



Certified Public Accountants
and Financial Advisors

**San Miguel Consolidated Fire
Protection District**

Financial Statements
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining funds of San Miguel Consolidated Fire Protection District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the San Miguel Consolidated Fire Protection District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining funds of the San Miguel Consolidated Fire Protection District, as of June 30, 2018, and the respective changes in financial



position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in 2018, San Miguel Consolidated Fire District adopted GASB Issued Statement no. 75 (Statement), *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. 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 3 through 8, budgetary comparison information on pages 42 through 45, schedule of the District's proportionate share of the net pension liability, schedule of the District's plan contributions, and other postemployment benefits plan schedule of funding progress on pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Miguel Consolidated Fire Protection District's basic financial statements. The budgetary comparison schedules, the organizational structure and assessed valuation presented in Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules on pages 51 through 52 and the organizational structure and assessed valuation on pages 53 and 54 of the other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

SQUAR MILNER LLP

San Diego, California
September 5, 2018

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

As management of the San Miguel Consolidated Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and accompanying notes, which begin immediately following this analysis. This annual financial report consists of three main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements and, (3) Required Supplementary Information.

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

FINANCIAL HIGHLIGHTS

- The District's ending net position was a deficit of \$32,477,352.
- The change in net position for the year was an increase of \$5,425,095, due to an increase in operations costs.
- The District had an excess of revenues over expenditures in the General Fund (before transfers) in the amount of \$4,218,249 in the current year compared to a deficiency of revenues under expenditures of \$439,066 in the previous year.
- The District had \$828,845 in additions to capital assets compared to \$2,036,528 in the previous year.
- The District's General Fund Budget for this year showed a deficiency of revenues under expenditures of \$483,811 (before transfers) compared to an actual excess of revenues over expenditures in the amount of \$4,218,249 (before transfers).

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

**SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$32,477,352 as of June 30, 2018. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, the increase and reduction in long-term debt, and the depreciation of capital assets. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvement, vehicles and furniture and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

TABLE 1
Condensed Statement of Net Position

	2018	2017	\$ Change	% Change
ASSETS				
Current and other assets	\$ 11,144,835	\$ 9,754,266	\$ 1,390,569	14.3%
Capital assets, net	12,331,701	12,661,618	(329,917)	-2.6%
TOTAL ASSETS	23,476,536	22,415,884	1,060,652	4.7%
DEFERRED OUTFLOWS OF RESOURCES				
	9,754,074	4,380,860	5,373,214	122.7%
LIABILITIES				
Current liabilities	277,916	3,371,471	(3,093,555)	-91.8%
Non current liabilities	61,060,396	47,959,472	13,100,924	27.3%
TOTAL LIABILITIES	61,338,312	51,330,943	10,007,369	19.5%
DEFERRED INFLOWS OF RESOURCES				
	4,369,650	3,616,319	753,331	20.8%
NET POSITION				
Net investment in capital assets	6,375,747	10,221,618	(3,845,871)	-37.6%
Unrestricted	(38,853,099)	(38,372,136)	(480,963)	1.3%
TOTAL NET POSITION	\$ (32,477,352)	\$ (28,150,518)	\$ (4,326,834)	15.4%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

**SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

Statement of Activities

- The District's total revenues for the fiscal year ended June 30, 2018, excluding inter-fund transfers, increased to \$23,418,487. This was due primarily to an increase in general revenues.
- The District's total expenses decreased by \$4,844,090.
- The change in net position was an increase of \$5,425,095.

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2018.

TABLE 2
Condensed Statement of Activities

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
REVENUES				
Program revenues	\$ 1,575,408	\$ 1,059,757	\$ 515,651	48.7%
General revenues	21,843,079	20,939,822	903,257	4.3%
Total revenues	<u>23,418,487</u>	<u>21,999,579</u>	<u>1,418,908</u>	<u>6.4%</u>
EXPENSES				
Operations	14,816,619	16,876,853	(2,060,234)	-12.2%
Administration	2,308,243	5,043,651	(2,735,408)	-54.2%
Interest	192,437	315,930	(123,493)	-39.1%
Unallocated depreciation	676,093	601,048	75,045	12.5%
Total expenses	<u>17,993,392</u>	<u>22,837,482</u>	<u>(4,844,090)</u>	<u>-21.2%</u>
CHANGE IN NET POSITION	5,425,095	(837,903)	6,262,998	-747.5%
NET POSITION - BEGINNING, AS RESTATED				
	<u>(37,902,447)</u>	<u>(27,312,615)</u>	<u>(10,589,832)</u>	<u>-38.8%</u>
NET POSITION - ENDING	<u>\$ (32,477,352)</u>	<u>\$ (28,150,518)</u>	<u>\$ (4,326,834)</u>	<u>-15.4%</u>

**SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

TABLE 3
Changes in Capital Assets

	2018	2017	\$ Change	% Change
Land	\$ 2,093,520	\$ 2,236,317	\$ (142,797)	-6.4%
Construction in progress	-	236,688	(236,688)	-100.0%
Structures and improvements	14,301,483	13,647,289	654,194	4.8%
Furniture and equipment	1,360,365	1,360,365	-	0.0%
Vehicles and apparatuses	8,385,556	8,392,215	(6,659)	-0.1%
Less: accumulated depreciation	(13,809,223)	(13,211,256)	(597,967)	4.5%
Total capital assets, net	<u>\$ 12,331,701</u>	<u>\$ 12,661,618</u>	<u>\$ (329,917)</u>	-2.6%

Debt

TABLE 4
Changes in Debt

	2018	2017	\$ Change	% Change
Revenue Bonds payable	\$ 1,665,000	\$ 2,440,000	\$ (775,000)	-31.8%
Public Property Financing	2,610,000	4,328,000	(1,718,000)	-39.7%
Capital Lease - Solar Equipment	433,349	466,358	(33,009)	-7.1%
Capital Lease - Engine	715,545	-	715,545	100.0%
Total long-term debt	<u>\$ 5,423,894</u>	<u>\$ 7,234,358</u>	<u>\$ (2,526,009)</u>	-34.9%

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

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

TABLE 5
Excess Expenditures over Appropriations

	<u>Budgeted</u> <u>Amount</u>	<u>Actual</u> <u>Amount</u>	<u>Variance</u>
Communication services - Equipment	\$ 65,676	\$ 128,054	\$ (62,378)
Grant expenditures	-	74,638	(74,638)
Medical services - Support	23,250	24,372	(1,122)
Household	20,620	33,481	(12,861)
Maintenance - Equipment	45,325	49,835	(4,510)
Maintenance - Fleet	145,330	185,983	(40,653)
Maintenance - Stations	120,622	145,731	(25,109)
Safety clothing/equipment	56,935	67,355	(10,420)
Miscellaneous expenditures	-	8,251	(8,251)
Total	<u>\$ 477,758</u>	<u>\$ 717,700</u>	<u>\$ (239,942)</u>

The District's General Fund Budget for this year showed a deficiency of revenues under expenditures of \$483,811 (before transfers) compared to an actual excess of revenues over expenditures in the amount of \$4,218,249 (before transfers).

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's financial condition is expected to improve due to increases in property tax revenue and decrease in operating expenses as a result of ending the CAL FIRE Cooperative Agreement in 2017 due to several factors.

CONTACTING THE DISTRICT

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 9,996,709
Accounts receivable	375,297
Prepaid expenditures	772,829
Capital assets:	
Land	2,093,520
Structures and improvements	14,301,483
Furniture and equipment	1,360,365
Vehicles and apparatuses	8,385,556
Less: accumulated depreciation	<u>(13,809,223)</u>
Total capital assets, net	<u>12,331,701</u>
Total assets	<u>23,476,536</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related costs	<u>9,754,074</u>
LIABILITIES	
Accounts payable	277,916
Due within one year	2,811,297
Due in more than one year	3,144,657
OPEB liability	18,658,019
Net pension liability	<u>36,446,423</u>
Total liabilities	<u>61,338,312</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	38,545
Pension related costs	<u>4,331,105</u>
Total deferred inflows of resources	<u>4,369,650</u>
NET POSITION	
Investment in capital assets, net of related debt	6,375,747
Unrestricted	<u>(38,853,099)</u>
Total net position	<u><u>\$ (32,477,352)</u></u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expenses), Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
GOVERNMENT ACTIVITIES:					
Operations	\$ 14,816,619	\$ 1,415,600	\$ -	\$ -	\$ (13,401,019)
Administration	2,308,243	-	85,170	74,638	(2,148,435)
Interest	192,437	-	-	-	(192,437)
Unallocated depreciation	676,093	-	-	-	(676,093)
TOTAL GOVERNMENT ACTIVITIES	<u>\$ 17,993,392</u>	<u>\$ 1,415,600</u>	<u>\$ 85,170</u>	<u>\$ 74,638</u>	<u>(16,417,984)</u>
GENERAL REVENUES					
Property taxes					20,739,672
Benefit assessments					706,289
Miscellaneous					682,966
Loss on disposition of assets					(285,848)
Total general revenues					<u>21,843,079</u>
CHANGE IN NET POSITION					5,425,095
NET POSITION - BEGINNING, AS RESTATED					<u>(37,902,447)</u>
NET POSITION - ENDING					<u>\$ (32,477,352)</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 6,501,079	\$ 1,034,257	\$ 1,027,921	\$ 1,433,452	\$ 9,996,709
Prepaid expenditures	55,375	-	717,454	-	772,829
Accounts receivable	363,781	-	13,736	(2,220)	375,297
TOTAL ASSETS	\$ 6,920,235	\$ 1,034,257	\$ 1,759,111	\$ 1,431,232	\$ 11,144,835
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 277,916	\$ -	\$ -	\$ -	\$ 277,916
Total liabilities	277,916	-	-	-	277,916
Deferred Inflows of Resources:					
Unearned revenue	38,545	-	-	-	38,545
Fund Balance:					
Assigned	-	1,034,257	1,759,111	1,431,232	4,224,600
Unassigned/unappropriated:					
Unassigned/unappropriated amount	6,603,774	-	-	-	6,603,774
Total fund balance	6,603,774	1,034,257	1,759,111	1,431,232	10,828,374
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 6,920,235	\$ 1,034,257	\$ 1,759,111	\$ 1,431,232	\$ 11,144,835

**SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2018**

Total fund balances - governmental fund balance sheet \$ 10,828,374

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net used in governmental activities are not reported in the funds.	12,331,701
Revenue bond principal which is not due in the current period is not reported in the funds.	(1,665,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,148,894)
Post-employment benefits which are not due in the current period are not reported in the funds.	(18,658,019)
Compensated absences which are not due in the current period are not reported in the funds.	(532,060)
Net pension liabilities which are not due in the current period are not reported in the funds.	(36,446,423)
Deferred outflows relating to pension costs which are applicable to future periods are not reported in the funds	9,754,074
Deferred inflows relating to pension costs which are applicable to future periods are not reported in the funds	(4,331,105)
Public property financing principal which is not due in the current period are not reported in the funds.	<u>(2,610,000)</u>

Net position of governmental activities - Statement of Net Position \$ (32,477,352)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 20,739,672	\$ -	\$ -	\$ -	\$ 20,739,672
Benefit assessments	706,289	-	-	-	706,289
Contract revenue	1,277,402	-	-	-	1,277,402
Mitigation fees	85,170	-	-	-	85,170
Grant revenue	74,638	-	-	-	74,638
Facilities rental	138,198	-	-	-	138,198
Other revenue	524,630	11,102	96,319	50,915	682,966
Total revenue	23,545,999	11,102	96,319	50,915	23,704,335
EXPENDITURES					
Salaries	7,603,908	-	-	-	7,603,908
Employee benefits	4,859,426	-	-	-	4,859,426
Communication services - Equipment	128,054	-	-	-	128,054
Grant expenditures	74,638	-	-	-	74,638
Medical services - Support	24,372	-	-	-	24,372
Household	33,481	-	-	-	33,481
Insurance	432,471	-	-	-	432,471
Maintenance - Equipment	49,835	-	-	-	49,835
Maintenance - Fleet	185,983	-	-	-	185,983
Maintenance - Stations	145,731	-	-	1,029	146,760
Office expenditures	26,848	-	-	-	26,848
Personnel development	12,575	-	-	-	12,575
Professional services	1,795,445	-	-	-	1,795,445

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	General Fund	Capital Reserve Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
Publications and media	3,434	-	-	-	3,434
Safety clothing/equipment	67,355	-	-	-	67,355
Special district expenditures	142,671	-	-	-	142,671
Travel	303	-	-	-	303
Utilities	163,451	-	-	-	163,451
Miscellaneous expenditures	8,251	-	-	-	8,251
Noncapitalized equipment	22,227	47,467	91	11,365	81,150
Capital outlay	828,845	-	-	-	828,845
Debt service:					
Principal	2,526,009	-	-	-	2,526,009
Interest	192,437	-	-	-	192,437
Total expenditures	<u>19,327,750</u>	<u>47,467</u>	<u>91</u>	<u>12,394</u>	<u>19,387,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,218,249</u>	<u>(36,365)</u>	<u>96,228</u>	<u>38,521</u>	<u>4,316,633</u>
Other financing sources (uses):					
Transfers in	1,993,512	-	-	100,000	2,093,512
Transfers out	(100,000)	-	(1,311,950)	(681,562)	(2,093,512)
Total other financing sources (uses)	<u>1,893,512</u>	<u>-</u>	<u>(1,311,950)</u>	<u>(581,562)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	6,111,761	(36,365)	(1,215,722)	(543,041)	4,316,633
FUND BALANCE, JULY 1	1,722,447	1,070,652	1,728,938	1,830,209	6,352,246
Prior period adjustment	(1,230,434)	(30)	1,245,895	144,064	159,495
FUND BALANCE, JUNE 30	<u>\$ 6,603,774</u>	<u>\$ 1,034,257</u>	<u>\$ 1,759,111</u>	<u>\$ 1,431,232</u>	<u>\$ 10,828,374</u>

**SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018**

Net change in fund balances - total governmental funds \$ 4,316,633

Amounts reported for governmental activities in the Statement of Activities (SOA)
are different because:

