Little Lake Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2020

Little Lake Fire Protection District

Willits , CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Little Lake Fire Protection District as of and for the year-ended June 30, 2020, 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 applicable to financial audits contained in Governmental 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 of 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Pehling's PnPCPA
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Little Lake Fire Protection District as of June 30, 2020, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison 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 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated , on our consideration of the Little Lake Fire Protection District'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Zach Pehling, CPA

Pehling's PnPCPA
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Little Lake Fire Protection District

Audit Report
June 30, 2020

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Little Lake Fire Protection District

Management's Discussion and Analysis
For the year ended June 30, 2020

The intent of the management's discussion and analysis is to provide highlights of the Little Lake Fire Protection District's financial activities for the fiscal year ended June 30, 2020.

The District's Operations – an Overview

The District was formed and has held the responsibility of providing a constant vigilance of safety and fire protection to those within its boundaries and outlying areas. The District functions through the efforts of the Little Lake Fire Protection District.

The District is located in Mendocino County, California and encompasses the City of Willits and surrounding areas.

The funding for operating the department comes from an ad valorem tax, a special tax and local charges for services. The District does, on occasion receive financial assistance from monies earned from, private donations and occasional grants.

FINANCIAL HIGHLIGHTS

Revenues

Combined revenues for the fiscal year totaled $1,494,818.

Expenses

Combined expenses for the fiscal year totaled $ 1,106,949.

Expenditures

Combined expenditures for the fiscal year totaled $ 1,639,679.

Capital Expenditures

Capital expenditures for the fiscal year totaled $585,798.

Interest Earnings

Interest earnings for the year totaled $31,876. Any interest income received by the District is acquired through investments made by the County Treasurer and then apportioned to the District by the County Auditor-Controller.

General and Administrative

The District had higher payroll costs which were offset by state reimbursement for strike teams.

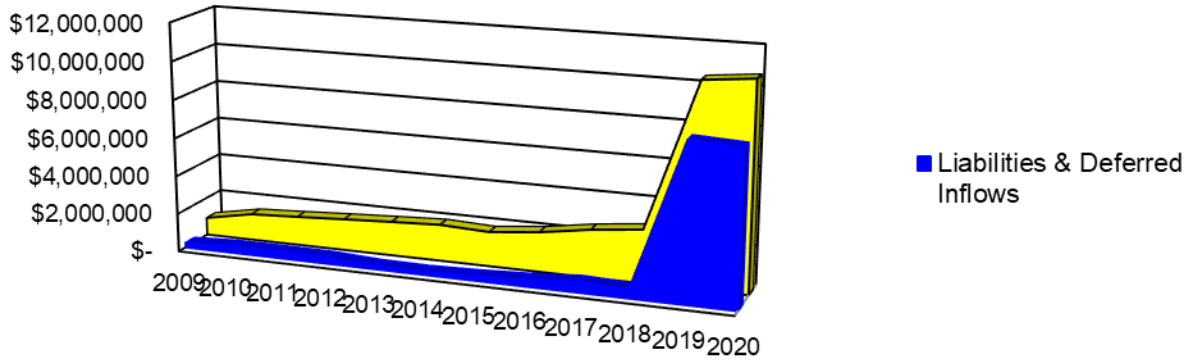
BASIS OF ACCOUNTING

The District's financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

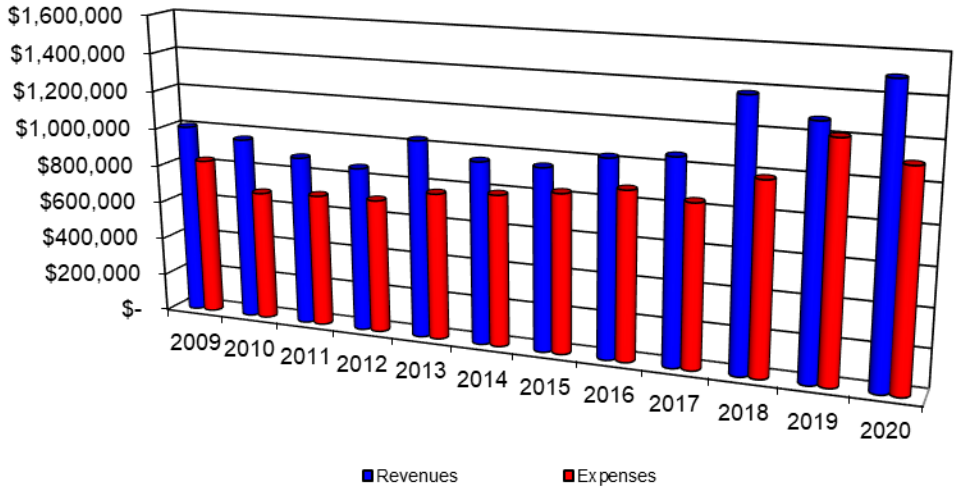
Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* 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.

