

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

(A COMPONENT OF THE
COUNTY OF SANTA CLARA)

LOS GATOS, CA

Comprehensive Annual Financial Report
Year Ended June 30, 2015

**SANTA CLARA COUNTY CENTRAL FIRE
PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)**

14700 Winchester Boulevard, Los Gatos, California 95032

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

Prepared by the Business Services Division

**Fred Schulenburg
Director of Business Services**

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Comprehensive Annual Financial Report
June 30, 2015

Table of Contents

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-v
GFOA Certificate of Achievement	vi
Directory of Officials	vii
Organization Chart	viii
FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis (Required Supplementary Information)	4-16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds	
Balance Sheet	19
Reconciliation of the Governmental Funds Balance Sheet to the	
Government-wide Statement of Net Position - Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Government-wide	
Statement of Activities - Governmental Activities	22
Proprietary Funds	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Net Position	24
Statement of Cash Flows	25
Notes to the Basic Financial Statements	26-61
Required Supplementary Information (Other than MD&A)	
Budgetary Comparison Schedule	62-63
Schedules of Funding Progress	64
Safety Plan	
Schedule of Changes in Net Pension Liability and Related Ratios	65
Schedule of Plan Contributions	66
Miscellaneous Plan	
Schedule of Plan's Proportionate Share of the Net Pension Liability	67
Schedule of Plan Contributions	68

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Comprehensive Annual Financial Report
June 30, 2015

Table of Contents

	Page(s)
Other Supplementary Information	
Combining Fund Financial Statements	
Internal Service Funds	69
Combining Statement of Net Position	70
Combining Statement of Revenues, Expenses and Changes in Net Position	71
Combining Statement of Cash Flows	72
STATISTICAL SECTION (Unaudited)	73
Financial Trends	
Net Position by Component	74
Changes in Net Position	75
Fund Balances of Governmental Funds	76
Changes in Balances of Governmental Funds	77
General Expenditures by Function	78
Revenue Capacity	
General Revenues by Source	79
Assessed Valuations and Tax Rates	80
Largest Local Secured Taxpayers	81
Debt Capacity	
Ratio of Outstanding Debt by Type	82
Direct and Overlapping Debt	83
Computation of Legal Bonded Debt Margin	84
Demographic and Economic	
Principal Employers	85
Demographic and Economic Statistics - County of Santa Clara	86
Demographic and Economic Indicators - District Population	87
Demographic and Economic Indicators for Major Cities Served by Fire District	88-89
Operating	
Full-time and Part Time Employees by Function/Department	90
Incidents by Type and Total	91
Capital Asset Statistics	92

INTRODUCTORY SECTION



FIRE DEPARTMENT SANTA CLARA COUNTY



14700 Winchester Blvd., Los Gatos, CA 95032-1818
(408) 378-4010 • (408) 378-9342 (fax) • www.sccfd.org

October 5, 2015

Board of Directors
Santa Clara County Central Fire Protection District
14700 Winchester Boulevard
Los Gatos, CA 95032

Members of the Board:

We are pleased to present the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT (A Component Unit of the County of Santa Clara) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Vargas and Company, Certified Public Accountants, have issued an unmodified ("clean") opinion on the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT'S financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

District Profile

The Santa Clara County Central Fire Protection District is a full-service fire department that has evolved through fire consolidations and contracts. In 1947, two agencies, the Cottage Grove Fire District and the Oakmead Farms Fire District, were consolidated to form the Santa Clara County Central Fire Protection District (a.k.a. Santa Clara County Fire Department). This consolidation was the result of the California Division of Forestry (a.k.a. CAL FIRE) withdrawing from the valley floor when its contract with Santa Clara County was terminated in 1947.

In 1977, the Fire District contracted with four local cities to provide service to portions of the District, known as “Zone 1”, that were not contiguous to the core District service area and could be better served by adjoining agencies. The City of San Jose provides fire services for a vast majority of the unincorporated areas in the eastern part of the County. Five fire stations and assigned personnel were ultimately transferred to the City of San Jose. The “Zone 2” designation remains as the intrinsic service area for the Fire District.

In 1987, the Fire Chief was appointed to serve in the position of County Fire Marshal and the District began providing fire marshal services to County facilities and unincorporated county areas. During the 1990’s the Fire District entered into contracts with the cities of Campbell, Morgan Hill, Los Altos and the Los Altos Hills County Fire District to provide fire and emergency medical services. The merger of the personnel, facilities and equipment into the Fire District made the Department the second-largest fire agency in Santa Clara County.

In 1997, for its 50-year service anniversary, the District adopted the also know as (a.k.a.) name of Santa Clara County Fire Department. The name was changed to more accurately reflect the area served and to avoid confusion between agencies with similar names in adjacent counties.

In 2008, following a three-year administrative management agreement, the Saratoga Fire District entered into a full-service fire, rescue, and emergency medical agreement with the Fire District.

In 2011, the City of Morgan Hill solicited bids from various local agencies to provide fire and emergency medical services in the City. The Fire District decided not to participate in this process and on January 3, 2013, the agreement between the City and the Fire District was allowed to expire. As part of the termination process, the Fire District sold the two fire stations located in the City of Morgan Hill back to the City.

