

**CARPINTERIA – SUMMERLAND  
FIRE PROTECTION DISTRICT**

**Annual Financial Statements  
With Independent Auditor's Report Thereon  
June 30, 2017**

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT**

**Annual Financial Statements  
June 30, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Carpinteria-Summerland Fire Protection District  
Carpinteria, California

We have audited the accompanying financial statements of the governmental activities of each major fund of the Carpinteria-Summerland 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.

**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. 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, each major fund of the Carpinteria-Summerland 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  
Carpinteria-Summerland Fire Protection District

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the post-employment benefits and budgetary comparison information and pension information on pages 29-31 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

The Carpinteria-Summerland Fire Protection District has not presented the Management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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 to the left of the date and location text.

October 1, 2017  
Sacramento, California

## **BASIC FINANCIAL STATEMENTS**

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

<b>ASSETS</b>	<u>June 30, 2017</u>	(Memorandum Only) <u>June 30, 2016</u>
Cash and investments	\$ 4,815,891	\$ 5,517,545
Accounts receivable	128,225	44,303
Interest receivable	11,100	7,770
Prepaid insurance	222,018	-
Deposits with others	-	1,513
Capital assets, net	<u>2,506,376</u>	<u>2,080,269</u>
Total Assets	<u>7,683,610</u>	<u>7,651,400</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pensions (Note 11)	3,720,896	1,501,740
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	94,298	727,156
Accrued payroll	96,200	-
Compensated absences	410,000	371,000
Current portion of capital leases	<u>145,192</u>	<u>141,854</u>
Total Current Liabilities	745,690	1,240,010
Long-term liabilities:		
Compensated absences	104,685	221,172
Other post-employment benefits	193,425	157,764
Capital leases - long-term	223,118	368,310
Net pension liability (Note 8)	<u>11,056,226</u>	<u>10,050,723</u>
Total Liabilities	<u>12,323,144</u>	<u>12,037,979</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pensions (Note 11)	1,162,440	133,893
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt	2,138,066	1,570,105
Restricted	-	96,585
Unrestricted	<u>(4,219,144)</u>	<u>(4,685,422)</u>
Total Net Position	<u>\$ (2,081,078)</u>	<u>\$ (3,018,732)</u>

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND 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>(Memorandum Only) June 30, 2016</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>		
Governmental Activities:					
Public Protection	\$ 8,751,339	\$ 306,841	\$ -	\$ (8,444,498)	\$ (8,046,879)
Total Governmental Activities	<u>\$ 8,751,339</u>	<u>\$ 306,841</u>	<u>\$ -</u>	<u>(8,444,498)</u>	<u>(8,046,879)</u>
General Revenues					
				8,708,317	8,206,644
				39,943	38,543
				11,021	33,083
				18,000	30,559
				593,221	739,697
				<u>11,650</u>	<u>35,951</u>
				<u>9,382,152</u>	<u>9,084,477</u>
				937,654	1,037,598
				<u>(3,018,732)</u>	<u>(4,056,330)</u>
				<u>\$ (2,081,078)</u>	<u>\$ (3,018,732)</u>

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT  
BALANCE SHEET  
JUNE 30, 2017**

	General Fund	Capital Project Fund	Capital Replacement Fund	Combined Total	(Memorandum Only) June 30, 2016
<b>ASSETS</b>					
Cash and investments	\$ 4,499,990	\$272,734	\$ 43,167	\$ 4,815,891	\$ 5,517,545
Accounts receivable	82,180	-	46,045	128,225	44,303
Interest receivable	10,421	591	88	11,100	7,770
Prepaid insurance	222,018	-	-	222,018	-
Deposits with others	-	-	-	-	1,513
<b>Total Assets</b>	<b>\$ 4,814,609</b>	<b>\$273,325</b>	<b>\$ 89,300</b>	<b>\$ 5,177,234</b>	<b>\$ 5,571,131</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 94,298	\$ -	\$ -	\$ 94,298	\$ 727,156
Accrued payroll	96,200	-	-	96,200	-
<b>Total Liabilities</b>	<b>190,498</b>	<b>-</b>	<b>-</b>	<b>190,498</b>	<b>727,156</b>
<b>FUND BALANCES</b>					
Fund Balances					
Restricted fund balance	-	-	-	-	96,585
Assigned fund balance	-	-	89,300	89,300	390,594
Committed fund balance	551,222	273,325	-	824,547	440,300
Unassigned	4,072,889	-	(0)	4,072,889	3,916,496
<b>Total Fund Balances</b>	<b>4,624,111</b>	<b>273,325</b>	<b>89,300</b>	<b>4,986,736</b>	<b>4,843,975</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,814,609</b>	<b>\$273,325</b>	<b>\$ 89,300</b>	<b>\$ 5,177,234</b>	<b>\$ 5,571,131</b>