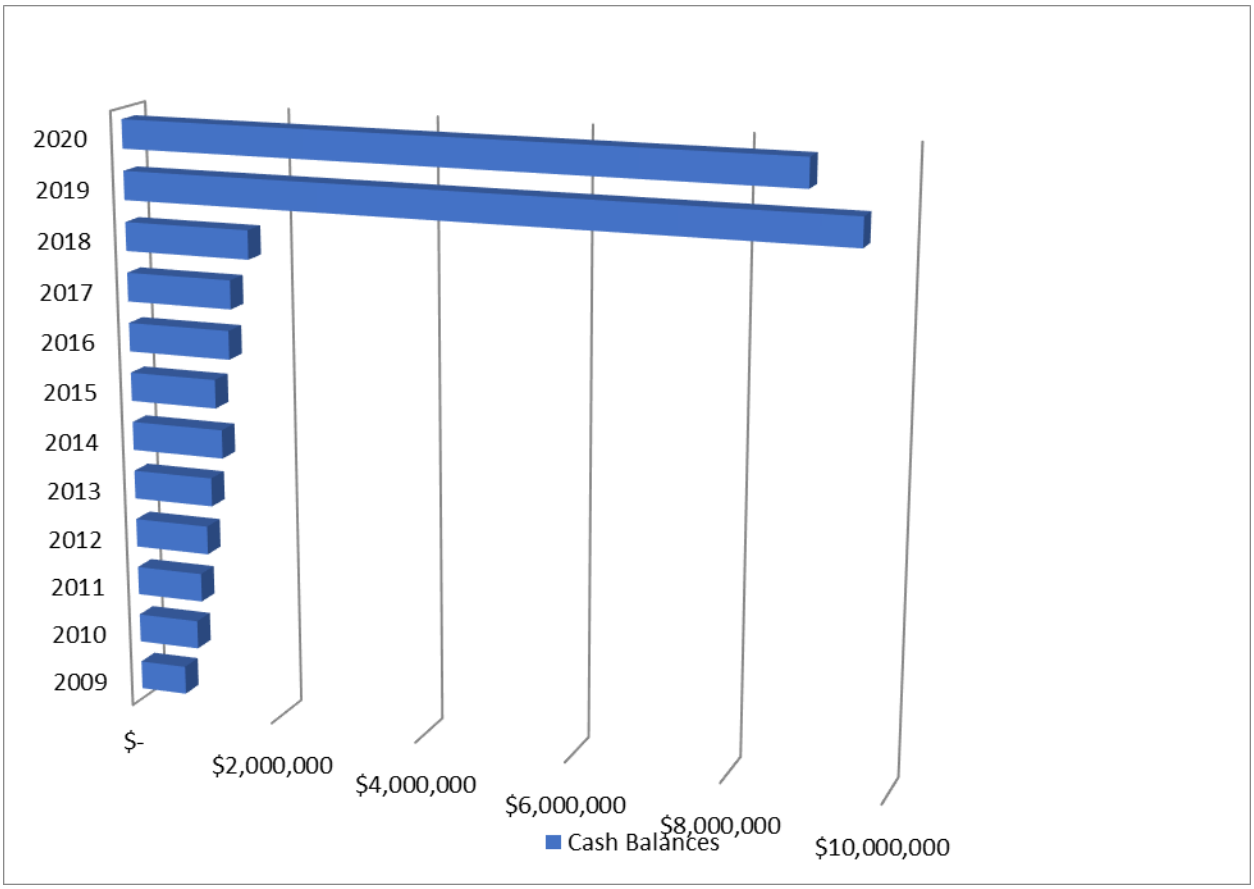


The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).



The *Statement of Cash Flows* presents information showing how the District's cash changed during the most recent fiscal year. Observing the cash balances at the District's year-end shows the funds available

to meet current operating needs, pay current liabilities, and meet the amount of capital improvements required to carry on the Districts activities and objectives.