Today the Santa Clara County Fire Department provides fire protection services to one of the most diverse areas in the state. Challenges range from high-rise buildings, downtown commercial areas, large retail malls and wildland-urban interface areas to industrial business centers, semi-conductor manufacturing with related hazardous materials and hi-tech systems. Services have evolved to include fire protection and education, hazardous materials response, rescue, and advanced life support.

Since 1947, the State Fire Protection District Law has been rewritten several times. The District’s authority is granted by the California Health and Safety Code, Div. 12, Part 2.7, and the Fire Protection District Law of 1987, also known as the Bergeson Fire District Law. The District is governed by the Santa Clara County Board of Supervisors sitting as the Board of Directors. As such, the District is classified as a *dependent* District. The Fire Chief is appointed by the Board of Supervisors, and is responsible for the proper administration of all affairs of the District.

The Fire Chief consults with city/town managers to assure local matters are addressed. The District takes great pride in the ability to be responsive to local issues and priorities. Fire codes and regulations are typically adopted at the local governmental level.

Local Economy

The Fire District is situated in the heart of Silicon Valley, known for its significant concentration of high technology and electronics research, development and manufacturing. The area also supports a wide variety of retail, office and personnel services industries. Silicon Valley's economy was thriving in 2015. Employment levels have surpassed pre-recession levels. Incomes continue to rise as unemployment and poverty rates decline. Patent registrations and venture capital investment are at the highest levels that they have been in at in almost 15 years. Unfortunately, the Valley still struggles to solve the issues associated with housing, transportation, and the disparities in income and employment opportunities.

Because of the huge presence of technology companies in the region, unemployment figures rise and fall with the health of the tech sector. Unemployment for the region was 4.1% in June 2015, under the national average of 5.3%, and an improvement over the 5.3% unemployment rate from June 2014. Silicon Valley's residential employment is increasing at a faster rate than the State and the nation.

The 2015 Silicon Valley Index report, published by Joint Venture Silicon Valley, reports that while average wages in Silicon Valley have increased overall between 2010 and 2014, inflation-adjusted median wages have declined 2.5% in Silicon Valley and 2% in California during that time period.

Median income in Silicon Valley is, on average, relatively high compared with other parts of the state, country and world. The percentage of Silicon Valley households living below the federal poverty limit is relatively low (7.6% in Santa Clara County and 13.4% in the state). However, despite the low poverty levels, nearly 30% of the region's population does not make enough money to meet their basic needs without public assistance. Additionally, 38% of Silicon Valley public school students were receiving free or reduced priced meals in 2014.

The percentage of first time homebuyers that can afford to purchase a median-priced home (Housing Affordability Index) in Santa Clara County fell slightly in 2014 as part of a three-year downward trend. While 54% of California first-time homebuyers can afford a median-priced home, only 44% can in Santa Clara County. Silicon Valley and California are both less affordable for first-time homebuyers than the U.S., which had a 57% Housing Affordability Index in the third quarter of 2014.

Services provided within the Fire Districts boundaries are funded almost exclusively from the District's share of the one-percent ad-valorem property tax assessed under the provisions of State Proposition 13. Changes in property tax revenues historically tend to lag the local economy by one to two years. Property tax revenues in 2015 were 8.74% higher than the previous year, the third consecutive year of sustained growth, following 4 years of stagnant

growth in tax roll. The County's Controller-Treasurer's Office is projecting 5.26% growth in property tax revenue in FY 2016.

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 41.10 percent of total General Fund revenues. This amount exceeds the 10 – 15 percent corridor that the District has set for budgetary and planning purposes.

The Fire District continues to have long-term concerns over funding for rising pension and health care costs, as well as its unfunded OPEB obligation. In June 2012, the Fire District established an irrevocable trust to account for the funds being set aside for future retiree health care expenses and a 10-year funding plan was adopted to bring the annual contributions up to the actuarially determined amount. In February 2014, the Fire District's employees agreed to contribute 1% of base pay to the OPEB Trust.

In July 2013, the Fire District was notified that it had been awarded a second SAFER grant in the amount of \$2.34 million to hire and train 7 additional firefighters for a period of two years. It is anticipated that the strong growth in property tax revenue over the last two years will provide sufficient funding to retain all seven firefighter positions when the grant expires in October 2015.

The Fire District has identified the need to build new stations at three of its older facilities. Preliminary cost estimates indicate that it will cost between \$10 and \$15 million dollars to replace two of the stations and approximately \$250,000 to replace the third station, a modular type unit. The Fire District is also exploring the possibility purchasing commercial property in the town of Campbell to relocate its maintenance facilities and surplus property from the County of Santa Clara to relocate its training facility. The Fire District has engaged an outside consultant to perform a Space Needs Analysis and Facilities Master Plan to better identify and plan for future improvements over the next three to five years and it is anticipated that this study will be completed by the end of the calendar year.

Relevant financial policies

The Santa Clara County Central Fire Protection District has informally adopted a set of financial policies, which are used to provide guidance and direction in dealing with budget and long-term financial planning issues. The Fire District has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). The Fire District's FY 2016 adopted budget includes \$11.9 million for capital equipment and facilities projects. This unusually large appropriation for capital assets will require the use of \$8.4 million in reserves to balance the budget. It is the goal of the Fire

District to meet its funding obligations on a long-term basis without having to rely on the use of fund balance.

