difference in interest accrued on long-term debt	8,688
Change in compensated absences	(111,609)
Principal payments on long-term debt	<u>750,000</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,861,905)</u>
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The accompanying notes are an integral part of these financial statements.

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

The Lakeside Fire Protection District (the District) in San Diego County was formed in 1963 and is home to over 60,000 residents living in the communities of Lakeside, Eucalyptus Hills, Moreno, Winter Gardens, Lakeview, Johnstown, Blossom Valley, Flinn Springs, Pepper Drive, and other areas of unincorporated El Cajon. Our service area is primarily suburban residential but also has several core commercial zones, some light industrial, and many rural/agricultural properties. The District also has a significant wildland/urban interface.

The Lakeside Fire District is proud to have been an original participant in the Heartland Mutual Aid Pact and continues to operate the longest running paramedic program in San Diego County.

**A. Accounting Policies**

The financial statements of the Lakeside Fire Protection District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District's reporting applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District and its component units. Internal service fund activity is eliminated to avoid doubling revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation (continued)**

of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting (continued)**

satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue

Deferred Revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into one major as follows, the General Fund.

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets and Budgetary Accounting**

By State law, the District's Governing Board must adopt a tentative budget no later than July 1 and adopt a final budget no later than October 1. A public hearing must be conducted to receive comments prior to adoptions. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

Formal budgetary integration was employed as a management control device during the 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 accounts. Appropriations do not carry over from year to year.

**E. 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 at June 30.

**F. Deferred Compensation**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees, permits deferment of a portion of current salary to future years. Benefits from the plan are not available to employees until termination, retirement, disability, death, or unforeseeable emergencies.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement, (e.g. custody) nor does it perform the investment function. Therefore, the fair market value of the plan assets held by ING Life Insurance and Annuity Company and CalPERS at June 30, 2017, in the amounts of \$2,436,747 and \$2,286,472 respectively, are not included in the District's financial statements.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Accumulated Vacation and Sick Leave**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities are recognized in the Statement of Net Position. Unused sick leave may be cashed out annually, converted to vacation, or added into the employee's Health Reimbursement Account (HRA). Per the terms of the District's Memorandum of Understanding, sick leave time is 25% vested. At June 30, 2017, the liability related to accrued vacation and sick leave benefits was \$1,091,769.

**H. Employee Retirement Plans**

Plan Description and Funding Policy - CalPERS

Plan Description

The Lakeside Fire Protection District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive Office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 9.0% for safety employees and 8.0% for miscellaneous employees of their annual covered salary. The District is required to contribute at an actuarially determined rate. The fiscal year 2016/2017 rates are as follows:

Tier	Safety	Non-Safety
Tier 1	21.230%	12.768%
Tier 2	12.821%	n/a

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Employee Retirement Plans (continued)**

Funding Policy (continued)

The contribution requirements of plan members and the District are established and may be amended by CalPERS. CalPERS has changed its methodology of calculating its unfunded liability payments as it no longer incorporates these payments into the overall contribution rates. The following is a schedule of the unfunded liability payments made during the 2016/2017 fiscal year:

Tier	Safety	Non-Safety
Tier 1	\$ 899,754	\$ 22,356
Tier 2	\$ -	n/a

At June 30, 2017, the District reported a liability of \$23,521,384 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined. For the fiscal year ended June 30, 2017, the District recognized pension expense of \$1,356,815 in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary Increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Employee Retirement Plans (continued)**

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2015.

The long-term expected rate of return on pension plan investments (7.5%) 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.0%	5.71%
Global Fixed Income	19.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	12.0%	6.95%
Real Estate	11.0%	5.13%
Infrastructure and Forestland	3.0%	5.09%
Liquidity	2.0%	(1.05)%

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Employee Retirement Plans (continued)**

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

The following presents 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	\$ 35,105,460	\$ 23,521,384	\$ 14,010,416

Detailed information about the pension fund's fiduciary net position is available in the separately issued CalPERS comprehensive annual financial report which may be obtained by contacting CalPERS.