The government-wide financial statements report on the function of the District that is principally supported by intergovernmental revenues, and charges for services.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one governmental fund (general fund). Information in the fund financial statements is presented separately for the general fund. The governmental funds statement provides a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

The District has capital assets (e.g. land, structures, and equipment). Any investment in capital assets would restrict the use of assets for future spending. The unrestricted net assets of the District are available for future use to provide program services.

Budgetary Comparison

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2020 fiscal year:

- Property tax rates
- Actual expenditures for 2019

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all citizens, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Little Lake Fire Protection District, 74 E Commercial Street, Willits, California 95490.

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Little Lake Fire Protection District

Balance Sheet
June 30, 2020

	General Fund
ASSETS	
Assets:	
Cash	$ 2,226,934
Restricted Project Cash	6,611,787
Accounts Receivable	-
Deposits & Prepaid Expenses	25,101
TOTAL ASSETS	8,863,822
LIABILITIES & FUND BALANCES	
Liabilities:	
Accounts Payable	50,625
Accrued Liabilities	-
TOTAL LIABILIITES	50,625
Fund Balances:	
Unassigned	2,086,663
Restricted	6,611,787
Assigned	250
Unspendable	25,101
Committed	89,396
Total Fund Balance	8,813,197
TOTAL LIABILITIES & FUND BALANCE	$ 8,863,822

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

LITTLE LAKE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

	June 30, 2020
Total Fund Balances - Governmental Funds	$ 8,813,197
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.	
Total Historical Cost of Capital Assets	3,663,837
Less: Accumulated Depreciation	(1,997,633)
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	-
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	139,725
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(54,164)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(7,828,001)
Net Position	$ 2,736,961

The accompanying notes are an integral part of these financial statemnets

Little Lake Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2020

REVENUE	General Fund
Tax Revenue	$ 205,472
Special Assessment & Tax	1,047,948
Public Safety Sales Tax	31,190
Charges for Service	2,106
Rental Income	-
Interest & Investment Earnings	31,876
Grants & Contributions	-
Intergovernmental Revenue	133,502
Miscellaneous	42,724
TOTAL REVENUE	1,494,818
EXPENDITURES	
Capital Assets	585,798
Debt Service:	
Principle	29,423
Interest	204,087
Salaries and Employee Benefits	595,867
Services, Supplies and Refunds	224,504
TOTAL EXPENDITURES	1,639,679
Excess (Deficit) Revenues over Expenditures	(144,861)
Other Financing Sources	-
CHANGE IN FUND BALANCE	(144,861)
FUND BALANCE, BEGINNING OF YEAR	8,958,058
FUND BALANCE, END OF YEAR	$ 8,813,197

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

LITTLE LAKE FIRE PROTECTION DISTRICT

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

	June 30, 2020
Net Change in Fund Balances - Total Governmental Funds	(144,861)
Amounts reported for governmental activities in the Statement of Activities are different as follows:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year	
Current Year Capital Outlays	586,368
Less: Current Year Depreciation Expense	(66,043)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	(26,046)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-
In the Governmental Funds interest is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, interest is measured by the amounts expensed during the year	9,028
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	29,423
In the Government Funds acquisition of long-term liabilities is recorded as other financing sources, but the acqusition increases long-term liabilities on the Government-Wide Statement of Net Position. The effect of acquistition of long-term liabilities during the year consists of:	-
Change in Net Position of Governmental Activities	$ 387,869

The accompanying notes are an integral part of these financial statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Little Lake Fire Protection District

Statement of Net Position
June 30, 2020

ASSETS	
Current Assets:	
Cash	$ 2,226,934
Restricted Project Cash	6,611,787
Accounts Receivable	-
Deposits & Prepaid Expenses	25,101
Total Current Assets	8,863,822
Capital Assets:	
Land	46,311
Buildings & Improvements	390,520
Firefighting Equipment	291,873
Vehicles	1,931,021
Construction in Progess	1,004,112
Less: Accumulated Depreciation	(1,997,633)
Total Capital Assets	1,666,204
TOTAL ASSETS	10,530,026
DEFERRED OUTFLOW	
GASB 68 Pension	139,725
TOTAL DEFERRED OUTFLOW	139,725
TOTAL ASSETS AND DEFERRED OUTFLOWS	10,669,751
LIABILITIES	
Current Liabilities:	
Accounts Payable	50,625
Accrued Liabilities	-
Current Portion	30,319
Total Current Liabilities	80,944
Long-term Liabilities:	
Bonds Payable	7,200,000
Bond Premium	261,818
Capital Lease	166,028
Net Pension Liability	169,836
Total Long-term Liabilities	7,797,682
TOTAL LIABILITIES	7,878,626
DEFERRED INFLOWS	
GASB 68 Pension	54,164
TOTAL DEFERRED INFLOWS	54,164
TOTAL LIABILITIES AND DEFERRED INFLOWS	7,932,790
NET POSITION	
Net Investment in Capital Assets	1,469,857
Unrestricted	1,267,104
TOTAL NET POSITION	$ 2,736,961

