FIVE CITIES FIRE AUTHORITY

AUDIT REPORT

For the Fiscal Year Ended June 30, 2015

FIVE CITIES FIRE AUTHORITY
AUDIT REPORT
Table of Contents
For the Fiscal Year Ended June 30, 2015

FINANCIAL SECTION

Independent Auditors' Report 1

Basic Financial Statements:
- Government-wide Financial Statements:
  - Statement of Net Position 3
  - Statement of Activities 4
- Fund Financial Statements:
  - Balance Sheet – Governmental Fund 5
  - Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position 6
  - Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund 7
  - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities 8
- Notes to Basic Financial Statements 9

REQUIRED SUPPLEMENTARY INFORMATION SECTION (unaudited)

Budgetary Information – General Fund 23
Other Postemployment Benefits – Schedule of Funding Progress 24
Net Pension Liability – Schedule of Proportionate Share 25
Net Pension Liability – Schedule of Contributions 27

FIVE CITIES FIRE AUTHORITY

FINANCIAL SECTION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Five Cities Fire Authority
Arroyo Grande, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Five Cities Fire Authority (the Authority) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the major fund of Five Cities Fire Authority, as of June 30, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com

BEVERLY HILLS · CULVER CITY · SANTA MARIA

Emphasis of Matter

Change in Accounting Principles

As discussed in note 1 to the basic financial statements effective July 1, 2014, the Five Cities Fire Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary information on page 23, the schedule of funding progress for Post Employment Benefits Other than Pensions on page 24, the schedule of proportionate share on page 25 and 26, and the schedule of contributions on page 27 and 28, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the Five Cities Fire Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim LLP

Santa Maria, California
December 1, 2015

FIVE CITIES FIRE AUTHORITY
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash and investments	$ 569,676
Interest receivable	329
Capital assets:	
Depreciable:	
Vehicles and equipment	717,255
Accumulated depreciation	(555,866)
Total assets	731,394
DEFERRED OUTFLOWS OF RESOURCES	
Pension	378,951
Total deferred outflows of resources	378,951
LIABILITIES	
Accounts payable	244,685
Accrued payroll	93,628
Unearned revenue	325
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	348,086
Net pension liability	1,174,799
Other postemployment benefits	115,837
Total liabilities	1,977,360
DEFERRED INFLOWS OF RESOURCES	
Pension	375,133
Total deferred outflows of resources	375,133
NET POSITION	
Net investment in capital assets	161,389
Unrestricted	(1,403,537)
Total net position	$ (1,242,148)

The notes to the basic financial statements are an integral part of this statement.

FIVE CITIES FIRE AUTHORITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Fire protection services	$ 4,338,350	$ 3,771,295	$ 147,687	$ -	$ (419,368)
Total governmental activities	$ 4,338,350	$ 3,771,295	$ 147,687	$ -	(419,368)
General Revenues					
Investment income					733
Total general revenues					733
Change in net position					(418,635)
Net position at beginning of fiscal year					196,240
Prior period adjustment					(1,019,753)
Net position at beginning of fiscal year-restated					(823,513)
Net position at end of fiscal year					$ (1,242,148)

The notes to the basic financial statements are an integral part of this statement.

FIVE CITIES FIRE AUTHORITY
GOVERNMENTAL FUND
BALANCE SHEET
June 30, 2015

	General Fund
ASSETS	
Cash and investments	$ 569,676
Interest receivable	329
Total assets	$ 570,005
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 244,685
Accrued payroll	93,628
Unearned revenue	325
Total liabilities	338,638
Fund Balance:	
Unrestricted	231,367
Total fund balance	231,367
Total liabilities and fund balance	$ 570,005

The notes to the basic financial statements are an integral part of this statement.