In addition, the Fire District has a policy that non-recurring (i.e., "one-time") resource inflows will not be used to fund on-going operations, but will be used to purchase major capital assets, to meet temporary funding shortfalls, or to fund other unique one-time events. In June 2014, the Fire District obtained approval from its governing Board of Directors to commit \$10 million dollars of its fund balance for the future replacement of Fire District facilities and \$2.5 million of fund balance for the future replacement of fire apparatus.

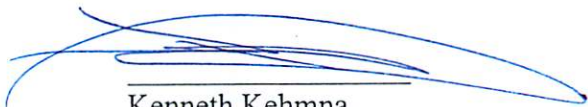
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire District for its comprehensive annual financial report for the year ended June 30, 2014. This is the first time that the Fire District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Business Services Division. We wish to thank all government agencies for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Santa Clara County Central Fire Protection District.

Respectfully submitted,



Kenneth Kehmna,
Fire Chief



Fred Schulenburg
Director of Business Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Santa Clara County
Central Fire Protection District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



SANTA CLARA COUNTY FIRE DEPARTMENT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DIRECTORY OF OFFICIALS



BOARD OF DIRECTORS

Dave Cortese, President
District 3

Mike Wasserman
District 1

Cindy Chavez
District 2

Ken Yeager
District 4

Joseph Simitian
District 5

PRINCIPAL STAFF

Kenneth R. Kehmna
Fire Chief

Tony Bowden
Deputy Chief

John Justice
Deputy Chief

Joe Parker
Deputy Chief

Stephen Prziborowski
Deputy Chief

Daron Pisciotta
Deputy Chief

Fred Schulenburg
Director of Business Services

Vacant
Personnel Services Manager

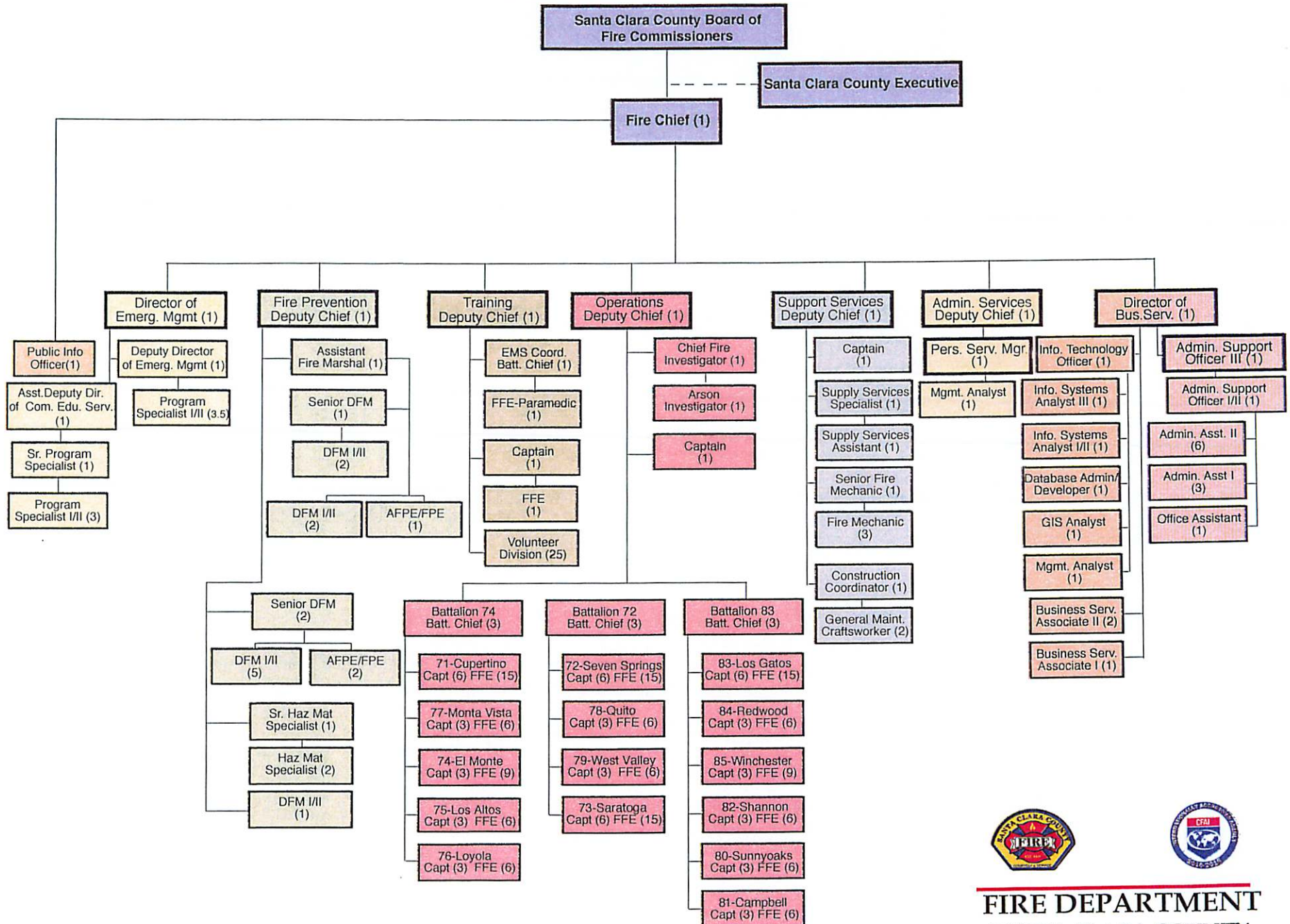
Dana Reed
Director of Emergency Mgmt.