Capital outlays are not reported as expenses in the SOA.	828,845
The depreciation of capital assets used in governmental activities is not reported in the funds.	(676,093)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	775,000
Repayment of other long-term debt is an expenditure in the funds but is not an expense in the SOA.	1,718,000
OPEB costs are not an expenditure in the funds but are an expense in the SOA.	(59,534)
Pension costs are recognized when contributions are made in the funds but are recognized on a accrual basis for the SOA.	23,655
The issuance of long term debt provides current financial resources to governmental funds, while issuing debt increases long-term liabilities in the statement of net position.	(1,215,563)
Loss on disposal of assets in governmental activities are not reported in the funds.	<u>(285,848)</u>

Change in net position of governmental activities - Statement of Activities \$ 5,425,095

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

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

Reporting Entity

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

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

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

Basis of Presentation, Basis of Accounting

Basis of Presentation

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Basis of Presentation (continued)

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

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

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

The District reports the following major governmental funds:

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

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

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

Non-Major Governmental Funds:

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

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Basis of Presentation (continued)

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

Measurement Focus, Basis of Accounting

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

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

Encumbrances

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

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

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

Assets, Liabilities, and Equity

Cash and Investments

The District maintains a majority of its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. Cash may be added or withdrawn from the investment pool without limitation. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

Prepaid Expenditures

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

Capital Assets

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Capital Assets (continued)

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Unearned revenue of \$38,545 represents federal, state and local grant funds that have been received and not spent.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Compensated Absences

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

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

Fund Balance Reserves and Designation

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

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

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

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

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Fund Balance Reserves and Designation (continued)

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

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

Interfund Activity

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

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

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

Property Taxes

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

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

Pensions

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions (continued)

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

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

Valuation Date (VD)	June 30, 2016
Measurement Date (VD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the District's OPEB liability has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, OPEB expense, and information about assets, liabilities and additions to/deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan.

Use of Estimates

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

2. COMPLIANCE AND ACCOUNTABILITY

Finance-Related Legal and Contractual Provisions

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

2. COMPLIANCE AND ACCOUNTABILITY (continued)

Finance-Related Legal and Contractual Provisions (continued)

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

3. CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, consist of the following:

Pooled investment with County Treasury	\$ 9,661,159
Deposits with financial institutions	333,450
Cash on hand	2,100
Total	\$ 9,996,709

Cash balances in financial institutions (\$333,450 as of June 30, 2018) are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining balance was collateralized by the bank, as discussed below, in the District's name.

The District maintains cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2018, the District has \$9,661,159 in the common investment pool. Cash may be added or withdrawn from the pooled investment with County Treasury without limitation.

Custodial Credit Risk for Deposits and Investments

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

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure governmental agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

3. CASH AND INVESTMENTS (continued)

Interest Rate Risk – Investments

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

Fair Value Measurements – Investments

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

Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistically rating organization.

The County Treasurer's investments at June 30, 2018 consist of 27.92% negotiable CDs, 29.90% commercial paper, 24.99% federal agencies, 4.82% U.S. Treasury notes, 3.48% money market funds, 6.77% supranational, 0.01% bank deposits, and 2.11% asset backed securities. The credit ratings for these investments included A1+/A1 by Moody's Investor Service, and AAA/AA- by Standard and Poor's.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, consist of the following:

	General Fund	Vehicle Replacement Fund	Other Governmental Funds	Totals
Property taxes	\$ 93,687	\$ -	\$ -	\$ 93,687
Contract revenue	140,756	-	(2,441)	138,315
Interest receivable	(221)	13,736	221	13,736
Other receivables	129,559	-	-	129,559
Totals	<u>\$ 363,781</u>	<u>\$ 13,736</u>	<u>\$ (2,220)</u>	<u>\$ 375,297</u>

5. INTERFUND ACTIVITIES

Transfers to and from other funds at June 30, 2018, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Vehicle Replacement Fund	Multiple Funds	\$ 1,311,950	Cash flow purposes
General Fund	Multiple Funds	100,000	Cash flow purposes
	Total	<u>\$ 2,093,512</u>	

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

6. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018, is shown below:

Governmental Activities	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not being depreciated				
Land	\$ 2,236,317	\$ -	\$ (142,797)	\$ 2,093,520
Construction in progress	236,688	103,184	(339,872)	-
Total capital assets, not being depreciated	<u>2,473,005</u>	<u>103,184</u>	<u>(482,669)</u>	<u>2,093,520</u>
Capital assets, being depreciated:				
Structures and improvements	13,647,289	654,194	-	14,301,483
Furniture and equipment	1,360,365	-	-	1,360,365
Vehicles and apparatuses	8,392,215	71,467	(78,126)	8,385,556
Total capital assets, being depreciated	<u>23,399,869</u>	<u>725,661</u>	<u>(78,126)</u>	<u>24,047,404</u>
Less accumulated depreciation for:				
Structures and improvements	(6,914,879)	(280,276)	-	(7,195,155)
Furniture and equipment	(1,113,664)	(28,704)	-	(1,142,368)
Vehicles and apparatuses	(5,182,713)	(367,113)	78,126	(5,471,700)
Total accumulated depreciation	<u>(13,211,256)</u>	<u>(676,093)</u>	<u>78,126</u>	<u>(13,809,223)</u>
Total capital assets, being depreciated, net	<u>10,188,613</u>	<u>49,568</u>	<u>-</u>	<u>10,238,181</u>
Capital assets, net of depreciation	<u>\$ 12,661,618</u>	<u>\$ 152,752</u>	<u>\$ (482,669)</u>	<u>\$ 12,331,701</u>