**I. Property Tax**

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before September 30. The County of San Diego bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

**J. Assets, Liabilities, and Equity**

1. Capital Assets

Capital Assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Assets, Liabilities, and Equity (continued)**

1. Capital Assets (continued)

Asset Class	Examples	Est. Useful Life In Years
Land		N/A
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School Buildings		50
Portable Classrooms		25
HVAC Systems	Heating, air conditioning systems	20
Roofing		20
Interior Construction		25
Carpet Replacement		7
Electrical/Plumbing		30
Sprinkler/Fire System	Fire suppression systems	25
Outdoor Equipment	Playground, radio towers, fuel tanks	20
Machinery and Tools	Shop & maintenance equipment tools	15
Kitchen Equipment	Appliances	15
Custodial Equipment	Floor scrubbers, vacuums, other	15
Science and Engineering	Lab equipment, scientific apparatus	10
Furniture and Accessories	Classroom and other furniture	20
Business Machines	Fax, duplicating, & printing equipment	10
Copiers		5
Communication Equipment	Mobile, portable radios, non- computerized	10
Computer Hardware	PC's, printers, network hardware	5
Computer Software	Instructional, other short-term	5 to 10
Computer Software	Administrative or long-term	10 to 20
Audio Visual Equipment	Projectors, cameras (still & digital)	10
Licensed Vehicles	Buses, other on-road vehicles	8
Contractors Equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds Equipment	Mowers, tractors, attachments	15

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Assets, Liabilities, and Equity (continued)**

2. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures. At June 30, 2017, the District reported deferred revenues totaling \$0 for grants received and not yet expended.

3. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

4. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by September 30.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

**K. Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Net Position (continued)**

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

**L. Fund Balance Reserves and Designations**

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – This fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – This fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – This fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (i.e. fund balance designations passed by board resolution).
- Assigned Fund Balance – This fund balance classification are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – This fund balance classification is the residual classification for the general fund.

When available, it is the District's policy to first apply restricted resources to expenditures which are incurred.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**N. Allowance for Doubtful Accounts**

Management believes its accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

**NOTE 2: CASH AND INVESTMENTS**

The District follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Cash and investments consist of the following at June 30, 2017:

Investments in State Treasurer’s Investment Pool (LAIF)	\$ 7,666
Deposits held in financial institutions	124,534
Cash with fiscal agent	224,600
Cash with County	7,936,914
Petty cash	500
	<u>\$ 8,294,214</u>
Presented in the Government-Wide Statement of Net Position:	
Cash and investments	\$ 8,069,614
Cash with fiscal agent	224,600
Total	<u><u>\$ 8,294,214</u></u>

**A. Custodial Credit Risk**

At June 30, 2017, the carrying amount of the deposits held at banks was \$124,534. The bank balances are insured by the FDIC for \$250,000, and the remaining was collateralized, as required by California Government Code 53630, by the pledging financial institution with assets held in a common pool for the District and other governmental agencies. State law requires that the collateral be equal or greater than 100% of all public deposits held with the pledging financial institution if government securities are used or 150% if mortgages are used as the collateral.

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 2: CASH AND INVESTMENTS (continued)**

**B. Authorized Investments**

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs.

The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Banker's Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook savings Account Demand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

**C. Investments**

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including change in fair market of investments, is recognized as revenue in the operating statement.

The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officers and various participants, provides oversight to the management of the fund. The District is a voluntary participant in the investment pool. The District reports its investment in the LAIF at the fair value provided by the State Treasurer, which is not materially different than cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized costs basis. Included in the LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2: CASH AND INVESTMENTS (continued)**

**C. Investments (continued)**

securities, loans to certain state funds, and floating securities issued by federal agencies, government sponsored enterprises, and corporations.

The fair value of investments reported by the District is based on quoted market prices while the fair value of the LAIF investments are based on information provided by LAIF. The following table categorizes fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices for identical assets or liabilities in active markets at the date measurement; Level 2 inputs are significant other directly or indirectly observable inputs other than quoted prices; and Level 3 inputs are significant unobservable inputs. The District does not use Level 3 inputs to measure the fair value of its investments.