The accompanying notes are an integral part of these financial statements



**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Total fund balances - governmental funds	\$ 4,986,736
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>	
Capital assets at historical cost, net	2,506,376
Deferred outflows of resources reported in the Statement of Net Position	3,720,896
Deferred inflows of resources	(1,162,440)
<p>Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. Those liabilities consist of:</p>	
Accrued compensated absences	(514,685)
Other post-employment benefits	(193,425)
Capital leases	(368,310)
Net pension liability	<u>(11,056,226)</u>
Net position of governmental activities	<u><u>\$ (2,081,078)</u></u>

The accompanying notes are an integral part of these financial statements

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

	General Fund	Capital Project Fund	Capital Replacement Fund	Totals	(Memorandum Only) June 30, 2016
<b>Revenues:</b>					
Property taxes	\$ 8,708,317	\$ -	\$ -	\$8,708,317	\$ 8,206,644
Licenses, permits, and fees	39,943	-	-	39,943	38,543
Investment income	10,503	1,148	(630)	11,021	33,083
Rental income	18,000	-	-	18,000	30,559
Intergovernmental	593,221	-	-	593,221	739,697
Charges for services	12,829	116,780	177,232	306,841	203,878
Miscellaneous	11,650	-	-	11,650	35,951
<b>Total revenues</b>	<b>9,394,463</b>	<b>117,928</b>	<b>176,602</b>	<b>9,688,993</b>	<b>9,288,355</b>
<b>Expenditures:</b>					
Current					
Salaries and benefits	7,505,925	-	-	7,505,925	7,421,195
Services and supplies	1,159,506	20,354	-	1,179,860	866,056
Capital outlay	28,688	-	679,359	708,047	613,895
Debt service:					
Principal	18,809	-	123,045	141,854	73,344
Interest	18	-	10,528	10,546	7,848
<b>Total expenditures</b>	<b>8,712,946</b>	<b>20,354</b>	<b>812,932</b>	<b>9,546,232</b>	<b>8,982,338</b>
Excess of revenues over expenditures	681,517	97,574	(636,330)	142,761	306,017
<b>Other financing sources:</b>					
Transfers	(143,681)	-	143,681	-	361,750
<b>Total other financial sources</b>	<b>(143,681)</b>	<b>-</b>	<b>143,681</b>	<b>-</b>	<b>361,750</b>
Excess of revenue and other sources over expenditures	537,836	97,574	(492,649)	142,761	667,767
Fund balances - July 1, 2016	4,086,275	175,751	581,949	4,843,975	4,176,208
Fund balances - June 30, 2017	<u>\$ 4,624,111</u>	<u>\$ 273,325</u>	<u>\$ 89,300</u>	<u>\$4,986,736</u>	<u>\$ 4,843,975</u>

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE 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	\$ 142,761
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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	708,047
Depreciation expense not reported in governmental funds	(281,940)

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 compensated absences	77,487
Long-term debt payments	141,854
Change in net pension liability	(1,005,503)
Change in deferred outflows of resources	2,219,156
Change in deferred inflows of resources	(1,028,547)
Increase in other post-employment benefits payable	<u>(35,661)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 937,654</u></u>
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The accompanying notes are an integral part of these financial statements

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Carpinteria-Summerland Fire Protection District (the District) is an independent division of local government authorized by California Health and Safety Code Sections 13800-13970. The District is governed by a Board of Directors appointed to serve four-year terms or until successors are appointed and qualified. These financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. There are no component units included in this report which meet the criteria of a blended or discretely presented component unit as set forth by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Government-Wide – Basis of Presentation, Measurement Focus, and Basis Accounting**

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34)* was issued to improve governmental financial reporting for citizens, district representatives, and creditors involved in the lending process. GASB 34 requires that a government entity present in its basic external financial statements both government-wide financial statements and fund financial statements, excluding fiduciary funds. Governments engaged in a single government program may combine their fund financial statement with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data in a separate column.