Julie M. Thomas
Administrative Support Officer

Eric Prosser
Information Technology Officer

ORGANIZATION CHART

VIII



FINANCIAL SECTION



Vargas and Company

certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Santa Clara County Central Fire Protection District
Los Gatos, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Santa Clara County Central Fire Protection District (the "District"), a component unit of the County of Santa Clara, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Santa Clara County Central Fire Protection District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; budgetary comparison schedule; schedules of funding progress; schedule of changes in net pension liability and related ratios; schedule of plan's proportionate share of the net pension liability; and schedules of plan contributions on pages 4-16 and 62-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santa Clara County Central Fire Protection District's basic financial statements. The introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Vargas and Company
San Jose, California
September 9, 2015

Management's Discussion and Analysis
(Required Supplementary Information)

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

This section of the Santa Clara County Central Fire Protection District (the "District"), a component unit of the County of Santa Clara, annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources at the close of the 2014-2015 fiscal year by \$121,554,941 (*net position*). Of this negative amount, negative \$148,219,919 (*unrestricted net position*) represents the District's current inability to meet its long-term obligation to fund the cost of its pension and retiree medical programs, and \$26,664,978 is net investment in capital assets.
- The District's total net position increased by \$9,394,830 (excluding prior period adjustment of \$144 million for GASB 68-pension reporting) and compared to the prior year net position increase of \$4,801,058, this year's activities improved due to the continued growth in property tax revenues.
- Due to the implementation of GASB 68 the District recognized a Net Pension Liability of \$126 million.
- As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$39,892,970, an increase of \$4,549,520 (excluding prior period adjustment of \$1.8 million) in comparison with the prior year. Of this amount \$10 million is committed for major facility replacement, repair or maintenance; \$2.5 million is committed for fire apparatus replacement; and the remaining \$27 million is available to meet the District's current and future needs (*unassigned fund balance*).
- In the current year, the District reported an increase in the fund balance of \$4.5 million (excluding prior period adjustment of \$1.8 million) compared to last year's increase in the fund balance of \$8 million due to a continued growth in property tax revenues, offset by the loss of one of the District's two SAFER grants.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$27,392,970 or 30% of total general fund expenditures.
- The District's total long-term debt increased \$128 million mainly due to \$126 million in Net Pension Liability reported for the first time in accordance with the requirements of GASB 68 and \$1.5 million in additional net OPEB obligation.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

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 District assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of these government-wide financial statements distinguish functions of the District that are principally supported by property taxes and assessments, and charges for services (*governmental activities*). The only governmental activity of the District is public protection. The District does not have any business-type activities.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are 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 funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements—i.e. most of the District's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the District's programs.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains a governmental fund, the general fund. If there were other types of governmental funds, the information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the remaining non-major governmental funds would be in a single presentation.

Proprietary funds are generally used to account for services for which the District charges customers—either outside customers, or internal units or departments of the District. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The District maintains proprietary funds: the health benefit and workers compensation funds which are internal service funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its health benefit and workers compensation functions. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The internal service funds are presented in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds. The District has no fiduciary fund.

Notes to the Financial Statements

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

Required Supplementary Information

The required supplementary information is presented concerning the District's budgetary comparison schedule. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position at the close of the current fiscal year is negative \$121,554,941.

Net Position

	<u>Governmental Activities</u>		Increase/ (Decrease)
	<u>2015</u>	<u>2014</u>	
Assets:			
Current assets	\$ 54,609,586	\$50,228,050	9%
Capital assets, net	<u>27,424,263</u>	<u>23,493,240</u>	17%
Total assets	<u>82,033,849</u>	<u>73,721,290</u>	11%
Deferred Outflows of Resources			
Pension plan	<u>12,727,219</u>	<u>-</u>	na
Liabilities:			
Current liabilities	5,031,095	5,476,133	(8%)
Long-term liabilities	<u>183,450,939</u>	<u>55,272,789</u>	232%
Total liabilities	<u>188,482,034</u>	<u>60,748,922</u>	210%
Deferred Inflows of Resources			
Deferred gain from refunded debt	134,285	201,428	(33%)
Pension plan	<u>27,699,690</u>	<u>-</u>	na
Total Deferred Inflows of Resources	<u>27,833,975</u>	<u>201,428</u>	13718%
Net position:			
Net investment in capital assets	26,664,978	22,376,812	19%
Unrestricted net position	(<u>148,219,919</u>)	(<u>9,605,872</u>)	(1443%)
Total net position	<u>(\$121,554,941)</u>	<u>\$12,770,940</u>	(1052%)

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

Analysis of Net Position

The larger portion of the District's net position, \$26,664,978, reflects its net investment in capital assets (e.g. land, buildings, improvements, vehicles, machinery, equipment, and furnishings). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position is a negative \$148,219,919, which means the District is not currently able to meet its long-term obligation to fund its pension and retiree medical programs.

At the end of the current fiscal year, the District reported a positive balance, in one of the two categories of net position.