Here is a table classifying the assets by fair value hierarchy:

Fair Market Value as of June 30, 2017				
	Total	Level 1	Level 2	Level 3
LAIF	\$ 7,666	\$ -	\$ 7,666	\$ -
Certificates of deposit and investments	-	-	-	-
Totals	\$ 7,666	\$ -	\$ 7,666	\$ -

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of the year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 10.5 months.

**E. Credit Risk**

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

**NOTE 3: CLASSIFICATION OF ITEMS**

Certain items may have been classified differently from one year to another.

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4: CAPITAL ASSETS**

A schedule of changes in general fixed assets for the year ended June 30, 2017, is shown below:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance June 30, 2017</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 453,571	\$ -	\$ -		\$ 453,571
Construction in Progress	1,761,077	145,911	-	-	1,906,988
Total Capital Assets, Not Being Depreciated	<u>2,214,648</u>	<u>145,911</u>	<u>-</u>	<u>-</u>	<u>2,360,559</u>
Capital Assets, Being Depreciated:					
Structures &	13,143,053	-	-	-	13,143,053
Equipment & Vehicles	6,812,913	288,073	(94,845)	-	7,006,141
Total Capital Assets,	<u>19,955,966</u>	<u>288,073</u>	<u>(94,845)</u>	<u>-</u>	<u>20,149,194</u>
Less Accumulated Depreciation for:					
Structures &	(2,642,154)	(341,621)	-	-	(2,983,775)
Equipment & Vehicles	(4,570,178)	(385,682)	94,844	-	(4,861,016)
Total Accumulated	<u>(7,212,332)</u>	<u>(727,303)</u>	<u>94,844</u>	<u>-</u>	<u>(7,844,791)</u>
Total Capital Assets, Being Depreciated, Net	<u>12,743,634</u>	<u>(439,230)</u>	<u>(1)</u>	<u>-</u>	<u>12,304,403</u>
Governmental Activities Capital Assets, Net	<u>\$14,958,282</u>	<u>\$(293,319)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 14,664,962</u>

Total depreciation expense for the year of \$727,303 was charged to Public Safety.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5: LONG-TERM LIABILITY**

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
OPEB liability	\$ 5,256,157	\$ -	\$ -	\$ 5,256,157
Long-term debt	5,675,000	-	305,000	5,370,000
2014 Pension bond	445,000	-	445,000	-
Net pension liability	16,018,147	7,503,237	-	23,521,384
Accrued interest	18,962	10,274	18,962	10,274
Compensated absences	980,160	111,609	-	1,091,769
<b>TOTALS</b>	<u>\$28,393,426</u>	<u>\$ 7,625,120</u>	<u>\$ 768,962</u>	<u>\$35,249,584</u>

The District entered into a Capital Lease agreement dated May 1, 2013 with the Public Property Financing Corporation of California to provide funds for the acquisition and construction of major capital facilities. During the 2011-2012 fiscal year a Capital Lease totaling \$7,340,000 was issued. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has also been recorded at the present value of the future minimum lease payments in the Statement of Net Position.

Collateral for the lease are the lease payments made by the District to the Finance Corporation for the use of the existing facilities. The future minimum lease obligations and the net present value of those minimum lease payments as of June 30, 2017, are as follows:

<u>Fiscal year ending June 30,</u>	
2018	\$ 550,773
2019	548,985
2020	551,329
2021	547,760
2022	548,260
2023-2027	2,754,373
2028-2030	1,647,250
Total future payments	<u>7,148,730</u>
Less: Interest portion	(1,778,730)
Total Due	<u>\$ 5,370,000</u>

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5: LONG-TERM LIABILITIES (continued)**

The District entered into a pension obligation bond for the purpose of refinancing its side fund obligation with CalPERS in July 2013. The total amount of the bond was an amount not to exceed \$3,816,000. Interest is payable to the Bank semi-annually on each January and July 15<sup>th</sup> at a fixed interest rate of 4.25%. The District is obligated under the Bond Indenture to satisfy its obligations under the Bonds from any legally available funds of the District. This note was fully paid off during the 2017 fiscal year.