Depreciation expense for the year ended June 30, 2018 was \$676,093 and is not allocated to the various governmental functions.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. NON-CURRENT LIABILITIES

Non-Current Liabilities Activity

Changes in non-current liabilities for the fiscal year ended June 30, 2018, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue Bonds payable	\$ 2,440,000	\$ -	\$ (775,000)	\$ 1,665,000	\$ 810,000
Public Property Financing	4,328,000	-	(1,718,000)	2,610,000	1,738,000
Capital Lease - Solar Equipment	466,358	-	(33,009)	433,349	33,960
Capital Lease - Engine	-	715,545	-	715,545	229,337
Compensated absences	32,042	500,018	-	532,060	-
Total governmental activities	<u>\$ 7,266,400</u>	<u>\$ 1,215,563</u>	<u>\$(2,526,009)</u>	<u>\$ 5,955,954</u>	<u>\$ 2,811,297</u>

In the government-wide financial statements, interest expense for the year ended June 30, 2018, was \$192,437 and is included in the functional expenses as a direct charge.

Revenue Bonds Payable

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

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

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. NON-CURRENT LIABILITIES (continued)

Revenue Bonds Payable (continued)

The annual requirements to amortize revenue bonds payable, outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2019	\$ 810,000	\$ 58,725	\$ 868,725
2020	855,000	19,238	874,238
Totals	<u>\$ 1,665,000</u>	<u>\$ 77,963</u>	<u>\$ 1,742,963</u>

Public Property Financing Corporation

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

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

Year Ending June 30,	Principal	Interest	Totals
2019	\$ 1,738,000	\$ 40,409	\$ 1,778,409
2020	872,000	8,110	880,110
Totals	<u>\$ 2,610,000</u>	<u>\$ 48,519</u>	<u>\$ 2,658,519</u>

Capital Lease – Solar Equipment

On October 27, 2016, the District leased solar equipment and was accounted for as a capital lease and included in fixed assets at June 30, 2018. For the fiscal year ended June 30, 2018, \$15,795 was included in depreciation expense of fixed assets. At June 30, 2018, the future minimum lease payments under the capital lease are as follows:

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

7. NON-CURRENT LIABILITIES (continued)

Capital Lease – Solar Equipment (continued)

<u>Year Ending June 30,</u>	<u>Totals</u>
2019	\$ 59,521
2020	61,452
2021	63,448
2022	65,511
2023	67,640
Thereafter	<u>233,031</u>
	550,603
Less amount attributable to interest	<u>(117,254)</u>
Present Value of lease payments	433,349
Less current portion	<u>(33,960)</u>
Long-term capital lease obligation	<u><u>\$ 399,389</u></u>

Capital Lease – Engine

On October 27, 2016, the District leased an engine and was accounted for as a capital lease. At June 30, 2018, the future minimum lease payments under the capital lease are as follows:

<u>Year Ending June 30,</u>	<u>Totals</u>
2019	\$ 257,601
2020	257,601
2021	<u>257,601</u>
	772,803
Less amount attributable to interest	<u>(57,258)</u>
Present Value of lease payments	715,545
Less current portion	<u>(229,337)</u>
Long-term capital lease obligation	<u><u>\$ 486,208</u></u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. EMPLOYEE RETIREMENT SYSTEMS

Plan Description, Benefits Provided and Employees Covered

All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors four rate plans (three miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found at CalPERS' website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The District's labor contract with miscellaneous employees require the District to make no contribution for the employee's share of member contributions, employees in the miscellaneous plan pay the full 8.00% (6.75% if hired after January 1, 2013), and the employer's rate is 13.843% (7.022% if hired after January 1, 2013) after payment of the Annual Lump Sum Payment Option. The District no longer provides public safety service so there are no employee contributions being made to the plan.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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 actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

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

At June 30, 2018, the District reported a net pension liability of \$36,446,423 for its proportionate share of the net pension liability of the Plan. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Change in assumptions	\$ 5,216,473	\$ -
Difference between expected and actual experiences	269,688	38,584
Difference between actual and projected contributions	-	3,067,964
Differences between District contributions and the District's proportionate share of contributions	115,045	1,224,557
Net differences between projected and actual earnings on pension plan investments	1,234,787	-
District contributions subsequent to the measurement date	2,918,081	-
	<u>\$ 9,754,074</u>	<u>\$ 4,331,105</u>

The \$2,918,081 reported as deferred outflows of resources related to the pension resulting from District contributions subsequent to the measurement date were recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions were recognized in pension expense as follows:

Years Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2019	\$ 2,411,411
2020	2,420,158
2021	1,314,608
2022	(723,208)
	<u>\$ 5,422,969</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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.