Changes in Net Position

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 27,524,546	\$26,636,860	3%
Operating grants and contribution	3,977,037	3,872,635	3%
General revenues:			
Property taxes and assessments	64,270,557	59,106,983	9%
Interest and investment income	195,407	154,232	27%
Miscellaneous	<u>1,168,883</u>	<u>1,381,712</u>	(15%)
Total revenues	<u>97,136,430</u>	<u>91,152,422</u>	7%
Expenses:			
Public protection	<u>87,741,600</u>	<u>86,351,364</u> *	2%
Total expenses	<u>87,741,600</u>	<u>86,351,364</u>	2%
Changes in net position	<u>9,394,830</u>	<u>4,801,058</u>	96%
Net position, beginning, as reported	12,770,940	7,969,882	60%
Prior period adjustment	(143,720,711)	-	na
Net position, beginning, as restated	(130,949,771)	<u>7,969,882</u>	(1743%)
Net position, ending	<u>(\$121,554,941)</u>	<u>\$12,770,940</u>	(1052%)

*reclassified FY14 Loss on disposal of capital assets to Public protection for comparability.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

Analysis of Changes in Net Position

Governmental activities increased the District's net position by \$9,394,830 (excluding prior period adjustment) thereby accounting for 100% of the total increase in net position of the District. In comparison to the prior year, this is an improvement in the District's activities. Key elements of this change are as follows:

- Property taxes increased \$5,163,574 or 9% due to a continuing improvement in residential and commercial property values.
- Charges for services increased \$887,686 or 3% due to cost of living adjustments included in service contracts with local agencies.
- Interest and investment income increased \$41,175 or 27% due to a higher level of funding under investment and an increased rate of return on investments.
- Miscellaneous revenues decreased \$212,829 or 15% due to a reduction in the amount of revenue received by the District's self-funded medical plan from its reinsurance program.
- In the current year, the District recognized a prior period adjustment of \$144 million to expense GASB-68 pension liabilities.

While the key elements noted above account for the year-to-year changes in major revenue and expense categories, the main reason for the \$9.4 million growth in net position is attributable to the continued growth in property tax revenues, partially offset by the loss of one of the District's two SAFER grants. It is anticipated that this structural surplus will erode a little further in the next fiscal year as the District's remaining SAFER grant reaches the end of its grant period.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The type of governmental fund reported by the District is the General Fund.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

At June 30, 2015, the District's governmental funds reported an ending fund balance of \$39,892,970, an increase of \$4,549,520 (excluding prior period adjustment) in comparison with the prior year. Of this fund balance, \$10 million is committed for major facility replacement, repair or maintenance; \$2.5 million is committed for fire apparatus replacement; and \$27 million is unassigned fund balance which is available to meet the District's current and future needs.

The general fund is the chief operating and only governmental fund of the District. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund's unassigned and total fund balance both represents 30% and 43%, respectively, of general fund expenditures of \$92,529,719.

Revenues for governmental functions totaled \$97,061,115 in fiscal year 2014-2015, which represents an increase of \$5,963,011 or 7% from the previous fiscal year. Expenditures for governmental functions, totaling \$92,529,719, increased by \$9,353,098 or 11% from the previous fiscal year. In fiscal year 2014-2015, revenues for governmental functions exceeded expenditures by \$4,531,396.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source Governmental Funds						
<u>Revenues by Source</u>	<u>FY 2015</u>		<u>FY 2014</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Change</u>
Property taxes and assessments	\$64,270,557	66%	\$59,106,983	65%	\$5,163,574	9%
Licenses and permits	703,390	1%	581,096	1%	122,294	21%
Intergovernmental revenues	3,977,037	4%	3,872,635	4%	104,402	3%
Use of money and property	226,491	0%	195,857	0%	30,634	16%
Charges for services	26,821,156	28%	26,055,764	29%	765,392	3%
Miscellaneous revenues	<u>1,062,484</u>	<u>1%</u>	<u>1,285,769</u>	<u>1%</u>	(<u>223,285</u>)	(17%)
Total	<u>\$97,061,115</u>	<u>100%</u>	<u>\$91,098,104</u>	<u>100%</u>	<u>\$5,963,011</u>	7%

The following provides an explanation of revenues by source that changed significantly over the prior year.

- Property taxes and assessments – Increased due to continued growth in residential and commercial property values.
- Licenses and permits – Increased due to a higher level of construction activity in the District, including the new Apple Computer Headquarters project.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

- Intergovernmental revenues – Increased due to a large number reimbursements from state and federal mutual aid events.
- Use of money and property – Increased due to an increase in the amount of money under investment and a higher rate of return on pooled investments.
- Charges for services – Increased due to cost of living adjustments included in service contracts with local agencies.
- Miscellaneous revenues – Decreased due to a reduction in the amount of revenue received by the District's self-funded medical plan from its reinsurance program.

The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function Governmental Funds						
<u>Expenditures by Function</u>	<u>FY 2015</u>		<u>FY 2014</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Change</u>
Public protection	\$86,697,318	94%	\$81,740,835	98%	\$4,956,483	6%
Capital outlay	5,499,551	6%	987,060	1%	4,512,491	457%
Debt service – principal	290,000	0%	390,301	1%	(100,301)	(26%)
Debt service – interest	<u>42,850</u>	<u>0%</u>	<u>58,425</u>	<u>0%</u>	<u>(15,575)</u>	<u>(27%)</u>
Total	<u>\$92,529,719</u>	<u>100%</u>	<u>\$83,176,621</u>	<u>100%</u>	<u>\$9,353,098</u>	<u>11%</u>

The following provides an explanation of expenditures by function that changed significantly over the prior year.