FIVE CITIES FIRE AUTHORITY

RECONCILIATION OF THE GOVERNMENTAL FUND - BALANCE SHEET

TO THE STATEMENT OF NET POSITION

For the Fiscal Year Ended June 30, 2015

Total fund balance - governmental fund		$ 231,367
In the governmental fund, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 717,255	
Accumulated depreciation	(555,866)	
Net capital assets		161,389
In the governmental fund, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absences	$ 348,086	
Net pension liability	1,174,799	
Other postemployment benefits	115,837	
Total long-term liabilities		(1,638,722)
In governmental funds, pension obligations are deferred because they do not meet current financial obligations. However, in government-wide statement of net position, deferred outflows and deferred inflows of resources related to pensions are recorded. The difference between deferred outflows of resources of $378,951 and deferred inflows of resources of $(375,133) is:		3,818
Total net position - governmental activities		$ (1,242,148)

FIVE CITIES FIRE AUTHORITY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2015

	General Fund
REVENUES	
Member contributions	$ 3,536,951
Use of money and property	733
Intergovernmental revenues	193,596
Grant revenue	147,687
Charges for services	4,220
Other revenue	36,528
Total revenue	3,919,715
EXPENDITURES	
Current:	
Salaries and benefits	3,570,861
Services and supplies	501,245
Capital outlay	10,531
Total expenditures	4,082,637
Excess of revenue over expenditures	(162,922)
Fund balance, July 1, 2014	394,289
Fund balance, June 30, 2015	$ 231,367

The notes to the basic financial statements are an integral part of this statement.

FIVE CITIES FIRE AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds	$	(162,922)
Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of $10,531 is less than depreciation expense $(98,645) in the period.		(88,114)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). For this fiscal year ended, vacation used exceeded the amounts earned by:		10,866
In the statement of activities, postemployment benefits are measured by the amounts earned during the fiscal year. In the governmental fund, expenditures for these items are measured by the amount of financial resources used (essentially the amount paid). This fiscal year, postemployment benefits earned were more than the amounts used by:		(27,237)
In governmental funds, PERS contributions are reported as retirement expense. In the government-wide statements, contributions are reported as increases in deferred outflows of resources and the actual change in pension liability as retirement expense. This is the amount of PERS contributions plus the change in pension liability for the fiscal year.		(151,228)
Change in net position - governmental activities	$	(418,635)

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Five Cities Fire Authority (FCFA) has been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant FCFA's accounting policies are described below:

A. Reporting Entity

FCFA was established on July 9, 2010, by a joint powers agreement between the Cities of Arroyo Grande, Grover Beach, and Oceano Community Services District. The FCFA governing board consists of one member appointed from each participating entity, as determined by the respective City Council or Board of Directors. All financial decisions are made by this three-member board. Each participating entity contributes its pro rata share of operating costs to FCFA based on a funding formula, calculated annually.

The reporting entity is the Five Cities Fire Authority. There are no component units in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

B. Basis of Accounting and Presentation

The accounts of FCFA are organized in one general fund. The government-wide financial statements are reported using the *economic resources measurement focus* and 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of GASB.

The governmental general fund is reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under this method, revenues are recognized when *measureable and available*. FCFA considers all revenues reported in the governmental general fund to be available if the revenues are collected within sixty days after the fiscal year-end. 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 that they have matured. Capital assets acquisitions are reported as expenditures in the general fund. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which FCFA 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 taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, FCFA may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, either restricted and unrestricted fund balances or net position may be available to finance program expenditures/expenses. FCFA's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

B. Basis of Accounting and Presentation – continued

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about FCFA. These statements include the financial activities of the overall FCFA government. Eliminations have been made to minimize the double counting or internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the FCFA'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. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. 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 FCFA's general fund.

C. Cash and Investments

FCFA pools its available cash for investment purposes. FCFA considers pooled cash and investments, with original maturities of three months or less, to be cash equivalents.

Certain proceeds of long-term debt, including certain resources set aside for repayment, are classified as restricted assets on the government-wide balance sheet, because their use is limited by applicable debt covenants. FCFA has classified additional assets as restricted to comply with laws and other agreements.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

D. Capital Assets

Capital assets are defined as costs related to the acquisition or purchase of property, plant, and equipment. Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. It is FCFA's policy to capitalize all capital assets with costs exceeding $5,000 and with useful lives exceeding one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The purpose of depreciation is to spread the cost of capital assets equitable among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. FCFA has assigned the useful lives listed below to capital assets:

Structures and improvements	50 years
Equipment	5 – 25 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Compensated Absences

In compliance with GASB Statement No. 16, FCFA has established a liability for accrued sick leave and vacation. All vacation is accrued when incurred in the government-wide statements. This liability is calculated for current employees at the current rates of pay. FCFA employees accrue vacation and sick leave that vary in amounts, based primarily on employment status and years of service. In the event of termination or retirement, employees are reimbursed for the total value of their accumulated vacation days and compensatory time. In the event of retirement, employees may choose to be paid 50% of their unused sick leave, to a maximum of 480 hours at the current rate of pay. In addition, unused accumulated sick leave may be converted to PERS retirement credit per the FCFA's contract with PERS.

F. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,"* and GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities,"* FCFA recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by FCFA that is applicable to a future reporting period. FCFA has one item which qualifies for reporting in this category; refer to Note 5 for a detailed listing of the deferred outflows of resources FCFA has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by FCFA that is applicable to a future reporting period. FCFA has one item which qualifies for reporting in this category; refer to Note 5 for a detailed listing of the deferred inflows of resources FCFA has reported.

G. Fund Balances and Net Position

Fund balance is the difference between the assets and liabilities reported in the governmental general fund. In compliance with GASB Statement No. 54, FCFA has established the following fund balance types:

Nonspendable – The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance, etc.) it employed to previously commit those amount. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent to be established by (a) the governing body itself or (b) a body or official to which the governing body had delegated the authority to assign amounts to be used for specific purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Fund Balances and Net Position – continued

Unassigned – The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

Governmental Accounting Standards Board Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified in the following categories:

Net Investment in Capital Assets – Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by outstanding debt directly attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – The restricted net position is the portion of net position that has external constraints placed on it by external creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation.

Unrestricted Net Position – The unrestricted net position classification is the amount remaining that does not fall into one of the above two categories.

FCFA's policy that when an expenditure is incurred for which both restricted and unrestricted fund balances are available, the restricted fund balance be spent first followed by committed, then assigned, and, if applicable, unassigned.

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of FCFA's California Public Employees Retirement System (PERS) plan and additions to or deductions from the PERS plan fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable inaccordance with the benefit terms. Investments are reported at fair value.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, liabilities, revenues, expenditures or expenses as appropriate. Actual results could differ from those estimated.

J. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68 – For the fiscal year ended June 30, 2015, FCFA implemented Governmental GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" as well as the requirements of GASB Statement No. 50, "Pension Disclosures." This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of the GASB Statement No. 68 and the impact on FCFA's financial statements are explained in Note 5 – Defined Benefit Pension Plan and Note 8 - Prior Period Adjustment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

J. New Accounting Pronouncements – continued

Governmental Accounting Standards Board Statement No. 71 – For the fiscal year ended June 30, 2015, FCFA implemented GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 and the impact on FCFA's financial statements are explained in Note 5 - Defined Benefit Pension Plan and Note 8 - Prior Period Adjustment.

NOTE 2 – CASH AND INVESTMENTS

The composition of cash and investments as of June 30, 2015, is as follows:

	Total
Cash in bank and on hand	$ 104,117
Investments	465,559
Total cash and investments, statement of net position	$ 569,676

Investments Authorized by the California Government Code and FCFA's Investment Policy

The table below identifies the investment types that are authorized for FCFA by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	60%	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	20%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Fund	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Guaranteed Investment Contract	15 months	None	None

NOTE 2 – CASH AND INVESTMENTS – continued

Disclosures Relating to 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. One of the ways that FCFA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations. Information about the sensitivity of the fair values of FCFA's investments to market interest rate fluctuations is provided below that shows the distribution of FCFA's investments by maturity:

	Remaining Maturity (in Months)				
Investment Type	Carrying Amount	12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Local Agency Investment Fund	$ 465,559	$ 465,559	$ -	$ -	$ -
Total	$ 465,559	$ 465,559	$ -	$ -	$ -

Disclosures Relating to 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, FCFA's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type:

				Rating as of Fiscal Year End		
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	Not Rated
Local Agency Investment Fund	$ 465,559	N/A	$ -	$ -	$ -	$ 465,559
Total	$ 465,559		$ -	$ -	$ -	$ 465,559

Concentration of Credit Risk

The investment policy of FCFA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total FCFA's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and FCFA'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 fair 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 FCFA's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of FCFA's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