In determining the long-term expected rate of return, CalPERS took into account, both short-term and long-term market return expectations, as well as the expected pension fund cash flows. 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Discount Rate (continued)

(11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	(0.40%)	(0.90%)
Total	100.00%		

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

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

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15% for the year ended June 30, 2018 as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

	Discount Rate -1.00% 6.15%	Current Discount Rate 7.15%	Discount Rate +1.00% 8.15%
Misc Plan's Net Pension Liability	\$ 3,560,164	\$ 2,376,037	\$ 1,395,322
Safety Plan's Net Pension Liability	\$ 51,548,130	\$ 34,070,386	\$ 19,783,202

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net positions is available in the separately issued CalPERS financial report. The District did not report a payable outstanding for contributions to the pension plan required for the year ended June 30, 2018.

9. JOINT POWER AGREEMENTS

Public Agencies Self Insurance System (PASIS)

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

Contributions to PASIS were approximately \$75,143 for the year ended June 30, 2018. Condensed financial information available for the PASIS as of June 30, 2018 are as follows:

Total revenues	\$ 21,595
Total expenses	-
Net increase in net position	21,595
Beginning net position	3,375,342
Ending net position	\$ 3,396,937

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

9. JOINT POWER AGREEMENTS (continued)

Fire Agencies Insurance Risk Authority (FAIRA)

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

Contributions to FAIRA were approximately \$31,744 for the year ended June 30, 2018. Condensed financial information available for the FAIRA as of June 30, 2018 are as follows:

Total revenues	\$ 2,520,244
Total expenses	<u>2,484,272</u>
Net increase in net position	35,972
Beginning net position	<u>3,114,360</u>
Ending net position	<u><u>\$ 3,150,332</u></u>

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

10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. Active employees are offered a choice of medical plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plans to eligible retirees except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer. The District contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. For employees who retired on or before November 1, 2011, the District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum, which is equal to the Kaiser Basic family premium. For employees who retired after November 1, 2011, the District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum capped at 50% of the growth from the 2011 Kaiser Basic Plan based upon family status. Employees hired after November 1, 2011, the District's financial obligation is to pay the minimum amount required by law for health insurance coverage upon their retirement. An employee is eligible for the District contribution provided they are vested in their

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Plan Description and Benefits Provided (continued)

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

To be eligible for retiree health benefits, an employee must retire from the District and commence pension benefit under CalPERS (typically on or after age 50 with at least 5 years of CalPERS eligible service). The District's financial obligation is to provide a monthly contribution towards the retiree's continuation of health coverage through the CalPERS Health Program for the lifetime of the retiree or for a surviving spouse. The District's annual contribution is capped at the Kaiser (non-medical) Basic premium amount in 2011 plus 50% of any future increases based on retiree's coverage category. Employees hired after November 1, 2011 will only receive a District Contribution equal to the CalPERS minimum required employee contribution. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>53</u>
Total	<u><u>137</u></u>

Total OPEB Liability

The District's total OPEB liability of \$18,658,019 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Total OPEB Liability (continued)

Inflation	2.75% per annum
Salary increases	3.0% per annum, in aggregate
Discount rate	3.4% per annum
Healthcare cost trend rates	6.5% for 2018, decreasing 0.5% percent per year to an ultimate rate of 5.0% for 2022 and later years

The discount rate used was based on the historical and expected returns of the District's investments.

Mortality rates are based on the most recent mortality tables used by CalPERS for the pension valuations.

The actuarial assumptions used in the June 30, 2018 valuation based upon the most recent CalPERS experience study covering the period June 30, 1997 through June 30, 2011.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	<u>\$ 18,598,485</u>
Changes for the year:	
Service cost	278,788
Interest	627,434
Benefit payments, including refunds of member contributions	<u>(846,688)</u>
Net changes	<u>59,534</u>
Balance at June 30, 2018	<u><u>\$ 18,658,019</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, calculated using the discount rate of 3.40%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.40%) or 1-percentage-point higher (4.40%) than the current rate:

	1% Decrease (2.40%)	Current Discount Rate (3.40%)	1% Increase (4.40%)
Total OPEB Liability	\$ 21,599,282	\$ 18,658,019	\$ 16,312,169

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates (continued)

The following presents the total OPEB liability of the County, calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 4.00%) or 1-percentage-point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease	Current Discount	1% Increase
	(5.00%HMO/5.00	Rate	(7.00%HMO/7.00
	%PPO	%PPO	%PPO
	decreasing to	decreasing to	decreasing to
	4.00%HMO/4.00	5.00%HMO/5.00	6.00%HMO/6.00
	%PPO)	%PPO)	%PPO)
Total OPEB Liability	\$ 16,362,200	\$ 18,658,019	\$ 21,513,832

11. NEW ACCOUNTING PRONOUNCEMENT

Adoption of new GASB Accounting Standard in Current Year – Prior Year Financial Statements Restated

In 2018, the District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes new accounting and financial reporting requirements for other post employment benefits. The effect of this change was to increase the District’s OPEB liability by \$9,751,929, which was recorded as a prior period adjustment. As a result, the net position of the District as of June 30, 2017 has been adjusted for the retroactive application of the new standard.

