



Certified Public Accountants
and Financial Advisors

**Deer Springs Fire Protection
District**

Financial Statements

June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Deer Springs Fire Protection District
Escondido, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Deer Springs Fire Protection District, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Deer Springs 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.



Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other postemployment benefits plan schedule of funding progress on pages 5 through 10 and 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Deer Springs Fire Protection District basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The organizational structure schedule and assessed valuation 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 it.

SQUAR MILNER LLP

San Diego, California
October 17, 2016

**DEER SPRINGS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

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

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

FINANCIAL HIGHLIGHTS

- The District's ending net position was \$11,286,858.
- The increase in net position for the fiscal year was \$728,487.
- The District had an excess of revenue over expenditures in the General Fund (before transfers) in the amount of \$871,994 in the current fiscal year compared to \$795,771 in the previous fiscal year.
- This fiscal year the District had \$57,101 worth of additions to capital assets compared to \$0 in the previous fiscal year.
- The District's General Fund Budget for this fiscal year showed a deficiency of revenues under expenditures (before transfers) of \$308,482 compared to the actual amount of an excess of revenues over expenditures of \$871,994.

OVERVIEW OF 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.

**DEER SPRINGS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

OVERVIEW OF FINANCIAL STATEMENTS (continued)

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 type 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.

In addition to the basic financial statements and notes, this report also presents required supplementary information – budgetary comparison schedules and the supplementary information – assessed property valuation and organizational structure.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's overall financial position continues to be extremely strong as evidenced by the fact that 79% of its net position is in cash.

Statement of Net Position

A summary of the District's Statement of Net Position is presented in Table 1 below for the current fiscal year and the prior fiscal year. The Statement of Net Position presents the District's financial position relating to its assets and liabilities. Assets in excess of liabilities, the Net Position, for fiscal year 2015-2016 increased \$728,487 over fiscal year 2014-2015.

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, Assets exceeded Liabilities by \$11,286,858 as of June 30, 2016. A significant portion of the District's net position is its investment in capital assets (e.g., land, structures and improvements, engines and vehicles, and equipment). The District uses these capital assets to provide services to its constituents; consequently, these assets are not available for future spending.

**DEER SPRINGS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Position (continued)

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**TABLE 1
Condensed Statement of Net Position**

	2016	2015	\$ Change	% Change
ASSETS				
Current assets	\$ 9,197,606	\$ 8,229,517	\$ 968,089	11.76%
Capital assets, net of depreciation	2,198,104	2,342,946	(144,842)	-6.18%
TOTAL ASSETS	11,395,710	10,572,463	823,247	7.79%
LIABILITIES				
Current liabilities	99,627	5,220	94,407	1808.56%
General long-term debt	9,225	8,872	353	100.00%
TOTAL LIABILITIES	108,852	14,092	94,760	672.44%
NET POSITION				
Net investments in capital assets	2,198,104	2,342,946	(144,842)	-6.18%
Unrestricted	9,088,754	8,215,425	873,329	10.63%
TOTAL NET POSITION	\$ 11,286,858	\$ 10,558,371	\$ 728,487	6.90%

Statement of Activities

- The District's total revenues for the fiscal year ended June 30, 2016, excluding inter-fund transfers, increased to \$5,112,998 from \$4,748,369 for the preceding fiscal year.
- The District's total expenses increased by \$231,292.
- The excess of revenues over expense was \$728,487.

**DEER SPRINGS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities (continued)

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

**TABLE 2
Condensed Statement of Activities**

	2016	2015	\$ Change	% Change
REVENUE				
Program revenues:				
Charges for services	\$ 4,311,268	\$ 3,389,545	\$ 921,723	27.19%
Operating grants and contributions	161,725	39,259	122,466	311.94%
Mitigation fees	37,854	32,677	5,177	15.84%
General revenues	602,151	1,286,888	(684,737)	-53.21%
Total revenue	<u>5,112,998</u>	<u>4,748,369</u>	<u>364,629</u>	<u>7.68%</u>
EXPENDITURES				
Fire protection - operations	4,064,212	3,954,844	109,368	2.77%
Administration and depreciation	320,299	198,375	121,924	61.46%
Total expenditures	<u>4,384,511</u>	<u>4,153,219</u>	<u>231,292</u>	<u>5.57%</u>
CHANGE IN NET POSITION	<u>\$ 728,487</u>	<u>\$ 595,150</u>	<u>\$ 133,337</u>	<u>22.40%</u>

General Fund Budgetary Highlights

The District's total budget for the General Fund for this fiscal year showed expenditures in excess of revenues of \$308,482 compared to the actual amount of an excess of revenues over expenditures of \$871,994. The District budget to actual difference for the fiscal year was \$1,180,476.