NOTE 2 – CASH AND INVESTMENTS – continued

Custodial Credit Risk – continued

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

Investment in State Investment Pool

FCFA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of FCFA's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon FCFA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Depreciable capital assets				
Vehicles and equipment	$ 706,724	$ 10,531	$ -	$ 717,255
Total depreciable capital assets	706,724	10,531		717,255
Less accumulated depreciation	457,221	98,645		555,866
Net capital assets	$ 249,503	$ (88,114)	$ -	$ 161,389

NOTE 4 – LONG-TERM DEBT

A. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Governmental Activities					
Compensated absences	$ 358,952	$ 108,987	$ 119,853	$ 348,086	$ -
Net pension liability	1,432,302 [1]	586,296	843,799	1,174,799	
OPEB	88,600	32,400	5,163	115,837	
Total	$ 1,879,854	$ 727,683	$ 968,815	$ 1,638,722	$ -

1 – Denotes a prior period adjustment. See note 8 for further detail.

B. Compensated Absences

FCFA employees accumulate earned but unused vacation and sick pay benefits, which can be converted to cash at termination of employment. Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the Statement of Net Position. No expenditure is reported for these amounts in the general fund statement. The non-current portion of these vested benefits (payable in accordance with various collective bargaining agreements) at June 30, 2015, total $348,086.

NOTE 4 – LONG-TERM DEBT

C. Net Pension Liability

During the 2014-15 fiscal year, GASB issued Statement No. 68 which required FCFA to measure and report the liabilities associated with pension liability. See Note 5 for further detail.

D. Other Postemployment Benefits

In 2004, GASB issued Statement No. 45 which required FCFA to measure and report the liabilities associated with other post-employment benefits (OPEB). FCFA's annual OPEB requirement was determined to be $115,837 at June 30, 2015. FCFA is currently funding the liability on a pay-as-you-go basis. See Note 6 for further detail.

NOTE 5 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description, Benefits Provided and Employees Covered – The Five Cities Fire Authority's defined pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. FCFA selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). FCFA is enrolled in two plans; Miscellaneous and Safety. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The defined benefit pension plan provisions and benefits at June 30, 2015 are summarized below:

	Miscellaneous Plan	
	Prior to January 1,	On or after
Hire date	2013	January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	24.550%	6.250%

	Safety Plan	
	Prior to January 1,	On or after
Hire date	2013	January 1, 2013
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates	24.322%	11.500%

NOTE 5 – DEFINED BENEFIT PENSION PLAN – continued

A. General Information about the Pension Plans – continued

Contribution Description – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from FCFA during the 2014-15 fiscal year was $14,829 for the miscellaneous plan and $361,763 for the safety plan.

At June 30, 2015, FCFA reported a liability of $190,163 for the miscellaneous plan and $984,636 for the safety plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. FCFA's proportion of the net pension liability was based on a projection of FCFA's long-term share of contributions to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2014, FCFA's proportion was 0.00306% for the miscellaneous plan and 0.01582% for the safety plans, which was the same proportion measured as of June 30, 2013.

B. Pension Liabilities, Deferred Outflows and Inflows, and Pension Expense Related to Pensions

For the fiscal year ended June 30, 2015, FCFA recognized pension expense of $12,884 for the miscellaneous plan and $514,936 for the safety plan. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gains or losses, actuarial gains or losses, actuarial assumptions or method, and plan benefits. At June 30, 2015, FCFA reported deferred outflows and inflows of resources related to pension from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 376,592	$ -
Net difference between projected and actual earnings on pension plan investment		254,620
Adjustment due to differences in proportions	2,359	120,513
Total	$ 2,359	$ 375,133

The reported deferred outflows of resources related to pensions in the amount of $376,592 resulting from FCFA contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the 2015-16 fiscal year. The additional amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Amount
2016	$ (105,853)
2017	(105,853)
2018	(97,414)
2019	(63,654)
Total	$ (372,774)

NOTE 5 – DEFINED BENEFIT PENSION PLAN – continued

B. Pension Liabilities, Deferred Outflows and Inflows, and Pension Expense Related to Pensions – continued

Actuarial Assumptions – The total pension liability for both the miscellaneous and safety plans in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

1 – The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of the GASB Statement No. 68, the long-term discount rate should be determined without reduction valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly high total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement No. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