**NOTE 6: JOINT POWERS AGREEMENT**

**A. PASIS**

The District entered into a Joint Powers Agreement (JPA) known as the “Public Agencies Self Insurance System” (PASIS), a self-insurance plan for worker’s compensation insurance. The PASIS is governed by a board consisting of a representative from each member district. The board controls the operations of the PASIS, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the PASIS. The JPA is a separate entity which is independently audited.

PASIS establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. The District is self-insured up to a total claim liability of \$125,000 while anything above and beyond that is covered by the PASIS risk pool.

Because actual claim costs depend on complex factors such as inflation, changes in legal liability, damage awards, etc., the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6: JOINT POWERS AGREEMENT (continued)**

**A. PASIS (continued)**

PASIS establishes a liability for both reported and unreported insured events which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those liabilities for the past year:

Unpaid claims and claim adjustment expenses at beginning of the year	\$	551,966
Provision for insured events of current year		68,549
Increases in provision for insured events of prior years		36,624
Total incurred claims expense		657,139
Claim paid attributable to insured events of the current year		263,457
Total outstanding claims liability	\$	393,682

Even though the claims liability is \$393,682, the District has reserved a total of \$600,302 on its financial statements as a claims liability. This is likely sufficient to account for potential incurred but not reported cases (IBNR).

Condensed financial information from PASIS audited financial statements at June 30, 2017, is as follows:

	<b>District's Share</b>	<b>Total PASIS</b>
Assets	\$ 203,200	\$ 3,396,937
Liabilities and Fund Balance		
Liabilities	\$ -	\$ -
Fund Balance (Deficit)	203,200	3,396,937
Total Liabilities and Fund Balance	\$ 203,200	\$ 3,396,937
		<b>Total PASIS</b>
Revenues		\$ 21,595
Capital Contributions (Distributions)		-
Net Income (Loss)		\$ 21,595

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6: JOINT POWERS AGREEMENT (continued)**

**B. HCFA**

The District entered into a Joint Powers Agreement (JPA) known as the “Heartland Communications Facility Authority” (HCFA), the purpose of which is to acquire, construct, equip, and maintain and operate a communications facility. The HCFA is governed by a commission consisting of a representative from each public agency. The commission controls the operations of the CFA, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the commission. Each public agency pays a premium based on the ratio of mobile radios and uniformed personnel of all members of the JPA. Because the District has a minority voting interest and no administrative authority, the financial transactions of the JPA are not included in this report.

**C. AUTHORITY**

The District entered into a Joint Powers Agreement (JPA) known as the “Heartland Fire Training Authority” (Authority), the purpose of which is to acquire, staff, maintain, operate, and lease public buildings and related facilities for the purpose of training firefighting personnel; and to acquire staff, operate and maintain a consolidated regional fire and emergency response training facility, and to provide a vehicle for the accomplishment thereof. The JPA was created by agreement dated December 1, 1973, which expired October 1, 1999. A new JPA was created on October 1, 1999, and was due to expire on October 31, 2012, but may continue for an additional fifteen years.

**D. FAIRA**

The District entered into a Joint Powers Agreement (JPA) known as the “Fire Agencies Insurance Risk Authority” (FAIRA), a self-insurance plan for general liability insurance. FAIRA is governed by an 11 member Board elected by a vote of the members. One seat is reserved for the highest premium members and one seat is reserved for an elected member from the State of Nevada. The Board controls the operations of the FAIRA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. 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.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6: JOINT POWERS AGREEMENT (continued)**

**D. FAIRA (continued)**

Condensed financial information from FAIRA audited financial statements at June 30, 2017, is as follows:

	<b>Total FAIRA</b>
Assets	\$ 3,140,861
Liabilities and Fund Equity	
Liabilities	\$ 26,501
Net Position	3,114,360
Total Liabilities and Net Position	\$ 3,140,861
	<b>Total FAIRA</b>
Operating Revenues	\$ 2,662,490
Expenditures	(2,722,981)
Operating Income (Loss)	(60,491)
Non-operating Revenue Investments (Net)	62,777
Net Income (Loss)	\$ 2,286

**NOTE 7: OTHER POST-RETIREMENT BENEFITS**

*Plan Description*

The District provides other post-employment health care benefits (OPEB) to certain employees who are eligible to retire with CalPERS and have completed a minimum of 5 years of employment with the District.