**DEER SPRINGS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table presents the expenditure variances from budgeted amounts in the General Fund:

**TABLE 3
Excess of Expenditures over Appropriations**

General Fund Variances	Budgeted	Actual	Variance
Expenditures	Amount	Amount	
Maintenance and supplies - Station	\$ 53,100	\$ 63,958	\$ (10,858)

These overages were largely due to higher than planned maintenance expenditures. Overall, the District ended the fiscal year in a stable position.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

**TABLE 4
Changes in Capital Assets**

	2016	2015	\$ Change	% Change
Land	\$ 764,065	\$ 764,065	\$ -	0.00%
Structures and improvements	2,479,779	2,422,678	57,101	2.36%
Apparatus and trucks	1,479,474	1,479,474	-	0.00%
Equipment	1,085,644	1,085,644	-	0.00%
Less: accumulated depreciation	(3,610,858)	(3,408,915)	(201,943)	5.92%
Capital assets, net of depreciation	<u>\$ 2,198,104</u>	<u>\$ 2,342,946</u>	<u>\$ (144,842)</u>	-6.18%

Long-Term Liabilities

The District has \$9,225 in compensated absences.

**DEER SPRINGS FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The current and anticipated growth in new development in the District together with the constant increases in the annual costs of providing public fire protection and prevention services and emergency medical services requires the District to balance its level of service capabilities with its available financial resources. The District is exploring alternative means to improve response times and to decrease ISO ratings while maintaining its current service levels.

CONTACTING THE DISTRICT

This financial report is designed to provide the Board, governmental agencies, customers, creditors, and the public with a general overview of the District's accountability for the financial resources it manages. If there are questions regarding this report, or additional financial information is required, please contact the District Administrator for the Deer Springs Fire Protection District at 8709 Circle R Drive, Escondido, CA 92026 or call (760) 749-8001.

DEER SPRINGS FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash in County Treasury	\$ 8,927,148
Cash in banks	12,280
Accounts receivable	258,178
Capital assets:	
Land	764,065
Structures and improvements	2,479,779
Apparatus and trucks	1,479,474
Equipment	1,085,644
Less: accumulated depreciation	<u>(3,610,858)</u>
TOTAL ASSETS	<u>11,395,710</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	99,627
Noncurrent liabilities:	
Due in more than one year	<u>9,225</u>
TOTAL LIABILITIES	<u>108,852</u>
 NET POSITION	
Net investment in capital assets	2,198,104
Unrestricted	<u>9,088,754</u>
TOTAL NET POSITION	<u><u>\$ 11,286,858</u></u>

DEER SPRINGS FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENT ACTIVITIES					
Fire protection - operations	\$ 4,064,212	\$ 4,311,268	\$ 161,725	\$ 37,854	\$ 446,635
General administration	118,356	-	-	-	(118,356)
Unallocated depreciation	201,943	-	-	-	(201,943)
TOTAL GOVERNMENT ACTIVITIES	<u>\$ 4,384,511</u>	<u>\$ 4,311,268</u>	<u>\$ 161,725</u>	<u>\$ 37,854</u>	<u>126,336</u>
GENERAL REVENUES					
					419,187
					49,846
					133,118
					<u>602,151</u>
					CHANGE IN NET POSITION 728,487
					NET POSITION, JULY 1 10,558,371
					<u>NET POSITION, JUNE 30 \$ 11,286,858</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Capital Projects Fund	Mitigation Fund	Total
ASSETS				
Current assets				
Cash in county treasury	\$7,121,687	\$1,775,000	\$ 30,461	\$ 8,927,148
Cash in banks	12,280	-	-	12,280
Accounts receivable	241,902	2,414	13,862	258,178
Due from other funds	1,349,078	-	-	1,349,078
TOTAL ASSETS	<u>\$8,724,947</u>	<u>\$1,777,414</u>	<u>\$ 44,323</u>	<u>\$ 10,546,684</u>
 LIABILITIES AND FUND BALANCE				
Current liabilities				
Liabilities				
Accounts payable	\$ 99,627	\$ -	\$ -	\$ 99,627
Due to other funds	-	-	1,349,078	1,349,078
Total liabilities	<u>99,627</u>	<u>-</u>	<u>1,349,078</u>	<u>1,448,705</u>
 FUND BALANCE				
Unassigned	8,625,320	1,777,414	(1,304,755)	9,097,979
Total fund balance (deficit)	<u>8,625,320</u>	<u>1,777,414</u>	<u>(1,304,755)</u>	<u>9,097,979</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$8,724,947</u>	<u>\$1,777,414</u>	<u>\$ 44,323</u>	<u>\$ 10,546,684</u>