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

Little Lake Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2020

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team	Capital Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 845,847	$ 2,106	$ 133,502	$ 42,724	$ (667,515)
Interest on Long-Term Debt	195,059	-	-	-	(195,059)
Depreciation (Unallocated)	66,043	-	-	-	(66,043)
Total Governmental Activities					(928,617)
General Revenues:					
Tax Revenue					205,472
Public Safety Sales Tax					31,190
Special Assessment & Tax					1,047,948
Rental Income					-
Interest & Investment Earnings					31,876
Miscellaneous					-
Total General Revenues					1,316,486
NET CHANGE IN NET POSITION					387,869
NET POSITION, BEGINNING OF YEAR					2,349,092
NET POSITION, END OF YEAR					$ 2,736,961

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

NOTE 1: SUMMARY OF GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

A. General

The District was formed under the provisions of Division 12, Part 3 of the Health and Safety Code of the State of California. Little Lake Fire Protection District is a special district in the County of Mendocino, California, providing Fire Protection to residents within its boundaries. The boundaries of the District encompasses an area including the City of Willits and its surroundings .

The District is a governed entity administered by a Board of Directors (the Board) that acts as the authoritative and legislative body of the entity.

The Board appoints the Chair (person) of the Board from existing board members. The Chair's responsibilities are to preside at all meetings of the Board; perform all duties commonly incident to the position of presiding officer of a board.

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

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

C. Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as

program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net assets presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Program revenues include (1) charges paid by the recipients of services offered by the program and (2) 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 taxes are presented instead as general revenues.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental assets and liabilities is reported as net assets. The District reports using the major governmental fund of General Fund. The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.

Exchange and Non-Exchange Transactions of Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The assessor of the County of Mendocino determines the assessed valuations of such property and the tax collector of the County collects the taxes. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses/Expenditures- On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. Budgets and Budgetary Accounting

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 for the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year. Budgeted amounts are the final authorized amount as revised during the year. Actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items to the General Fund.

F. Cash

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition,
To maximize investment opportunities, the District participate in a pooling of cash and investment income with other local agencies. Each fund may liquidate its equity in the pool on demand.
Investments are recorded at fair value, Fair value is based on quoted market prices.

As of Little Lake Fire Protection District, the primary government had the following investments:

	Fair Value	Rating	Rating Agency
Cash in County Treasury	$1,198,874	Unrated	NA
Cash in Local Bank	54,778	FDIC ins.	NA
Restricted Project Cash	6,611,787	Unrated	NA
Cash in Local Bank	$973,033	FDIC ins	NA
Cash on Hand	250	Unrated	NA
Total Cash	$8,838,721		

Interest rate risk. - The District's policy is to seek market rates in a manner that meets liquidity requirements of the District at all times.

Credit risk. - The District only invests at institutions that the treasurer has selected on the basis of credit worthiness, financial strength and minimal capitalization authorized to provide investment service.

Custodial credit risk. -The District's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk. Cash in local bank is covered by federal depository insurance.

Concentration of credit risk. - The District has a policy that seeks to maintain capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

G. Accounts Receivable

On an accrual basis, revenues from charges for services are recognized in the fiscal year in which the services are rendered. Receivables are resources provided to the District on a reimbursement basis.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets and intangible are reported in the applicable governmental -type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received. The District maintains a capitalization threshold of $2,000.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

J. Accounts Payable and Other Current Liabilities

On an accrual basis, expenditures are recognized in the fiscal year in which the services are received.

K. Notes Payable

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from the governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of mortgages, equipment leases and unfunded workmen's compensation liability.