GAAP requires that the government-wide financial statements be reported using the economic resources measurement focus and the accrual basis of accounting. In comparison, governmental funds employ the current financial resources measurement focus and the modified accrual basis of accounting. The economic resources measurement focus aims to report all inflows, outflows, and balances affecting or reflecting an entity's net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred for activities related to exchange and exchange-like activities. In addition, long-lived assets (such as buildings and equipment) are capitalized and depreciated over their estimated economic lives.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Government-Wide – Basis of Presentation, Measurement Focus and Basis Accounting**  
**(continued)**

Governmental Funds are used to account for the District’s general governmental activities. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal year are susceptible to accrual and so have been recognized as revenue of the current fiscal year. Other receipts and taxes are determined to be both measurable and available when cash is received by the District and are recognized as revenue at that time. Secured property taxes are levied in September of each year based upon the assessed valuation as of the previous January 1 (lien date). They are payable in two equal installments due on November 1 and February 1 and are considered delinquent with penalties after December 10 and April 10, respectively. Unsecured property taxes are due on the January 1 lien date and become delinquent with penalties after August 31. All property taxes are billed and collected by the County of Santa Barbara and remitted to the District.

The District maintains the following governmental funds:

The **General Fund** is the operating fund of the District. It accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in another fund.

The District’s **Capital Projects Fund** accounts for revenues associated with the fire protection mitigation fees and is restricted to capital asset acquisition or construction approved by local ordinances.

The District’s **Capital Replacement Fund** accounts for revenues associated with a service agreement and other revenue sources to fund the replacement of major capital assets.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Investments**

The District maintains substantially all its cash in the Santa Barbara County Treasurer's cash management investment pool (the pool).

State statutes and the County of Santa Barbara's (the County) investment policy authorize the County Treasurer to invest in U.S. Treasury and U.S. Government agency securities; state and/or local agency bonds, notes, warrants, or certificates of indebtedness; bankers' acceptances; commercial paper; corporate bonds and notes' negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; State of California Local Agency Investment Fund (LAIF); and the Investment Trust of California (CalTrust). Interest earned on pooled investments is apportioned quarterly into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionately shared by all funds in the pool.

Investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

The pool's disclosures related to cash and investments including those disclosures regarding custodial credit risk are included in the County's Comprehensive Annual Financial Report. A copy may be obtained online from the Auditor-Controller section of the County's website.

**Receivables**

All receivables are deemed to be collectible at June 30, 2016, and as such, the District has not provided an allowance for uncollectible accounts for the outstanding receivables.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Capital Assets**

Capital assets are recorded in the District’s Statement of Net Position and Governmental Funds Balance Sheet in the Statement of Net Position column at cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance that do not add to the value of the assets or materially extend assets’ lives are expensed as incurred. The District’s capitalization threshold is \$5,000. Capital assets are depreciated at cost using the straight-line method over the following estimated useful lives:

- |                                      |                |
|--------------------------------------|----------------|
| • Structures and Improvements        | 5 to 100 years |
| • Equipment, Furniture, and Vehicles | 1 to 25 years  |
| • Computers and Computer Equipment   | 1 to 10 years  |
| • Communications Equipment           | 1 to 15 years  |

**Compensated Absences**

District policy permits employees to accumulate earned but unused holiday and vacation leave benefits, as well as a portion of sick leave benefits. After 20 years of service, twenty-five percent of accumulated sick leave benefits vest and are accounted for in the same manner as holiday and vacation leave benefits. There is no liability for the remaining portion of sick leave since the District does not have a policy to pay these amounts when employees separate from service with the District. All holiday and vacation pay, and the applicable portion of sick pay, is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and are paid by the District subsequent to year-end.