**DEER SPRINGS FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016**

Total fund balances - governmental fund balance sheet	\$ 9,097,979
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	2,198,104
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(9,225)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 11,286,858</u>

**DEER SPRINGS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016**

	General Fund	Capital Projects Fund	Mitigation Fund	Total
REVENUES				
Property taxes	\$ 419,187	\$ -	\$ -	\$ 419,187
Standby fees	1,593,164	-	-	1,593,164
Fire suppression assessment	1,857,467	-	-	1,857,467
Mitigation fees	-	-	37,854	37,854
Interest income	40,511	9,055	280	49,846
Fire protection services	860,637	-	-	860,637
Grant revenues	161,725	-	-	161,725
First response fees	107,558	-	-	107,558
Other revenue	25,560	-	-	25,560
Total revenues	5,065,809	9,055	38,134	5,112,998
EXPENDITURES				
Current				
Salaries and benefits	164,031	-	-	164,031
Dues and subscriptions	2,298	-	-	2,298
Fuel and oil	20,350	-	-	20,350
Grant expenditures	158,968	-	-	158,968
County services and fees	11,022	-	-	11,022
Insurance	21,793	-	-	21,793
CDF contract	3,594,651	-	-	3,594,651
Maintenance and supplies - Station	63,958	-	-	63,958
Maintenance - Equipment	6,297	-	-	6,297
Maintenance - Vehicles	55,247	-	-	55,247
Office expense	9,020	-	-	9,020
Professional services	15,277	-	-	15,277
Printing	957	-	-	957
Travel and conference	710	-	-	710
Utilities	52,060	-	-	52,060
Weed abatement	-	-	-	-
Miscellaneous	5,576	-	-	5,576
Capital outlay	11,600	45,501	-	57,101
Total expenditures	4,193,815	45,501	-	4,239,316
Excess (deficiency) of revenues over (under) expenditures	871,994	(36,446)	38,134	873,682

**DEER SPRINGS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016**

	General Fund	Capital Projects Fund	Mitigation Fund	Total
Other financing sources (uses)				
Transfers in	-	260,000	30,000	290,000
Transfers out	(260,000)	-	(30,000)	(290,000)
Total other financing sources (uses)	(260,000)	260,000	-	-
NET CHANGE IN FUND BALANCE	611,994	223,554	38,134	873,682
FUND BALANCE, JULY 1	8,013,326	1,553,860	(1,342,889)	8,224,297
FUND BALANCES, JUNE 30	<u>\$ 8,625,320</u>	<u>\$ 1,777,414</u>	<u>\$ (1,304,755)</u>	<u>\$ 9,097,979</u>

**DEER SPRINGS 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 Year Ended June 30, 2016**

Net change in fund balances - total governmental funds	\$ 873,682
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	57,101
The depreciation of capital assets used in governmental activities is not reported in the funds.	(201,943)
Compensated absences are reported as the amount earned in the SOA, but reported as the amount paid in the funds.	<u>(353)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 728,487</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Deer Springs 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 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 Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and 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 assets 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. 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.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Basis of Presentation (continued)

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 non-major funds.

The District reports the following major governmental funds:

- The General Fund is the general operating fund of the District. It accounts for all financial resources of the District not accounted for and reported in another fund.
- The Capital Projects Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay projects.
- The Fire Mitigation Fund is used for fees collected that can only be used to purchase capital assets.

Non-major governmental funds:

- The District did not have any non-major governmental funds.

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.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting (continued)

Measurement Focus, Basis of Accounting (continued)

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 in the current period to fund its expenditures. 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.

When the District incurs an expenditure or 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.

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.

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 governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district administrator during the fiscal year to give consideration to unanticipated income and expenditures.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

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

Governmental Accounting Standards Implementation in Current Year

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

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

Assets, Liabilities, and Equity

Cash

Cash balances held in banks are insured to \$250,000 by the Federal Deposit Insurance Corporation. As of June 30, 2016, the District had no uninsured funds.