For the year ended June 30, 2017, 69 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2017, expenditures of \$607,918 were recognized for post-employment health care benefits.

*Funding Policy*

The required contribution is based on projected pre-funding financing requirements, with an amount of funding the actuarial accrued liability as determined annually by

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7: OTHER POST-RETIREMENT BENEFITS (continued)**

*Funding Policy (continued)*

the Board. For the fiscal year ended June 30, 2017, the District contributed the pay-as-you-go in the amount of \$607,918 and contributed an additional \$450,000 to the OPEB trust.

*Annual OPEB Cost and Net OPEB Obligation*

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. 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:

Annual required contribution		\$ 950,695	
Contributions made		<u>(950,695)</u>	
Increase in net OPEB obligation		-	
Net OPEB obligation – beginning of year		<u>5,256,157</u>	
Net OPEB obligation – end of year		<u><u>\$ 5,256,157</u></u>	

The balance in the irrevocable CERBT trust account at year-end was \$2,969,817. The District does not have access to these assets as the contributions are irrevocable.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2017	\$ 950,695	100%	\$5,256,157

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7: POST-RETIREMENT BENEFITS (continued)**

*Funded Status and Funding Process*

As of July 1, 2015, the most recent actuarial valuation date, the plan was 82.18% unfunded. The actuarial accrued liability for benefits was \$10,996,030, \$9,244,397 of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,302,967 and the ratio of the UAAL to the covered payroll was 389.9 percent.

Actuarial valuations of an ongoing plan involve 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 trend. 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 actuarial 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 the calculations. In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.28% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate at 10.0 percent initially. An inflation rate of 3% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was twenty-two years.

**NOTE 8: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

**LAKESIDE FIRE PROTECTION DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017**

**NOTE 8: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)**

The District has one item that is reportable on the Government-Wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions that are the PERS premiums for the 2017 fiscal year which will be recognized in a subsequent reporting period. The total for this is \$1,793,129. These were the employer contributions for the 2017 fiscal year.

The District is also reporting deferred outflows of resources relating to differences between projected and actual investment earnings, change in employer proportions and differences between the employer’s contributions and their proportionate share of contributions. The total of these amounts at year-end were \$3,073,044 and they will be amortized over a 3.8 year period.

The District also recognized deferral inflows of resources in the government-wide financial statements. These are related to differences between expected and actual experience, changes of assumptions, and differences between employer’s contributions and the District’s proportionate share of contributions. This amount total \$1,092,829 and will be amortized over a 3.8 year period.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

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

Year Ending June 30,	Amount
2018	\$ 34,176
2019	133,556
2020	1,179,288
2021	633,195
Total	<u>\$ 1,980,215</u>

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9: SUBSEQUENT EVENTS**

Date of management's review is through December 18, 2017. No events have occurred that would materially affect the carrying value of the District's assets and liabilities outside the scope of its ordinary operations.