**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Deferred Compensation**

The District offers a deferred compensation plan to its employees. The District has adopted provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (GASB 32)*, which establishes financial accounting and reporting standards based on current amendments to the provisions of Internal Revenue Code (IRC) Section 457. Under IRC 457, plan assets are not owned by the governmental entity, and as a result, governmental entities are required to remove plan assets and plan liabilities from their financial statements.

The District has no administrative involvement, does not perform the investing function, and has no fiduciary accountability for the plan. Thus, in accordance with GASB 32, the plan assets and any related liability to plan participants have been excluded from the District's financial statements.

**Other Post-Employment Benefits**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, addresses how governmental entities should account for and report their costs and obligations related to postemployment benefits, or OPEB. The District offers postretirement medical, dental, and vision benefits. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they came due. The District has implemented the requirements of GASB Statement No. 45 on a prospective basis.

GASB Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

**Fund Balances and Net Position**

Fund Balances are governed under GASB 54 which is discussed later in this footnote. The government-wide financial statements utilize a net position presentation. Net position is categorized as Invested in Capital Assets, Restricted, and Unrestricted Net Position. Invested in Capital Assets represents the government's equity interest in its capital assets. Restricted Net Position is reported when constraints placed on net position are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Fund Balances and Net Position (continued)**

Unrestricted Net Position represents net position of the District that are not restricted for any project or other purpose. When both restricted and unrestricted resources are available, restricted resources are depleted first before the unrestricted resources are used.

**Memorandum Only – Total Columns**

Total columns in the Statement of Net Position and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balances, are captioned as “Memorandum Only” as they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects the financial position or results of operations of the District in conformity with GAAP.

**Use of Estimates**

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

**Fund Balances**

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.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Fund Balances (continued)**

- 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 is 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.

**NOTE 2: CASH AND INVESTMENTS**

**Investment in the Santa Barbara County Investment Pool**

The District is an involuntary participant in the Santa Barbara County Treasurer’s investment pool that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara County Treasurer. As of June 30, 2017, the District had cash on deposit with the Santa Barbara County Treasurer in the amount of \$5,517,545.

**Investments Authorized by District Policy**

The District has not formally adopted a deposit and investment policy that limits the government’s allowable deposits or investment and addresses the specific types of risk to which the government is exposed.

**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. At fiscal year end, the weighted average days to maturity of the investments contained in the County investment pool was approximately 445 days.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**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 firm. The Santa Barbara County Treasurer’s investment pool currently holds an AAA f/S1 credit rating by Standard and Poor’s.

**Custodial Credit Risks**

Custodial credit risk does not apply to a local government’s indirect investment in deposits and securities through the use of government investment pools (such as the Santa Barbara County Treasurer’s investment pool).

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2017, is as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets, not being depreciated				
Land	\$ 80,288	\$ -	\$ -	\$ 80,288
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>80,288</u>	<u>-</u>	<u>-</u>	<u>80,288</u>
Capital assets, being depreciated				
Structures and improvements	617,522	-	-	617,522
Equipment	3,143,758	708,047	-	3,851,805
Total capital assets, being depreciated	<u>3,761,280</u>	<u>708,047</u>	<u>-</u>	<u>4,469,327</u>
Less accumulated depreciation for:				
Structures and improvements	(361,115)	(8,326)	-	(369,441)
Equipment	(1,400,184)	(273,614)	-	(1,673,798)
Total accumulated depreciation	<u>(1,761,299)</u>	<u>(281,940)</u>	<u>-</u>	<u>(2,043,239)</u>
Total capital assets, being depreciated, net	<u>1,999,981</u>	<u>426,107</u>	<u>-</u>	<u>2,426,088</u>
Total capital assets, net	<u>\$ 2,080,269</u>	<u>\$ 426,107</u>	<u>-</u>	<u>\$ 2,506,376</u>

Depreciation expense amounted to \$281,940 for the fiscal year ended June 30, 2017, the entire amount was charged as public protection in the statement of activities.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4: LEASES**

**Capital Lease Obligations**

The District has entered into certain capital lease arrangements under which the related equipment will become the property of the District when all terms of the lease agreements are met.