NOTE 5 – DEFINED BENEFIT PENSION PLAN – continued

B. Pension Liabilities, Deferred Outflows and Inflows, and Pension Expense Related to Pensions – continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns on all the funds' asset classes, expected compound returns were calculated over the short-term (the first 10 years) and the long-term (11 to 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%

1 – An expected inflation of 2.5% used for this period
2 – An expected inflation of 3.0% used for this period

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following represents FCFA's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what FCFA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) and one percentage point higher (8.50%) than the current rate:

Plan's Net Pension Liability	Discount Rate -1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
Miscellaneous	$ 301,299	$ 190,163	$ 97,931
Safety	1,525,011	984,636	539,391
Total	$ 1,826,310	$ 1,174,799	$ 637,322

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2015, FCFA had no amount outstanding for contributions to the pension plan required for the 2014-15 fiscal year.

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

FCFA provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from FCFA and enrolled in an insurance program under the California Public Employees' Medical and Hospital Care (PEMHCA). The CalPERS PEMHCA plan is a defined contribution, multiple employer, and healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the California Public Employees' Retirement System. Copies of the CalPERS annual financial report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

FCFA participates in the CalPERS Health Benefit Program where all employee groups were under the equal contribution option. FCFA was required to contribute $119 per month during calendar year 2014 and $122 per month during calendar year 2015 towards the cost of the retiree health insurance, which is the same amount contributed toward active employee health insurance. The remaining balance of the premium is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulation. Beginning on January 1, 2016, the contribution amount will increase to $125 per month. During fiscal year 2014-15, expenditures of $5,163 were recognized for post-retirement health insurance contributions on a pay-as-you-go basis.

As required by GASB Statement No. 45, an actuary will determine FCFA's annual required contributions (ARC) at least once every three fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the normal cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

GASB Statement No. 45 does not require pre-funding of OPEB benefits. Therefore, FCFA's funding policy is to continue to pay healthcare premiums for retirees as they fall due. FCFA has elected not to establish an irrevocable trust at this time.

Annual OPEB Cost

For the fiscal year 2014-15, FCFA's OPEB cost (expense) of $32,400 was less than the annual required contributions (ARC) of $33,980 due to interest on OPEB obligations of $3,544 and the amortization adjustment to ARC of $(5,124). FCFA's annual OPEB cost, the annual OPEB cost contributed, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of 2014-15, is presented below:

Fiscal Year Ending June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 21,260	$ 658	3%	$ 20,602
2012	20,950	795	4%	20,155
2013	20,647	579	3%	20,068
2014	32,896	5,121	16%	27,775
2015	32,400	5,163	16%	27,237
Total	$ 128,153	$ 12,316	10%	$ 115,837

The funded status of the plan as of July 1, 2013, is as follows:

Actuarial accrued liability (AAL)	$ 233,411
Actuarial value plan assets	
Unfunded actuarial accrued liability (UAAL)	$ 233,411
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 2,032,946
UAAL as a percentage of covered payroll	11%

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – continued

Annual OPEB Cost – continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events are far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation of plan assets, dated July 1, 2013, used the Projected Unit Credit cost method. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after three years. These assumptions reflect an implicit 4.0 percent general inflation assumption. FCFA's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of July 1, 2013 was 30 years.

NOTE 7 – CONTINGENCIES AND COMMITMENTS

According to the FCFA's staff, no contingent liabilities are outstanding and no lawsuits are pending of real financial consequence.

FCFA has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the term of the grants, it is believed that any required reimbursement will not be material.

NOTE 8 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustment of $(1,019,753) was made which negatively effects the government-wide statement of activities. FCFA reported net pension liability of $(1,432,302) and deferred outflows of resources of $412,549 as a result of the implementation of GASB Statements No. 68 and No. 71. For further information, see Note 1j – *New Accounting Pronouncements* and Note 5 – *Defined Benefit Pension Plan*.