- Public protection – Increased due to higher costs associated with salaries and benefits, including a 3% cost of living adjustment for represented employees and increased employer pension costs.
- Capital outlay – Increased due to the purchase of several pieces of new fire apparatus during the fiscal year.
- Debt service-principal – Decreased due to lower debt service payments for bonded debt.
- Debt service-interest – Decreased due to a reduction in the amount of outstanding debt.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

The current year change in fund balance is presented below:

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

	<u>Major Fund</u> <u>General</u> <u>Fund</u>
Revenues	\$97,061,115
Expenditures	(92,529,719)
Net other financing sources (uses)	<u>18,124</u>
Net change in fund balances	<u>4,549,520</u>
Fund balance, beginning, as reported	33,559,852
Prior period adjustment	<u>1,783,598</u>
Fund balance, beginning, as restated	<u>35,343,450</u>
Fund balance, ending	<u>\$39,892,970</u>

The fund balance of the District's General Fund increased by \$4,549,520 (excluding prior period adjustment) during the fiscal year. The increase is mainly due to a continued surplus of revenues related to a strong recovery in property tax revenues over the last two years. As noted above, the District's general fund public protection expenditures increased by 6% due mainly to a 3% wage increase in November 2014. Overall, the general fund's performance resulted in a net increase in fund balance for the fiscal year ended June 30, 2015 of \$4,549,520 (excluding prior period adjustment), a decrease of 43% over the prior year's net increase in fund balance of \$7,952,791.

Proprietary Funds – Internal Service

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Health Benefit fund had unrestricted net position of \$303,694 at June 30, 2015. The total increase in net position for the Health Benefit fund was \$2,805 due to normal fluctuations in the timing and extent of payments in the District's self-funded health plan.

The Workers Compensation fund had unrestricted net position of \$2,831,075 at June 30, 2015. The total decrease in net position for the Workers Compensation fund was \$127,457 due to normal fluctuations in the timing and extent of payments in the District's self-funded workers compensation plan.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

The following table shows actual revenues, expenses and results of operations for the current fiscal year and in comparison to the prior year:

	<u>Health Benefit</u>			<u>Workers Compensation</u>		
	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>
Operating revenues	\$5,228,883	\$12,859,046	(59%)	\$2,049,316	\$2,044,175	0%
Operating expenses	<u>(5,226,078)</u>	<u>(12,734,896)</u>	(59%)	<u>2,176,773</u>	<u>2,322,917</u>	(6%)
Change in net position	<u>\$2,805</u>	<u>\$124,150</u>	(98%)	<u>(\$127,457)</u>	<u>(\$278,742)</u>	54%

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original and the final budget resulted in a \$59,500 increase in the amounts available for appropriations. Those changes can be briefly summarized as follows:

- Charges for services budget increased by \$59,500 due to a contract adjust to the District's agreement with the County of Santa Clara to provide management oversight to the County's emergency management program.

During the year, actual revenues were more than budgetary estimates by \$2,436,779. The main components of the positive variance are as follows:

- Property taxes and assessments had a positive variance of \$3,114,557 due to a strong growth in property values.
- Intergovernmental revenues had a positive variance of \$1,961,537 due to the high number of unanticipated mutual aid responses that were reimbursed by State and federal government agencies.
- Proceeds from lease purchase financing had a negative variance of \$2,709,000 due to the District's decision to forego lease financing and use cash to purchase four new fire engines.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

The difference between the original and the final budget resulted in a \$8,836 increase in the total charges for appropriations. Those changes can be briefly summarized as follows:

- Services & supplies and other charges budget increased by \$8,836 due to minor changes in the amount of administrative fees charged by the County of Santa Clara for services provided to the District.

Actual expenditures were lower than budgetary estimates by \$1,889,560. The main components of the positive variance are as follows:

- Salaries and benefits had a positive variance of \$1,253,206 due to lower than anticipated costs associated with the District's self-funded health plan.
- Services & supplies and other charges had a positive variance of \$790,316 due to lower than anticipated costs, particularly for clothing and emergency dispatch services.
- City provided services had a negative variance of \$319,511 due to higher property values associated with the parcels covered by the contract with the City of San Jose.
- Capital outlay had a positive variance of \$165,549 due to a delay in purchasing some of the items included in the capital outlay budget.

Overall, the net effect of over-realization of revenues and under-utilization of expenditures versus budgeted amounts resulted in a favorable variance of \$4,326,339.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of June 30, 2015, amounted to \$27,424,263 (net of accumulated depreciation). These capital assets include land, buildings, improvements, vehicles, machinery, equipment, and furnishings. The total increase in the District's capital assets for the current period was 17%.