**Capital lease obligations:**

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Due in 1 Year</u>
2013 Pierce Arrow	\$ 110,795	\$ -	\$ 54,703	\$ 56,092	\$ 56,092
2015 Pierce Arrow	361,750	-	68,342	293,408	70,290
Zoll Defibrillators	37,619	-	18,809	18,810	18,810
Total capital lease obligations	<u>\$ 510,164</u>	<u>\$ -</u>	<u>\$141,854</u>	<u>\$ 368,310</u>	<u>\$ 145,192</u>

The following is a schedule of aggregate future minimum lease payments, payable from the District's General Fund, Capital Projects Fund, and Capital Replacement Fund as of June 30, 2016.

<b><u>Year Ending June 30,</u></b>	<b><u>Amount</u></b>
2018	\$ 156,225
2019	78,652
2020	78,652
2021	78,652
Total minimum lease payments	<u>392,181</u>
Less: amount representing interest	<u>(23,871)</u>
Total present value of minimum lease payments	<u>\$ 368,310</u>

The following is a schedule of capital assets under capital leases by major class at June 30, 2017.

	<b><u>Balance</u></b>
Equipment	\$ 1,161,697
Less: Accumulated depreciation	<u>(156,637)</u>
Net capital assets under capital lease	<u>\$ 1,005,060</u>

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4: LEASES (continued)**

**Operating Lease as Lessee**

The District entered into a five-year non-cancelable lease agreement for commercial office space located in Carpinteria. The initial term of the lease was from July 1, 2007 to June 30, 2013, with an option to extend the term by sixty months. The lease option was extended for another five years during the June 30, 2013 fiscal year. The lease requires a monthly base rent of \$2,744, payable on the first of each month. Base rent is subject to fixed rental adjustments and shall increase on July 1 of each year. The District also leases a copier under a lease agreement expiring in the year 2019 with monthly payments of \$224.

The following is a schedule of future minimum lease payments required as of June 30, 2017:

<b><u>Fiscal Year Ending June 30,</u></b>	<b><u>Total</u></b>
2018	\$ 66,119
2019	66,119
Total future minimum lease payments	<u>\$ 132,238</u>

The total rental expense, including common area operating expenses, for the year ended June 30, 2017 was \$60,371.

**NOTE 5: COMPENSATED ABSENCES**

The following is a summary of changes to the District’s liabilities related to compensated absences due within one year and due after one year:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>	<u>Due in 1 Year</u>
Compensated Absences	<u>\$ 592,172</u>	<u>\$ -</u>	<u>\$ 77,487</u>	<u>\$ 514,685</u>	<u>\$ 410,000</u>

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 6: RISK MANAGEMENT**

The District is a participant in public risk pools with the *Fire Agencies Insurance Risk Authority* (FAIRA) and the *Special District Risk Management Authority* (SDRMA). FAIRA and SDRMA are organized pursuant to the provisions of the California Government Code Section 6500 et seq. for the purpose of providing an effective risk management program to local governments by reducing the amount and frequency of losses, pooling self-insured losses, and jointly purchasing excess insurance and administrative services in connection with a joint protection program.

The District contributes its pro rata share of losses to pools administered by each authority. Should actual losses among the participants exceed the anticipated losses, the District and other members may be assessed for their pro rata share of that deficiency. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**General Liability**

FAIRA provides the District with insurance-like benefits for general liability and excess liability coverage, automobile claims, management liability coverage, and property coverage for buildings, contents, and crime. During the fiscal year, the District contributed an annual premium of \$14,842 with limits ranging from \$1,000,000 to \$2,000,000 for each liability, and excess liability coverage of \$10,000,000.