Long-term liabilities for governmental funds are not reported as a liability in the fund financial statements. The liability proceeds are reported as other financing sources and payments of principal and interest as expenditures.

The District has a Capital Lease payable due to Westamerica Bank for the purchase of a Ferrara Tanker. During 2019 the District issued Certificates of Participation "COP"s to be used to finance the construction of a new fire station. Details for both notes are listed below.

Capital Lease bearing interest at 2.7% to Westamerica bank for the Ferrara tanker

Maturities of long-term debt Footnote:

2021	$ 30,319
2022	31,243
2023	32,195
2024	33,176
2025	34,557
2026	34,857
	$ 196,347

BOND SUMMARY STATISTICS

Little Lake Fire Protection District
Series 2019 Certificates of Participation (Fire Station Headquarters Project) Bank Qualified
FINAL as of May 2, 2019
'A+' S&P rating
$7.265 million project fund
'AA' BAM insurance (0.19% of DS); DSRF surety (2.10% of reserve requirement)
2047 final maturity - $400k annual payments
First interest payment 3/1/20; first principal payment 9/1/20
Subject to optional redemption 9/1/2027 at 100% of par

Dated Date	05/16/2019
Delivery Date	05/16/2019
First Coupon	03/01/2020
Last Maturity	09/01/2047
Arbitrage Yield	3.049252%
True Interest Cost (TIC)	3.129570%
Net Interest Cost (NIC)	3.174219%
All-In TIC	3.303316%
Average Coupon	3.357863%
Average Life (years)	17.081
Weighted Average Maturity (years)	16.695
Duration of Issue (years)	12.586
Par Amount	7,200,000.00
Bond Proceeds	7,470,845.55
Total Interest	4,129,499.96
Net Interest	3,903,654.41
Total Debt Service	11,329,499.96
Maximum Annual Debt Service	400,056.26
Average Annual Debt Service	400,453.61

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serials	4,710,000.00	106.813	3.504%	12.672	4,271.20
Term1	655,000.00	97.965	3.125%	22.803	1,048.00
Term2	1,835,000.00	97.998	3.250%	26.354	3,284.65
	7,200,000.00			17.081	8,603.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	7,200,000.00	7,200,000.00	7,200,000.00
+ Accrued Interest			
+ Premium (Discount)	270,845.55	270,845.55	270,845.55
- Underwriter's Discount	-45,000.00	-45,000.00	
- Cost of Issuance Expense		-127,500.00	
- Other Amounts		-29,927.23	-29,927.23
Target Value	7,425,845.55	7,268,418.32	7,440,918.32
Target Date	05/16/2019	05/16/2019	05/16/2019
Yield	3.129570%	3.303316%	3.049252%

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2020			197,209.11	197,209.11
06/30/2021	150,000	3.000%	246,856.26	396,856.26
06/30/2022	155,000	3.000%	242,281.26	397,281.26
06/30/2023	160,000	3.000%	237,556.26	397,556.26
06/30/2024	165,000	4.000%	231,856.26	396,856.26
06/30/2025	175,000	4.000%	225,056.26	400,056.26
06/30/2026	180,000	4.000%	217,956.26	397,956.26
06/30/2027	185,000	4.000%	210,656.26	395,656.26
06/30/2028	195,000	4.000%	203,056.26	398,056.26
06/30/2029	200,000	4.000%	195,156.26	395,156.26
06/30/2030	210,000	4.000%	186,956.26	396,956.26
06/30/2031	220,000	4.000%	178,356.26	398,356.26
06/30/2032	230,000	4.000%	169,356.26	399,356.26
06/30/2033	240,000	4.000%	159,956.26	399,956.26
06/30/2034	245,000	4.000%	150,256.26	395,256.26
06/30/2035	255,000	4.000%	140,256.26	395,256.26
06/30/2036	270,000	4.000%	129,756.26	399,756.26
06/30/2037	275,000	3.000%	120,231.26	395,231.26
06/30/2038	285,000	3.000%	111,831.26	396,831.26
06/30/2039	295,000	3.000%	103,131.26	398,131.26
06/30/2040	305,000	3.000%	94,131.26	399,131.26
06/30/2041	315,000	3.000%	84,831.26	399,831.26
06/30/2042	320,000	3.125%	75,106.26	395,106.26
06/30/2043	335,000	3.125%	64,871.88	399,871.88
06/30/2044	345,000	3.250%	54,031.25	399,031.25
06/30/2045	355,000	3.250%	42,656.25	397,656.25
06/30/2046	365,000	3.250%	30,956.25	395,956.25
06/30/2047	380,000	3.250%	18,850.00	398,850.00
06/30/2048	390,000	3.250%	6,337.50	396,337.50
	7,200,000		4,129,499.96	11,329,499.96

L. Net Position

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net Position are reported as restricted with there are legal limitations imposed on their use by their source. Portions of the unreserved net assets or fund balance may be designated to indicate tentative plans for financial resources utilization in a future period, such as for general contingencies, purchase of capital assets, or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenses.