Major capital asset events during the current fiscal year included the following:

- The purchase of a new fire truck and four fire engines.
- The purchase of computers and network equipment.
- The replacement of half of the District's AED units.
- The sale and disposal of various vehicles and equipment.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

For government-wide financial statement presentation, depreciation is not taken in the year acquisition, but a full year of depreciation is taken in the year of disposal. Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

	<u>Governmental Activities</u>		<u>Increase/ (Decrease) % of Change</u>
	<u>2015</u>	<u>2014</u>	
Land	\$ 3,742,499	\$ 3,742,499	na
Construction in progress	3,188,287	363,098	778%
Buildings	16,489,273	16,239,574	2%
Vehicles, machinery, equipment, and furnishings	<u>22,294,456</u>	<u>20,951,500</u>	6%
Total cost	45,714,515	41,296,671	11%
Less: accumulated depreciation	<u>(18,290,252)</u>	<u>(17,803,431)</u>	3%
Capital assets, net	<u>\$27,424,263</u>	<u>\$23,493,240</u>	17%

Additional information on the Santa Clara County Central Fire Protection District's capital assets can be found in Note 5 on page 37 of this report.

Long-term debt

At June 30, 2015, the District had total long-term debt outstanding of \$185,539,537 as compared to the restated \$212,575,685 in the prior year. This amount was comprised of \$625,000 of bonds payable (lease revenue bonds); \$8,174,655 of compensated absences; \$8,643,000 of insurance claims payable (worker's comp); \$41,719,704 of net OPEB obligations; and \$126,377,178 of net pension liability. During the year, principal payments for bonds payable were \$290,000; increase in compensated absences of \$207,488; insurance claims payable increased by \$415,000; an additional \$1,483,209 in net OPEB obligation was recognized; and a decrease of \$28,851,845 in net pension liability was recorded.

Additional information on the Santa Clara County Central Fire Protection District's long-term debt can be found in Note 7 on pages 38 to 39 of this report.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Management's Discussion and Analysis
Year Ended June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the District and were considered in developing the 2015-16 fiscal year budget.

- The District signed a new four-year labor agreement with its represented bargaining unit on February 3, 2014. The District's 2016 adopted budget includes funding for a 2% salary increase on November 9, 2015.
- The District is forecasting modest growth in property tax revenues of 3%-4% in the coming fiscal year.
- Revenues from contract agencies are expected to grow by 2% to 3% in the coming year.

All of these factors were considered in preparing the District's budget for fiscal year 2016.

During the current fiscal year, the total fund balance in the general fund increased to approximately \$39.9 million. Unassigned fund balance increased to approximately \$27.4 million due to continued strong growth in property tax revenues and a \$1.8 million prior period adjust related to the accounting for compensated absences.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santa Clara County Central Fire Protection District, 14700 Winchester Boulevard, Los Gatos, California, 95032.

**Basic Financial Statements –
Government-wide Financial Statements**

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash and investments	
Unrestricted	\$ 50,269,381
Restricted with fiscal agents	303,694
Accounts receivable	586,170
Interest receivable	67,997
Due from other governmental agencies	3,382,344
Capital assets, net	<u>27,424,263</u>
Total Assets	<u>82,033,849</u>
Deferred Outflows of Resources	
Pension plan	<u>12,727,219</u>
Total Deferred Outflows of Resources	<u>12,727,219</u>
Liabilities	
Accounts payable	178,819
Accrued salaries and benefits	1,737,567
Other accrued liabilities	5,700
Unearned revenue	1,020,411
Insurance claims payable	8,643,000
Compensated absences, due within one year	1,783,598
Compensated absences, due beyond one year	6,391,057
Bonds payable, due within one year	305,000
Bonds payable, due beyond one year	320,000
Net OPEB Obligation	41,719,704
Net Pension Liability	<u>126,377,178</u>
Total Liabilities	<u>188,482,034</u>
Deferred Inflows of Resources	
Deferred gain from refunded debt	134,285
Pension plan	<u>27,699,690</u>
Total Deferred Inflows of Resources	<u>27,833,975</u>
Net Position	
Net investment in capital assets	26,664,978
Unrestricted	<u>(148,219,919)</u>
Total Net Position	<u>\$ (121,554,941)</u>

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)

Statement of Activities
Year Ended June 30, 2015

		Program Revenues		Net (Expenses)
				Revenues and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs				
Governmental Activities				
Public protection	\$ <u>87,741,600</u>	\$ <u>27,524,546</u>	\$ <u>3,977,037</u>	\$ <u>(56,240,017)</u>
Total Governmental Activities	\$ <u><u>87,741,600</u></u>	\$ <u><u>27,524,546</u></u>	\$ <u><u>3,977,037</u></u>	<u><u>(56,240,017)</u></u>
General Revenues				
Property taxes and assessments				64,270,557
Interest and investment income				195,407
Miscellaneous				<u>1,168,883</u>
Total General Revenues				<u>65,634,847</u>
Change in Net Position				9,394,830
Net Position, Beginning, as reported				12,770,940
Prior period adjustment				<u>(143,720,711)</u>
Net Position, Beginning, as restated				<u>(130,949,771)</u>
Net Position, Ending				\$ <u><u>(121,554,941)</u></u>

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

**Basic Financial Statements –
Fund Financial Statements**

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Balance Sheet - Governmental Funds
June 30, 2015