**Worker's Compensation**

The District participates in a Worker's Compensation Program administered by SDRMA. The annual member contribution during the fiscal year was \$241,821 for the Workers' Compensation Program, with the limit of \$5,000,000 per occurrence for workers' compensation and statutory limit for employer's liability coverage.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7: RETIREMENT PLAN**

**Plan Description**

The Santa Barbara County Employees’ Retirement System (Retirement System) was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death and survivor benefits for its employees and contracting districts. It is governed by the California Constitution, California State Government Code Section 31450 (County Employees’ Retirement Law of 1937 (“CERL”)), and the bylaws, policies and procedures adopted by the Retirement System’s Board of Retirement. The Santa Barbara County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect the benefits of the Retirement System members. The Retirement System operates a cost sharing multiple-employer defined benefit plan. Members include all permanent employees working full time, or at least 50% part time for Santa Barbara County, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Control District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Air Pollution Control District, the Santa Barbara County Association of Governments (SBCAG), and the Santa Barbara County Superior Court.

The Retirement System has four County retirement plans of which three plans (consisting of five rate tiers) are currently available for new employees. All plans provide benefits as defined by the CERL upon retirement, death, or disability of members. Benefits are based on age, years of service, final average salary, and the benefit options selected. Cost-of-living adjustments after retirement are provided in all plans except General Plan 2.

**Fiduciary Responsibility**

The Retirement System, controlled by the Board of Retirement, is a fiduciary for the accounting and control of member and employer contributions, investment income, and member benefits. The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan and managing the investment of the Retirement System’s assets under authority granted by Article XVI of the Constitution of the State of California. Article XVI, Section 17(a) provides the Retirement Board has the “sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries.” Section 17(b) further provides that “Members of the Retirement Board of a public retirement system shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto,



**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7: RETIREMENT PLAN (continued)**

**Fiduciary Responsibility (continued)**

and defraying reasonable expenses of administering the system. A Retirement Board’s duty to its participants and their beneficiaries shall take precedence over any other duty.”

The Board consists of nine members and two alternates. These positions are filled as follows: The County Board of Supervisors appoints four, members of the Retirement System elect six (including the two alternates) and the County Treasurer-Tax Collector is an ex-officio member. The Retirement System is a legally separate entity and is not a component unit of the County. It publishes its own Comprehensive Annual Financial Report and receives its own independent audit.

Additional detailed information and separately issued financial statements can be obtained from the Retirement System located at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

**Funding Policy**

Contributions are made by members and employers at rates recommended by an independent actuary, approved by the Board of Retirement, and adopted by the County Board of Supervisors. General employees and firefighters are members of General Plan 5A and Safety Plan 4A, respectively. The employee contributions of plan members of General Plan 5A range from 2.77% to 5.72%. The employee contributions of plan members of Safety Plan 4A range from 5.13% to 9.04%. The District is required to contribute an actuarially determined employer rate; the employer rate is 17.59% for General Plan 5A and 26.87% for Safety Plan 4A members. Employee contribution rates are based upon each employee’s age of entry. Member contributions cannot be withdrawn until separation from employment.

**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 – 3.0%
- Salary increases – 3.50% plus merit component
- COLA Increases – up to 2.75% for those with a 3% COLA cap and 2.0% for those with a 2% COLA cap
- Post-Retirement Mortality – Sex distinct RP-2000 Combined Mortality, projected with generational improvements.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7: RETIREMENT PLAN (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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	19%	5.6%
Investment grade bonds	10%	0.70%
Emerging market non-U.S. equity	10%	8.80%
Developed market non-U.S. equity	9%	6.00%
Private equity	7%	7.20%
Tips	7%	0.40%
Private real estate	6%	4.00%
High yield bonds	4%	3.60%
Foreign bonds	4%	-0.30%
Emerging market bonds	3%	3.50%
Natural resources (private)	3%	6.40%
Commodities	3%	2.20%
Bank loans	2%	2.40%
Other -	9%	-.020% - 7.60%

The discount rate used to measure the total pension liability was 7.5%. 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.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7: RETIREMENT PLAN (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	\$ 17,261,179	\$ 11,056,226	\$ 5,971,007

Detailed information about the pension fund’s fiduciary net position is available in the separately issued Santa Barbara County Employee Retirement System (SBCERS) comprehensive annual financial report which may be obtained by contacting SBCERS.