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

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, and Equity (continued)

Cash (continued)

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury indicates the amount was less than 1% for the fiscal year ended June 30, 2016.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Land	N/A
Structures and Improvements	20 - 30
Equipment and Vehicles	5 - 30

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. As of June 30, 2016, compensated absences was \$9,225.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received, on specific projects and programs, exceeds qualified expenditures. As of June 30, 2016, the District did not have any unearned revenue.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 January 1. Taxes are payable in two installments on November 1 and February 1. 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.

Fund Balance Reserves and Designations

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 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.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes (continued)

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

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

When the District incurs an expenditure or 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 or expense 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.

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.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compliance and Accountability

Finance-Related Legal and Contractual Provisions

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

Violation	Action Taken
None Reported	Not Applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at fiscal year-end, if any, along with remarks, which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Mitigation Fund	<u>\$ (1,304,755)</u>	The District utilized mitigation funds first and took a loan from the General Fund to pay for capital expenditures. The Mitigation Fund will pay back the General Fund as developer and mitigation fees come into the District.

2. CASH

Cash in County Treasury

The District maintains its cash in the County Treasury as part of the common investment pool of \$8,927,148 as of June 30, 2016.

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

Cash in Banks

Cash balances in banks (\$12,280 as of June 30, 2016) are insured up to \$250,000 by the Federal Deposit Insurance Corporation. As of June 30, 2016, the District had no uninsured funds.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

2. CASH (continued)

Analysis of Specific Deposits

Cash as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:

	<u>Credit Quality Rating</u>	
Cash in County Treasury	Not rated	\$ 8,927,148
Cash in banks	Not rated	<u>12,280</u>
Total cash		<u>\$ 8,939,428</u>
Cash in County Treasury		\$ 8,927,148
Deposits with financial institutions		<u>12,280</u>
Total cash		<u>\$ 8,939,428</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institute, 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, 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.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

2. CASH (continued)

Analysis of Specific Deposits (continued)

Investment Accounting Policy

The District is required by GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earnings investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value.

The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the investment Company Act of 1940.

3. ACCOUNTS RECEIVABLE

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

	General Fund	Capital Projects Fund	Mitigation Fund	Total
Property taxes	\$ 1,379	\$ -	\$ -	\$ 1,379
Standby fees	4,832	-	-	4,832
Refund from overpayment to CalF	18,480	-	-	18,480
Fire suppression assessment	3,723	-	-	3,723
Mitigation fees	-	-	13,781	13,781
Interest income	10,631	2,414	81	13,126
County enhancement fund	201,379	-	-	201,379
Other revenue	1,478	-	-	1,478
Total accounts receivable	\$ 241,902	\$ 2,414	\$ 13,862	\$ 258,178

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

4. INTERFUND BALANCES AND ACTIVITIES

Due To and From Other Funds

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

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Mitigation Fund	\$ 1,349,078	Capital projects costs
	Total	<u>\$ 1,349,078</u>	

The due to and due from other funds represents the amounts transferred between various funds for the payments of expenses. The balances that are reflected in the financial statements represent both current and prior year's accumulated transfers. As of June 30, 2016, the Board of Directors has indicated that repayment of transfers will be made at some future date.

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

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects Fund	General Fund	\$ 230,000	Capital projects costs
Mitigation Fund	General Fund	30,000	Fund balance reductio
Capital Projects Fund	Mitigation Fund	30,000	Capital project costs
	Total	<u>\$ 290,000</u>	

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2016, were as follows:

Governmental activities	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 764,065	\$ -	\$ -	\$ 764,065
Total capital assets, not being depreciated	<u>764,065</u>	<u>-</u>	<u>-</u>	<u>764,065</u>
Capital assets, being depreciated:				
Structures and improvements	2,422,678	57,101	-	2,479,779
Apparatus and trucks	1,479,474	-	-	1,479,474
Equipment	1,085,644	-	-	1,085,644
Total capital assets, being depreciated	<u>4,987,796</u>	<u>57,101</u>	<u>-</u>	<u>5,044,897</u>
Less accumulated depreciation for:				
Structures and improvements	(1,179,546)	(101,137)	-	(1,280,683)
Apparatus and trucks	(1,231,643)	(81,802)	-	(1,313,445)
Equipment	(997,726)	(19,004)	-	(1,016,730)
Total accumulated depreciation	<u>(3,408,915)</u>	<u>(201,943)</u>	<u>-</u>	<u>(3,610,858)</u>
Total capital assets, being depreciated, net	<u>1,578,881</u>	<u>(144,842)</u>	<u>-</u>	<u>1,434,039</u>
Capital assets, net of depreciation	<u>\$ 2,342,946</u>	<u>\$(144,842)</u>	<u>\$ -</u>	<u>\$ 2,198,104</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