M. Property Tax Revenue

The District assesses tax through the Mendocino County tax rolls. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and payable in two installments on December and April, for the secured roll. The unsecured roll is due August 31. All taxes become delinquent if not paid on the due dates.

N. Special Tax Revenue

On November 5, 2002, the voters of Little Lake Fire Protection District approved a special tax of $ 30 with a maximum of $ 60 per unit established by the District. The special assessment tax was increased to $ 60 per unit effective for the fiscal year beginning July 1, 2007.

November 2018, the voters of Little Lake Fire Protection District approved a special tax of $ 39 District to be used to finance the construction of a new station. The tax will not be collected until 2020.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: USE OF RESTRICTED/UNRESTRICTED POSITION

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the District's policy is to apply restricted assets first.

NOTE 3: COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

NOTE 4 - DEFINED BENEFIT PENSION PLAN (UNAUDITED)

Plan Description - The Little Lake Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Little Lake Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent 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 the State statutes within the Public Employees' Retirement Law. The Little Lake Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local

ordinance (other local methods). CalPERS issues 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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' 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 in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

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

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

Validation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2017 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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 the 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.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[2]	Derived using CalPERS' Membership Data for all Funds

All other actuarial assumptions used in the June 30, 2017, valuation use the results of CalPERS Experience Study and Review of Actuarial Assumptions — December 2017, including updates to salary increases, mortality, and retirement rates, as a basis. The experience study report is available on the CalPERS website under Forms and Publications.

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

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

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for

rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relations ships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of the TPL and FNP.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings		5 year straight-line amortization
All other amounts		Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The employer should amortize deferred outflows and deferred inflows of resources relating to Differences between Expected and Actual Experience, Changes of Assumptions, and employer-specific amounts over the EARSL of members provided with pensions through the **Plan**. The EARSL for PERF C for the June 30, 2018, measurement date is 3.8 years.

CalPERS derived the EARSL by dividing the total service years of 516,147 (the sum of remaining service lifetimes of all active employees) by 135,474 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to zero. The basis of total future service is the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2020 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	5,539	-
Differences between Expected and Actual Experience	11,053	-
Differences between Projected and Actual Investment Earnings	-	2,444
Differences between Employer's Contributions and Proportionate Share of Contributions	-	51,720
Change in Employer's Proportion	57,041	-
Pension Contributions Made Subsequent to Measurement Date	66,092	-
	139,725	54,164
Net Pension Liability as of 6/30/2020	169,836	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the **Jul 2019-Jun 2020 JE Flow** worksheet

Pension Expense as of June 30, 2020	92,138

At 6/30/2020, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	28,933
Safety	140,902
Total	**169,836**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2019 and 6/30/2020:

	Miscellaneous	Safety	Total
Proportion - June 30, 2019	0.00056%	0.00187%	0.00136%
Proportion - June 30, 2020	0.00072%	0.00226%	0.00166%
Change - Increase/(Decrease)	0.00017%	0.00039%	0.00030%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

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

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2021	$ 1,118	$ 13,841	$ 14,959
2022	309	4,882	5,192
2023	(240)	(921)	(1,161)
2024	102	377	479
2025	-	-	-
Thereafter	-	-	-
	1,289	18,180	$ 19,469

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	70,055	28,933	(5,010)
Employer's Net Pension Liability/(Asset) - **Safety**	346,188	140,902	(27,400)
Employer's Net Pension Liability/(Asset) - **Total**	416,243	169,836	(32,409)

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the District contracted with private insurance for liability, property, crime damage, and employee and director insurances.

NOTE 6: CONTIGENCIES

As of June 30, 2020, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 7: SUBSEQUENT EVENTS

The District's management has evaluated events and transactions subsequent to June 30, 2020 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through , the date the financial statements became available to be issued. The entity has not evaluated subsequent events after .