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS**

**Plan Description**

The District’s agent multiple-employer defined benefit postemployment healthcare plan (OPEB Plan) is administered by the Santa Barbara County Employees’ Retirement System (Retirement System). The OPEB Plan provides medical benefits to eligible retired District and other employer plan sponsors’ employees, as well as to their eligible dependents, pursuant to California Government Code Section 31694 et seq. Other employer plan sponsors include Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court.

In September 2008, the District and the Retirement System adopted an Internal Revenue Code (IRC) Section 401(h) account that provides for these benefits. Under GASB Statement 43, *Reporting for Post-Employment Benefit Plans Other Than Pension Plans* and GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the liability related to the plan is required to be determined for both retirement systems and employers. GASB Statement 43 and 45 are not limited to the reporting of vested benefits.

Additional detailed information and separately issued financial statements can be obtained from the Retirement System located at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)**

**Plan Benefits**

Retirees are offered the same health plans as active District employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active District employees; as such, the District does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the District provides a monthly insurance premium subsidy of \$15 (whole dollars) per year of credit service from the 401(h) account for Eligible Retired Participants participating in a District-sponsored health insurance plan. The monthly insurance premium subsidy is applied directly by the Retirement System to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any amount in excess of the premium is forfeited.

If an Eligible Retired Participant does not participate in the District-sponsored health insurance plan, then the Retirement System reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is \$4 (whole dollars) per year of credited service.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 (whole dollars) per month or a subsidy of \$15 (whole dollar) per month per year of service, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

Survivors of Eligible Retired Participants (Spouses and Dependents) continue to receive a subsidy proportionate to their percentage of the retiree's pension benefit (if any).

**Funding Policy**

The District and other participating employer plan sponsors individually determine their separate contributions to the Retirement System to fund the OPEB Plan. The District has adopted a pay-as-you-go basis for funding retiree medical benefits.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 an open/rolling 30 year period.

For fiscal year ended June 30, 2016, the OPEB ARC was \$187,730, or approximately 4% of the District’s estimated annual covered payroll. This includes the normal costs for the year for current active employees of \$54,153, and \$103,799 for UAAL amortization. The District’s contribution to the OPEB Plan for fiscal year ended June 30, 2017 was \$163,226.

The following are the components of the District’s annual OPEB cost for the fiscal year ended June 30, 2017:

Annual required contribution	\$ 198,887
Contribution made	<u>(163,226)</u>
Increase in net OPEB obligation	35,661
Net OPEB obligation – beginning of year	<u>157,764</u>
Net OPEB obligation – end of year	<u>\$ 193,425</u>
 Percentage of ARC contributed	 86.95%

**Funding Status and Funding Process:**

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 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 will, in subsequent fiscal years, present multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)**

Using the most recent actuarial valuation dated June 30, 2016, the following is the funded status of the OPEB Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
06/30/2016	\$0	\$2,707,026	\$2,707,026	0%	\$3,505,457	71.81%

**Actuarial Methods and Assumptions:**

Projections of benefits are based on the types of benefits provided under the substantive plan (the plan as understood by the employer and plan members) at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. Additionally, the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and the plan members in the future.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of investment expenses). The OPEB Plan’s AAL is being amortized as a level percentage of projected payroll on a 30 year open/rolling basis.

**NOTE 9: RESTRICTED NET POSITION**

Restricted net position at June 30, 2017 represent restrictions imposed by the City of Carpinteria Code Chapter 8.26.100 and County of Santa Barbara Code Chapter 15.65 regarding the purpose and use of mitigation fees. Both codes stipulate that funds collected from fire protection mitigation fees are restricted in use for the costs of purchasing, constructing or improving public facilities necessary in providing fire protection services. Such public facilities may include: equipment, apparatus, buildings, and structures.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

**Grant Revenues**

The District recognizes as revenues grant monies earned for costs incurred in certain Federal and State programs the District participates in. The program may be subject to financial and compliance audits by the reimbursing agency. The amount, if any, of the expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**NOTE 11: 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.