The Net Position as restated is as follows:

	Governmental
	Activities
Net Position, Beginning, as Previously Reported	\$ (28,150,518)
Recording OPEB liability	(9,751,929)
Net Position, Beginning, as Restated	<u>\$ (37,902,447)</u>

REQUIRED SUPPLEMENTARY INFORMATION

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 20,109,034	\$ 20,109,034	\$ 20,739,672	\$ 630,638
Benefit assessments	706,157	706,157	706,289	132
Contract revenue	705,243	705,243	1,277,402	572,159
Mitigation fees	230,000	230,000	85,170	(144,830)
Grant revenue	68,000	68,000	74,638	6,638
Facilities rental	138,858	138,858	138,198	(660)
Other revenue	340,000	340,000	524,630	184,630
Total revenues	22,297,292	22,297,292	23,545,999	1,248,707
Expenditures:				
Salaries	8,474,978	8,474,978	7,603,908	871,070
Employee benefits	5,493,945	5,493,945	4,859,426	634,519
Communication services - Equipmer	65,676	65,676	128,054	(62,378)
Grant expenditures	-	-	74,638	(74,638)
Medical services - Support	23,250	23,250	24,372	(1,122)
Household	20,620	20,620	33,481	(12,861)
Insurance	672,760	672,760	432,471	240,289
Maintenance - Equipment	45,325	45,325	49,835	(4,510)
Maintenance - Fleet	145,330	145,330	185,983	(40,653)
Maintenance - Stations	120,622	120,622	145,731	(25,109)
Office expenditures	40,500	40,500	26,848	13,652
Personnel development	58,925	58,925	12,575	46,350
Professional services	3,496,535	3,496,535	1,795,445	1,701,090
Publications and media	12,312	12,312	3,434	8,878
Safety clothing/equipment	56,935	56,935	67,355	(10,420)
Special district expenditures	166,733	166,733	142,671	24,062
Travel	1,010	1,010	303	707
Utilities	187,400	187,400	163,451	23,949
Miscellaneous expenditures	-	-	8,251	(8,251)
Noncapitalized equipment	108,388	108,388	22,227	86,161
Capital outlay	871,413	871,413	828,845	42,568
Debt service:				
Principal	2,526,009	2,526,009	2,526,009	-
Interest	192,437	192,437	192,437	-
Total expenditures	22,781,103	22,781,103	19,327,750	3,453,353

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (continued)
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Excess (deficiency) of revenues over (under) expenditures	(483,811)	(483,811)	4,218,249	4,702,060
Other financing sources (uses):				
Transfers in	-	-	1,993,512	(1,993,512)
Transfers out	-	-	(100,000)	100,000
Total other financing sources (use)	-	-	1,893,512	(1,893,512)
Net change in fund balance	(483,811)	(483,811)	6,111,761	6,595,572
Fund balance, July 1	1,722,447	1,722,447	1,722,447	-
Prior period adjustment	-	-	(1,230,434)	(1,230,434)
Fund balance, June 30	<u>\$ 1,238,636</u>	<u>\$ 1,238,636</u>	<u>\$ 6,603,774</u>	<u>\$ 5,365,138</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Other revenue	\$ -	\$ -	\$ 11,102	\$ 11,102
Total revenues	-	-	11,102	11,102
Expenditures:				
Noncapitalized equipment	19,500	19,500	47,467	(27,967)
Total expenditures	19,500	19,500	47,467	(27,967)
Excess (deficiency) of revenues over (under) expenditures	(19,500)	(19,500)	(36,365)	39,069
Net change in fund balance	(19,500)	(19,500)	(36,365)	39,069
Fund balance, July 1	1,070,652	1,070,652	1,070,652	-
Prior period adjustment	-	-	(30)	(30)
Fund balance, June 30	<u>\$ 1,051,152</u>	<u>\$ 1,051,152</u>	<u>\$ 1,034,257</u>	<u>\$ 39,039</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
VEHICLE REPLACEMENT FUND
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Other revenue	\$ -	\$ -	\$ 96,319	\$ 96,319
Total revenues	-	-	96,319	96,319
Expenditures:				
Noncapitalized equipment	889,295	889,295	91	889,204
Total expenditures	889,295	889,295	91	889,204
Excess (deficiency) of revenues over (under) expenditures	(889,295)	(889,295)	96,228	(792,885)
Other financing sources (uses):				
Transfers out	-	-	(1,311,950)	(1,311,950)
Total other financing sources (uses)	-	-	(1,311,950)	(1,311,950)
Net change in fund balance	(889,295)	(889,295)	(1,215,722)	519,065
Fund balance, July 1	1,728,938	1,728,938	1,728,938	-
Prior period adjustment	-	-	1,245,895	1,245,895
Fund balance, June 30	<u>\$ 839,643</u>	<u>\$ 839,643</u>	<u>\$ 1,759,111</u>	<u>\$ 1,764,960</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
MISCELLANEOUS PLAN
LAST 10 YEARS
June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.06027%	0.05477%	0.05817%	0.01920%
Proportionate share of the net pension liability	\$ 2,376,037	\$ 2,064,310	\$ 1,595,959	\$ 1,194,809
Covered - employee payroll	\$ 550,796	\$ 654,446	\$ 485,488	\$ 511,999
Proportionate Share of the net pension liability as percentage of covered-employee payroll	431.38%	315.43%	328.73%	233.36%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 163,905	\$ 157,411	\$ 134,534	\$ 158,069
Plan fiduciary net position as a percentage of the total pension liability	72.40%	73.82%	78.53%	83.03%