6. LONG-TERM DEBT

Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	Beginning			Ending	Amounts
Governmental Activities	Balance	Increases	Decreases	Balance	Due Within
					One Year
Compensated					
absences	\$ 8,872	\$ 353	\$ -	\$ 9,225	\$ -
Total governmental					
activities	<u>\$ 8,872</u>	<u>\$ 353</u>	<u>\$ -</u>	<u>\$ 9,225</u>	<u>\$ -</u>

7. POST EMPLOYEE BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The District does not provide post-retirement health care benefits to current employees; however, two employees met previous eligibility requirements that have allowed them to maintain health care benefits after their retirement. One employee is required to reimburse the District for amounts over a certain threshold, while the other employee is covered 100%.

Funding Policy

The District funds the plan using the “Pay-as-you-go” method under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (“OPEB”) cost is calculated based on the annual required contribution (“ARC”). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the employers with plans that have fewer than 100 total members. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year.

DEER SPRINGS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

7. POST EMPLOYEE BENEFITS OTHER THAN PENSION BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the District's net annual OPEB cost for the year, the amount actually paid by the Plan for the preceding three years, and the District's net OPEB obligation to the Plan for the following five years:

<u>Years Ended</u>	<u>Net Annual Required Contribution</u>
6/30/2014	\$ 31,354
6/30/2015	\$ 28,922
6/30/2016	\$ 30,262
6/30/2017	\$ 25,558
6/30/2018	\$ 26,836
6/30/2019	\$ 28,178
6/30/2020	\$ 28,587
6/30/2021	\$ 31,066

Methods and Assumptions

The following simplifying assumptions were made:

- Projected five years were based on actual participants and on an annual increase of 5.0%. If the board votes to extend benefits to additional employees at retirement, those participants will be added at that time.

8. SIMPLE IRA PLAN

The District offers its employees a savings incentive match plan for employees of small employers (Simple IRA). The plan is available to all eligible employees and permits them to defer a portion of their salary until future years. In addition, the District contributes \$300 a month (maximum \$3,600 per year) for each eligible employee. The District does not meet the criteria for fiduciary fund reporting since it does not have either significant administrative involvement (e.g. custody) or perform the investment function of the plan. The District contribution for the years ending June 30, 2016, 2015 and 2014 was \$3,600 for each year, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