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. These are the pension contributions made during the 2017 fiscal year which for reporting purposes are deferred until the following fiscal year. The sum total is \$1,582,346. In addition, the District reports deferred outflows related to contribution differences and investment return results that will be recognized over the following 4 fiscal years. The total for these was \$2,138,550.

The District also recognized deferred inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. This is related to experience and proportional differences that will be captured into income in future years. The sum total for these balances at year-end is \$1,162,440.

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.

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 11: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)**

The deferred outflows related to investment return differences and contribution differences, and the deferred inflows related to proportional differences and experience differences will be amortized over a 4 year period as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 75,002
2018	75,002
2019	587,409
2020	238,697
Total	<u>\$976,110</u>

**NOTE 12: SUBSEQUENT EVENTS**

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the District has evaluated subsequent events through October 15, 2017, which is the date these financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED  
JUNE 30, 2017**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Property taxes	\$ 8,293,011	\$ 8,293,011	\$ 8,708,317	\$ 415,306
Licenses, permits, and fees	40,000	40,000	39,943	(57)
Investment income	(1,323)	(1,323)	10,503	11,826
Rental income	18,000	18,000	18,000	-
Intergovernmental	387,409	387,409	593,221	205,812
Charges for services	16,000	16,000	12,829	(3,171)
Miscellaneous	15,000	15,000	11,650	(3,350)
	<u>8,768,097</u>	<u>8,768,097</u>	<u>9,394,463</u>	<u>626,366</u>
<b>Expenditures:</b>				
Current				
Salaries and benefits	7,509,505	7,509,505	7,505,925	3,580
Services and supplies	1,148,400	1,148,400	1,159,506	(11,106)
Capital outlay	-	-	28,688	(28,688)
Debt service:				
Principal	23,000	23,000	18,809	4,191
Interest	1,000	1,000	18	982
	<u>\$ 8,681,905</u>	<u>\$ 8,681,905</u>	<u>8,712,946</u>	<u>\$ (31,041)</u>
Total expenditures				
			681,517	
Excess of revenues over expenditures				
<b>Other financing sources:</b>				
Transfer out			<u>(143,681)</u>	
Total other financial sources			(143,681)	
Net change in fund balances			<u>537,836</u>	
Fund balances - July 1, 2016			<u>4,086,275</u>	
Fund balances - June 30, 2017			<u>\$ 4,624,111</u>	

See accompanying footnote

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**JUNE 30, 2017**

**NOTE 1: BUDGETARY AND LEGAL COMPLIANCE**

In accordance with California Health and Safety Code Section 13895, on or before October 1, the District must submit a board approved budget to the County Auditor. Annual budgets are adopted for the District's general, capital projects, and capital replacement funds. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP. Annually the Board of Directors conducts a public hearing for the discussion of proposed budgets. At the conclusion of the hearing, the Board adopts the final budgets. All appropriations lapse at fiscal year-end and are subject to re-appropriation as part of the following year's budget. The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the object level. Any changes in the annual budget must be changed by a vote of the Board.

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
JUNE 30, 2017**

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

Last 10 Fiscal years\*:

	FY 2016	FY 2015	FY 2014
District’s proportion of the net pension liability	1.32%	1.38%	1.39%
District’s proportionate share of the net pension liability	\$ 11,056,226	\$ 10,050,723	\$ 8,484,317
District’s covered employee payroll	3,422,037	3,500,979	3,353,615
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	323.09%	287.1%	253.0%
Plan Fiduciary net position as a percentage of the total pension liability	75.24%	77.7%	80.5%

CALPERS - Schedule of District contributions

Last 10 Fiscal Years\*:

	FY 2016	FY 2015	FY 2014
Actuarially determined contribution	\$ 1,629,945	\$ 1,705,221	\$ 1,709,622
Total actual contributions	(1,629,945)	(1,705,221)	(1,709,622)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District’s covered-employee payroll	\$ 3,422,037	\$ 3,500,979	\$ 3,353,615
Contributions as a percentage of cvd employee payroll	47.6%	48.7%	51.0%

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.