**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**LAKESIDE FIRE PROTECTION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 9,156,700	\$ 9,256,700	\$ 9,362,019	\$ 105,319
Special assessments	915,000	915,000	916,928	\$ 1,928
Ambulance services	2,914,233	2,845,578	2,747,572	\$ (98,006)
Reimbursements	-	-	-	\$ -
Mitigation fees	50,000	120,000	154,747	\$ 34,747
Use of money and property	12,000	12,000	49,343	\$ 37,343
Miscellaneous	221,000	221,000	285,176	\$ 64,176
Sub-Total Operational Revenue:	<u>13,268,933</u>	<u>13,370,278</u>	<u>13,515,785</u>	<u>145,507</u>
Expenditures:				
Current:				
Salaries and benefits	9,519,472	9,445,965	8,591,227	854,738
Services and supplies	2,279,370	2,279,370	2,156,954	122,416
Debt Service - POB	454,456	454,456	454,456	-
Sub-Total Operational Expenses:	<u>12,253,298</u>	<u>12,179,791</u>	<u>11,202,637</u>	<u>977,154</u>
Excess Revenue over Expenses:	<u>1,015,635</u>	<u>1,190,487</u>	<u>2,313,148</u>	<u>1,122,661</u>
Transfer to Capital from Operations	(837,170)	(837,170)	(837,170)	-
Transfer to Capital from General Fund	-	-	-	-
Transfer to Emer. Assignments	(100,000)	(100,000)	-	(100,000)
Transfer to OPEB Fund from Ops	-	-	-	-
Increase/(Decrease) from Operations	<u>78,465</u>	<u>253,317</u>	<u>1,475,978</u>	<u>1,222,661</u>
Fire Assignment Reimbursements	372,500	442,500	275,353	(167,147)
Fire Assignment Expenses	372,500	442,500	205,157	237,343
Increase/(Decrease) after Fire Assign.	<u>78,465</u>	<u>253,317</u>	<u>1,546,174</u>	<u>1,292,857</u>
Contingency Budget	493,250	493,250	295,469	197,781
Increase/(Decrease) after Contingency	<u>(414,785)</u>	<u>(239,933)</u>	<u>1,250,705</u>	<u>1,490,638</u>
<i>Capital Fund Related</i>				
Use of money and property	40,200	40,200	53,018	\$ 12,818
Intergovernmental revenues-RDA	546,710	546,710	550,000	\$ 3,290
Intergovernmental revenues-CSA	201,630	201,630	208,962	\$ 7,332
Gain on Sale of Assets	-	-	10,463	
Sub-Total Capital Funding	<u>788,540</u>	<u>788,540</u>	<u>822,443</u>	<u>33,903</u>
Capital outlay	1,870,000	1,870,000	433,983	1,436,017
Debt Service	546,710	546,710	546,707	3
Transfer from Operations - (net)	837,170	837,170	837,170	-
Capital Fund Increase/(Decrease)	<u>(791,000)</u>	<u>(791,000)</u>	<u>678,923</u>	<u>1,469,923</u>
<i>Leave Fund Related</i>				
Use of money and property	-	-	10,763	\$ 10,763
Accrued Leave Payouts	93,000	231,200	112,645	\$ 118,555
Transfer from Operations	93,000	231,200	-	\$ (231,200)
Leave Fund Increase/(Decrease)	<u>-</u>	<u>-</u>	<u>(101,882)</u>	<u>(101,882)</u>

**LAKESIDE FIRE PROTECTION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL (continued)  
For the Year Ended June 30, 2017**

<i>OPEB Fund Related</i>				
Use of money and property	-	-	2,017	\$ 2,017
Payments related to participants	-	-	521,029	\$ 521,029
Payments to the CERBT Trust	454,456	454,456	450,000	\$ (4,456)
Transfer from Operations	-	-	-	\$ -
OPEB Fund Increase/(Decrease)	<u>(454,456)</u>	<u>(454,456)</u>	<u>(969,012)</u>	<u>(514,556)</u>
 <i>SDG&amp;E Mitigation Fund Related</i>				
Use of money and property	-	-	4,416	\$ 4,416
Grant revenues	-	-	-	\$ -
Expenditures from Fund	-	-	-	\$ -
OPEB Fund Increase/(Decrease)	<u>-</u>	<u>-</u>	<u>4,416</u>	<u>4,416</u>
 Total revenues / Transfers In	 <u>15,360,143</u>	 <u>15,669,688</u>	 <u>15,467,946</u>	 <u>(201,742)</u>
Total expenditures / Transfers Out	<u>17,020,384</u>	<u>17,155,077</u>	<u>14,604,797</u>	<u>2,550,280</u>
 Excess of revenues over(under) expenditures- Change in Fund Balance	 \$ (1,660,241)	 \$ (1,485,389)	 863,149	 \$ (2,348,538)
 <u>Other Financing Sources (Uses)</u>				
Proceeds of Long Term Debt			<u>-</u>	
 Net changes in fund balances			 <u>863,149</u>	
 Fund balances - July 1, 2016			 <u>6,436,111</u>	
<hr/> <u>Reverse Prior Year Liability for PASIS Reserves</u>				
			<u>-</u>	
 Fund balances - June 30, 2017			 <u>\$ 7,299,260</u>	
<b><u>Committed Reserves:</u></b>				
			<u>\$ 2,691,250</u>	
<b><u>Assigned Reserves:</u></b>				
Budget Stability Reserve			500,000	
Accrued Leave Reserve			1,100,000	*
OPEB Reserve			-	
Capital Facilities Replacement Reserve			950,000	
Capital Equipment Replacement Reserve			1,150,000	
Self-Insured Retention Reserve			-	**
HCFA Liability Reserve			750,000	
Total Assigned Reserves			<u>4,450,000</u>	
<hr/> <u>Total Un-assigned Reserves</u>				
			<u>158,010</u>	*