Little Lake Fire Protection District

Supplemental Information

June 30, 2020

Board of Directors
Little Lake Fire Protection District

Willits , CA

INDEPENDENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Little Lake Fire Protection District as of and for the year ended June 30, 2020, and have issued our report thereon dated . 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.

Internal Control Over Financial Reporting

Management of Little Lake Fire Protection District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Little Lake Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Little Lake Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Pehling's PnPCPA
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INDEPENDENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Little Lake Fire Protection District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Zach Pehling, CPA

Little Lake Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2020

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 161,210	$ 205,472	$ 44,262
Special Assessment & Tax	639,510	1,047,948	408,438
Public Safety Sales Tax	-	31,190	31,190
Charges for Service	-	2,106	2,106
Rental Income	-	-	-
Interest & Investment Earnings	5,000	31,876	26,876
Grants & Contributions	-	-	-
Intergovernmental Revenue	-	133,502	133,502
Miscellaneous	880,836	42,724	(838,112)
TOTAL REVENUE	1,686,556	1,494,818	(191,738)
EXPENDITURES			
Capital Assets	917,880	585,798	332,082
Debt Service:			
Principle	36,301	29,423	6,878
Interest	-	204,087	(204,087)
Salaries and Employee Benefits	520,185	595,867	(75,682)
Services, Supplies and Refunds	259,332	224,504	34,828
TOTAL EXPENDITURES	1,733,698	1,639,679	94,019
Excess (Deficit) Revenues over Expenditures	(47,142)	(144,861)	
Other Financing Sources		-	
CHANGE IN FUND BALANCE	(47,142)	(144,861)	
FUND BALANCE, BEGINNING OF YEAR		8,958,058	
FUND BALANCE, END OF YEAR		$ 8,813,197	

Little Lake Fire Protection District
Schedule of Pension Liability
California Public Employee Retirement System
June 30, 2020

MISC.	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.00170%	0.00174%	0.00182%	0.00162%	0.00635%
Proportionate share of the net pension liability	$ 28,933	$ 20,959	$ 23,447	$ 14,768	$ (12,107)
Covered - employee payroll - measurement period	$ 39,163	$ 36,607	$ 33,279	$ 46,473	$ 46,473
Proportionate share of the net pension liability as a percentage of covered payro	73.88%	57.25%	70.46%	31.78%	-26.05%
Plan fiduciary net position as a percentage of the total pension liability	92.86%	92.86%	93.67%	93.67%	104.40%

	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	$ 2,861	$ 2,680	$ 2,916	$ 2,400	$ 2,400
Contributions in relation to the actuarially determined contributions	2,861	2,680	2,916	2,400	2,400
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 40,964	$ 39,163	$ 36,607	$ 33,279	$ 46,473
Contributions as a percentage of covered - employee payroll	6.99%	6.84%	7.97%	7.21%	5.16%

SAFETY	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.006390%	0.006120%	0.006230%	0.006280%	0.00165%
Proportionate share of the net pension liability	$ 140,902	$ 109,821	$ 109,821	$ 77,178	$ (60)
Covered - employee payroll - measurement period	$ 184,712	$ 232,409	$ 189,685	$ 178,626	$ 178,627
Proportionate share of the net pension liability as a percentage of covered payro	76.28%	47.25%	57.90%	43.21%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	91.86%	91.86%	91.66%	93.52%	96.93%

	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	$ 21,753	$ 27,701	$ 23,522	$ 24,378	$ 37,098
Contributions in relation to the actuarially determined contributions	21,753	27,701	23,522	24,378	37,098
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 200,599	$ 184,712	$ 232,409	$ 189,685	$ 178,626
Contributions as a percentage of covered - employee payroll	10.84%	15.00%	10.12%	12.85%	20.77%

Notes to Schedule:

Valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Methods and assumptions used to determine contribution rates:

Amortized method			Entry age normal		
Asset valuation method			Level percentage of payroll, closed		
Inflation	2.50%	2.50%	5-year smoothed market 2.50%	2.75%	2.75%
Salary increases			Varies by entry age and service		
Investment rate of return	7.15%	7.15%	7.15%	7.50%	7.50%

Notes to Schedule:

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

Changes in assumptions: The June 30, 2017 Actuarial Valuation changed the discount rate from 7.65% (net of administrative expenses) to 7.15%

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.