DEER SPRINGS FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUE				
Property taxes	\$ 385,000	\$ 385,000	\$ 419,187	\$ 34,187
Standby fees	1,586,000	1,586,000	1,593,164	7,164
Fire suppression assessment	1,930,500	1,930,500	1,857,467	(73,033)
Interest income	20,000	20,000	40,511	20,511
Fire protection services	876,156	876,156	860,637	(15,519)
Grant revenues	134,096	134,096	161,725	27,629
First response fees	12,000	12,000	107,558	95,558
Other revenue	4,600	4,600	25,560	20,960
Total revenues	<u>4,948,352</u>	<u>4,948,352</u>	<u>5,065,809</u>	<u>117,457</u>
EXPENDITURES				
Current				
Salaries and benefits	211,206	211,206	164,031	47,175
Dues and subscriptions	4,100	4,100	2,298	1,802
Fuel and oil	35,000	35,000	20,350	14,650
Grant expenditures	180,882	180,882	158,968	21,914
County services and fees	65,395	65,395	11,022	54,373
Insurance	23,000	23,000	21,793	1,207
CDF contract	4,479,953	4,479,953	3,594,651	885,302
Maintenance and supplies - Station	53,100	53,100	63,958	(10,858)
Maintenance - Equipment	15,300	15,300	6,297	9,003
Maintenance - Vehicles	68,360	68,360	55,247	13,113
Office expense	10,500	10,500	9,020	1,480
Professional services	19,450	19,450	15,277	4,173
Printing	1,000	1,000	957	43
Travel and conference	1,000	1,000	710	290
Utilities	53,688	53,688	52,060	1,628
Miscellaneous	5,900	5,900	5,576	324
Capital outlay	29,000	29,000	11,600	17,400
Total expenditures	<u>5,256,834</u>	<u>5,256,834</u>	<u>4,193,815</u>	<u>1,063,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(308,482)</u>	<u>(308,482)</u>	<u>871,994</u>	<u>1,180,476</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Excess (deficiency) of revenues over (under) expenditures	(308,482)	(308,482)	871,994	1,180,476
Other financing sources (uses)				
Transfers out	(245,000)	(245,000)	(260,000)	15,000
Total other financing sources (uses)	(245,000)	(245,000)	(260,000)	15,000
NET CHANGE IN FUND BALANCE	(553,482)	(553,482)	611,994	1,195,476
FUND BALANCE, JULY 1	8,013,326	8,013,326	8,013,326	-
FUND BALANCE, JUNE 30	<u>\$ 7,459,844</u>	<u>\$ 7,459,844</u>	<u>\$ 8,625,320</u>	<u>\$ 1,195,476</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Interest income	\$ 4,000	\$ 4,000	\$ 9,055	\$ 5,055
Total revenues	4,000	4,000	9,055	5,055
EXPENDITURE				
Capital outlay	550,000	550,000	45,501	504,499
Total expenditures	550,000	550,000	45,501	504,499
Excess (deficiency) of revenues over (under) expenditures	(546,000)	(546,000)	(36,446)	(499,444)
Other financing sources (uses)				
Transfers in	245,000	245,000	260,000	15,000
Total other financing sources (uses)	245,000	245,000	260,000	15,000
NET CHANGE IN FUND BALANCE	(301,000)	(301,000)	223,554	(484,444)
FUND BALANCE, JULY 1	1,553,860	1,553,860	1,553,860	-
FUND BALANCE, JUNE 30	\$1,252,860	\$1,252,860	\$1,777,414	\$ (484,444)

DEER SPRINGS FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
MITIGATION FUND
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Mitigation fees	\$ 25,000	\$ 25,000	\$ 37,854	\$ 12,854
Interest income	150	150	280	130
Total revenues	<u>25,150</u>	<u>25,150</u>	<u>38,134</u>	<u>12,984</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,150</u>	<u>25,150</u>	<u>38,134</u>	<u>12,984</u>
Other financing sources (uses)				
Transfers in	30,000	30,000	30,000	-
Transfers out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	25,150	25,150	38,134	12,984
FUND BALANCE, JULY 1	<u>(1,342,889)</u>	<u>(1,342,889)</u>	<u>\$(1,342,889)</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$(1,317,739)</u>	<u>\$(1,317,739)</u>	<u>\$(1,304,755)</u>	<u>\$ 12,984</u>

**DEER SPRINGS FIRE PROTECTION DISTRICT
OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE
OF FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2016**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) - entry age (b)	Funded ratio (a/b)
6/30/2014	\$ 31,354	\$ 31,354	100%
6/30/2015	28,922	28,922	100%
6/30/2016	30,262	30,262	100%

OTHER SUPPLEMENTARY INFORMATION

**DEER SPRINGS FIRE PROTECTION DISTRICT
ORGANIZATION STRUCTURE
June 30, 2016**

The Deer Springs Fire Protection District (District) was formed on December 15, 1981, and operates under the Health and Safety Code Sections 13801-13999 of the State of California, and provides fire protection services to an area of approximately 44 square miles. The District's administrative office and fire station is located at 8709 Circle R Drive, Escondido, California 92026. In addition, the District operates a second fire station located at 1321 Deer Springs Road, San Marcos, California, and a third fire station located at 10308 Meadow Glen Way East, Escondido, California.

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

Name	Office	Term	Term Expiration
Robert Osby	President	4 Years	December 2018
Jean Slaughter	Vice President	4 Years	December 2018
Bret Sealey	Treasurer	4 Years	December 2016
Tim Geiser	Director	4 Years	December 2016
James Gordon	Director	10 Months	December 2016

Administration

Name	Position
Robert Osby	President
Liz Heaton	District Administrator

DEER SPRINGS FIRE PROTECTION DISTRICT
ASSESSED VALUATION
June 30, 2016

Assessed valuation:

Secured property	\$ 2,122,163,849
Unsecured property	<u>8,296,321</u>
Total assessed valuation	<u><u>\$ 2,130,460,170</u></u>