Notes to Schedule:

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

Change in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – SAFETY PLAN
LAST 10 YEARS
June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.57020%	0.57503%	0.53895%	0.34173%
Proportionate share of the net pension liability	\$ 34,070,386	\$ 29,782,206	\$ 22,207,029	\$ 21,263,891
Covered - employee payroll	N/A	N/A	N/A	N/A
Proportionate Share of the net pension liability as percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan's Proportionate Share of Aggregate Employer Contributions	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	72.73%	74.36%	80.50%	81.42%

Notes to Schedule:

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

Change in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2018

	2018
Total OPEB Liability	
Service cost	\$ 278,788
Interest	627,434
Benefit payments, including refunds of member contributions	(846,688)
Net change in Total OPEB Liability	59,534
Total OPEB Liability - beginning	18,598,485
Total OPEB Liability - ending	\$ 18,658,019
Covered-employee payroll	N/A
Total OPEB liability as a percentage of covered-payroll	N/A

Notes to Schedule:

Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

OTHER SUPPLEMENTARY INFORMATION

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
SPECIAL PROJECTS FUND – CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Other revenue	\$ -	\$ -	\$ 1,991	\$ 1,991
Total revenues	-	-	1,991	1,991
Expenditures:				
Noncapitalized equipment	-	-	11,365	(11,365)
Total expenditures	-	-	11,365	(11,365)
Excess (deficiency) of revenues over (under) expenditures	-	-	(9,374)	(9,374)
Other financing sources (uses):				
Transfers in	-	-	100,000	100,000
Transfers out	-	-	(125,832)	125,832
Total other financing sources (uses)	-	-	(25,832)	225,832
Net change in fund balance	-	-	(35,206)	216,458
Fund balance, July 1	194,283	194,283	194,283	-
Prior period adjustment	-	-	144,064	144,064
Fund balance, June 30	<u>\$ 194,283</u>	<u>\$ 194,283</u>	<u>\$ 303,141</u>	<u>\$ 360,522</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
CAPITAL FACILITIES FUND – CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Other revenue	\$ -	\$ -	\$ 48,924	\$ 48,924
Total revenues	-	-	48,924	48,924
Expenditures:				
Maintenance - Stations	-	-	1,029	(1,029)
Total expenditures	-	-	1,029	(1,029)
Excess (deficiency) of revenues over (under) expenditures	-	-	47,895	47,895
Other financing sources (uses):				
Transfers in	654,381	654,381	-	(654,381)
Transfers out	-	-	(555,730)	555,730
Total other financing sources (uses)	654,381	654,381	(555,730)	(98,651)
Net change in fund balance	654,381	654,381	(507,835)	146,546
Fund balance, July 1	1,635,926	1,635,926	1,635,926	-
Fund balance, June 30	<u>\$ 2,290,307</u>	<u>\$ 2,290,307</u>	<u>\$ 1,128,091</u>	<u>\$ 146,546</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
ORGANIZATION STRUCTURE
June 30, 2018

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

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

* This site also houses the District Office

The Board of Directors for the fiscal year ended June 30, 2018, was comprised of the following members:

Name	Office	Term	Term Expires
Kim Raddatz	President	4 Years	December 2020
Theresa McKenna	Vice President	4 Years	December 2018
Jim Ek	Director	4 Years	December 2018
William Kiel	Director	4 Years	December 2020
Jeff Nelson	Director	4 Years	December 2020
Dave Rickards	Director	4 Years	December 2020
Mike Vacio	Director	4 Years	December 2018

Administration

Name	Position
Criss Brainard	Fire Chief
Leah Harris	Administrative Officer/Finance Officer

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
ASSESSED VALUATION
June 30, 2018

Assessed Valuation:

Secured Property	\$ 12,683,787,677
Unsecured Property	<u>114,815,126</u>
Total Assessed Valuation	<u><u>\$ 12,798,602,803</u></u>