\* Leave Reserve do not include \$700,000 approximate market value of 2 homes for sale in 2017

\*\* Self-Insured Retention Reserve is included in the Liabilities.

**LAKESIDE FIRE PROTECTION DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Note 1:           Budgetary Basis of Accounting**

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

**LAKESIDE FIRE PROTECTION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/08	\$ -	\$14,456,000	\$14,456,000	0.0%	\$5,030,000	287.4%
7/1/11	\$ -	\$18,829,955	\$18,829,955	0.0%	\$4,650,000	404.9%
7/1/13	\$ 695,801	\$ 8,385,836	\$ 7,690,035	8.29%	\$4,508,000	170.59%
7/1/15	\$ 1,751,633	\$10,996,030	\$ 9,244,397	15.93%	\$4,302,967	229.22%

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits, and make comparisons with other public employers.

**LAKESIDE FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2017**

Lakeside Fire Protection District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years\*:

	FY 2015	FY 2016	FY 2017
District’s proportion of the net pension liability	Varies by plan	.44728%	.45921%
District’s proportionate share of the net pension liability	\$ 15,152,736	\$ 16,018,147	\$ 23,521,384
District’s covered employee payroll	4,541,234	4,229,834	4,739,622
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	333.67%	378.69%	496.27%
Plan Fiduciary net position as a percentage of the total pension liability	81.46%	79.89%	72.44%

\*Amounts presented above were determined as of 6/30.

Additional years will be presented as they become available.

CALPERS - Schedule of District contributions

Last 10 Fiscal Years\*:

	FY 2015	FY 2016	FY 2017
Actuarially determined contribution	\$ 1,181,138	\$ 1,107,544	\$ 1,507,829
Total actual contributions	(1,181,138)	(1,107,544)	(1,507,829)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District’s covered-employee payroll	\$ 4,541,234	\$ 4,229,834	\$ 4,739,622
Contributions as a percentage of covered employee payroll	26.01%	26.18%	31.81%

## **SUPPLEMENTARY INFORMATION**

**LAKESIDE FIRE PROTECTION DISTRICT  
ORGANIZATION  
JUNE 30, 2017**

The Lakeside Fire Protection District was formed on March 22, 1963, 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 four fire stations located at:

- Station 1 - 8035 Winter Gardens Blvd, El Cajon, CA
- Station 2 - 12216 Lakeside Avenue, Lakeside, California
- Station 3 - 14008 Highway 8 Business, El Cajon, California
- Station 26 - 15245 Oak Creed Road, El Cajon, California

The District's administrative office is located at:  
12216 Lakeside Avenue, Lakeside, California

The Board of Directors for the fiscal year ended June 30, 2017, was composed of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mark T. Baker	Director	November, 2020
James Bingham	Director	November, 2020
Peter Liebig	Director	November, 2018
Mike Haworth	Director	November, 2018
Bob Robeson	Director	November, 2018

Fire Chief

Donald H. Butz

**LAKESIDE FIRE PROTECTION DISTRICT  
ASSESSED VALUATION  
JUNE 30, 2017**

**Assessed Valuation**

Secured Property	\$5,247,626,193
Unsecured Property	<u>147,601,807</u>
Total Assessed Valuation	<u>\$5,395,228,000</u>