THIS PAGE IS INTENTIONALLY LEFT BLANK

FIVE CITIES FIRE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SECTION (unaudited)

FIVE CITIES FIRE AUTHORITY
BUDGETARY INFORMATION - MAJOR GOVERNMENTAL FUND
General Fund
For the Fiscal Year Ended June 30, 2015

	Budget Amounts			Variance
	Original	Final	Actual Amounts	Over/(Under)
REVENUES				
Member contributions	$ 3,536,952	$ 3,536,951	$ 3,536,951	$ -
Use of money and property			733	733
Intergovernmental revenues	20,600	20,600	193,596	172,996
Grant revenue	160,700	160,700	147,687	(13,013)
Charges for services	500	500	4,220	3,720
Other revenue	15,000	15,000	36,528	21,528
Total revenues	3,733,752	3,733,751	3,919,715	185,964
EXPENDITURES				
Salaries and benefits	3,174,000	3,322,700	3,570,861	248,161
Services and supplies	536,800	646,150	501,245	(144,905)
Capital outlay	47,000	59,050	10,531	(48,519)
Total expenditures	3,757,800	4,027,900	4,082,637	54,737
Excess of revenue over expenditures	(24,048)	(294,149)	(162,922)	131,227
Fund balance, July 1, 2014	394,289	394,289	394,289	
Fund balance, June 30, 2015	$ 370,241	$ 100,140	$ 231,367	$ 131,227

FIVE CITIES FIRE AUTHORITY

OTHER POSTEMPLOYMENT BENEFITS - SCHEDULE OF FUNDING PROGRESS

For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL)(b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percent-age of Covered Payroll ((b-a)/c)
07/01/10	$ -	$ 85,857	$ 85,857	0%	$ 1,504,703	6%
07/01/13	$ -	$ 233,411	$ 233,411	0%	$ 2,032,946	11%

FIVE CITIES FIRE AUTHORITY

NET PENSION LIABILITY - SCHEDULE OF PROPORTIONATE SHARE

Miscellaneous Defined Benefit Plan

Last Ten Fiscal Years*

		2015
Proportion of the net pension liability		0.00306%
Proportionate share of the net pension liability	$	190,163
Covered - employee payroll	$	32,369
Proportionate share of the net pension liability as percentage of covered-employee payroll		587.48%
Plan's fiduciary net position	$	10,639,461,174
Plan's fiduciary net position as a percentage of the plan's total pension liability		81.15%

* - The 2014-15 fiscal year was the first year of implementation, therefore only one year is shown.

FIVE CITIES FIRE AUTHORITY

NET PENSION LIABILITY - SCHEDULE OF PROPORTIONATE SHARE

Safety Defined Benefit Plan

Last Ten Fiscal Years*

	2015
Proportion of the net pension liability	0.01582%
Proportionate share of the net pension liability	$ 984,636
Covered - employee payroll	$ 1,617,771
Proportionate share of the net pension liability as percentage of covered-employee payroll	60.86%
Plan's fiduciary net position	$ 13,968,041,341
Plan's fiduciary net position as a percentage of the plan's total pension liability	78.83%

* - The 2014-15 fiscal year was the first year of implementation, therefore only one year is shown.

FIVE CITIES FIRE AUTHORITY

NET PENSION LIABILITY - SCHEDULE OF CONTRIBUTIONS

Miscellaneous Defined Benefit Plan

Last Ten Fiscal Years*

	2015
Actuarially determined contribution	$ 14,829
Contributions in relation to the actuarially determined contribution	(14,829)
Contribution deficiency (excess)	$ -
Covered - employee payroll	60,528
Contributions as a percentage of covered-employee payroll	24.50%

Notes to Schedule

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Morality Rate Table (1)	Derived using CalPERS' Membership Data for all Fund
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience report.

* - The 2014-15 fiscal year was the first year of implementation, therefore only one year is shown.

FIVE CITIES FIRE AUTHORITY
NET PENSION LIABILITY - SCHEDULE OF CONTRIBUTIONS
Safety Defined Benefit Plan
Last Ten Fiscal Years*

	2015
Actuarially determined contribution	$ 361,763
Contributions in relation to the actuarially determined contribution	(361,763)
Contribution deficiency (excess)	$ -
Covered - employee payroll	1,481,364
Contributions as a percentage of covered-employee payroll	24.42%

Notes to Schedule

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Morality Rate Table (1)	Derived using CalPERS' Membership Data for all Fund
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience report.

* - The 2014-15 fiscal year was the first year of implementation, therefore only one year is shown.