	<u>General Funds</u>
Assets	
Cash and investments	
Unrestricted	\$ 38,808,488
Accounts receivable	586,170
Interest receivable	54,815
Due from other governmental agencies	<u>3,382,344</u>
Total Assets	<u><u>\$ 42,831,817</u></u>
Liabilities	
Accounts payable	\$ 178,819
Accrued salaries and benefits	1,437,819
Other accrued liabilities	2,050
Insurance claims payable	299,748
Unearned revenue	<u>1,020,411</u>
Total Liabilities	<u>2,938,847</u>
Fund Balances	
Committed	
Major facility replacement, repair or maintenance	10,000,000
Fire apparatus replacement	2,500,000
Unassigned	<u>27,392,970</u>
Total Fund Balances	<u>39,892,970</u>
Total Liabilities and Fund Balances	<u><u>\$ 42,831,817</u></u>

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Position - Governmental Activities
June 30, 2015

Fund Balances - Total Governmental Funds		\$ 39,892,970
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		27,424,263
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		3,134,769
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.		(3,650)
Deferred outflow of resources from pension plan		12,727,219
Deferred inflow of resources from pension plan		(27,699,690)
Deferred gain from refunded debt is recognized and amortized over the life of the bond for purposes of the statement of net position.		(134,285)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences	\$ (8,174,655)	
Net OPEB Obligation	(41,719,704)	
Net Pension Liability	(126,377,178)	
Bonds payable	<u>(625,000)</u>	<u>(176,896,537)</u>
Net Position of Governmental Activities		\$ <u>(121,554,941)</u>

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	<u>General Funds</u>
Revenues	
Property taxes and assessments	\$ 64,270,557
Licenses and permits	703,390
Intergovernmental revenues	3,977,037
Use of money and property	226,491
Charges for services	26,821,156
Miscellaneous revenues	<u>1,062,484</u>
Total Revenues	<u>97,061,115</u>
Expenditures	
Public protection	
Salaries and benefits	73,425,473
Services and supplies	6,855,553
City provided services	5,719,511
Other charges	696,781
Capital outlay	5,499,551
Debt service - principal	290,000
Debt service - interest	<u>42,850</u>
Total Expenditures	<u>92,529,719</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,531,396</u>
Other Financing Sources (Uses)	
Sale of capital assets	<u>18,124</u>
Net Other Financing Sources (Uses)	<u>18,124</u>
Net Change in Fund Balances	<u>4,549,520</u>
Fund Balance, Beginning, as reported	33,559,852
Prior period adjustment	<u>1,783,598</u>
Fund Balance, Beginning, as restated	<u>35,343,450</u>
Fund Balance, Ending	<u>\$ 39,892,970</u>

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Government-wide Statement of Activities
Governmental Activities
Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds **\$ 4,549,520**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	\$ 5,508,546	
Less: current year depreciation	<u>(1,553,161)</u>	3,955,385

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase the financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold, net of related accumulated depreciation.

(24,362)

Repayments of debt principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.

Principal repayments		
Bonds payable		290,000

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expenses) of certain activities of the internal service funds is reported with governmental activities.

(124,652)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	1,706	
Amortization of deferred gain from refunded debt	67,143	
Change in net OPEB obligation	(1,483,209)	
Pension expense	2,371,062	
Change in compensated absences	<u>(207,763)</u>	<u>748,939</u>

Change in Net Position of Governmental Activities		\$ <u>9,394,830</u>
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The notes to the basic financial statements are an integral part of this statement.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Statement of Net Position - Proprietary Funds - Internal Service
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	
Unrestricted	\$ 11,460,893
Restricted with fiscal agents	303,694
Accounts receivable	440,040
Interest receivable	13,182
Total Current assets	<u>12,217,809</u>
Total Assets	<u>12,217,809</u>
Liabilities	
Noncurrent liabilities	
Insurance claims payable	<u>9,083,040</u>
Total Noncurrent liabilities	<u>9,083,040</u>
Total Liabilities	<u>9,083,040</u>
Net Position	
Unrestricted	<u>3,134,769</u>
Total Net Position	<u>\$ 3,134,769</u>

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds - Internal Service
Year Ended June 30, 2015

	<u>Governmental Activities</u>
Operating Revenues	
Plan contribution	\$ 7,228,883
Interest and investment income	<u>49,316</u>
Total Operating Revenues	<u>7,278,199</u>
Operating Expenses	
Claims expenses	<u>7,402,851</u>
Total Operating Expenses	<u>7,402,851</u>
Change in Net Position	(124,652)
Net Position, Beginning	<u>3,259,421</u>
Net Position, Ending	<u><u>\$ 3,134,769</u></u>

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Statement of Cash Flows - Proprietary Funds - Internal Service
Year Ended June 30, 2015

	<u>Governmental Activities</u>
Cash Flows from Operating Activities	
Cash receipts from interfund services provided - contributions to the plan	\$ 7,528,782
Cash payment for interfund services used - paid claims	<u>(7,075,036)</u>
Net cash provided by operating activities	453,746
Cash and Investments, Beginning	<u>11,310,841</u>
Cash and Investments, Ending	<u>\$ 11,764,587</u>
Reconciliation of change in net position to net cash provided (used) by operating activities	
Change in Net Position	\$ (124,652)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities	
Decrease (increase) in assets	
Accounts receivable	254,587
Interest receivable	(4,004)
Increase (decrease) in liabilities	
Accounts payable	(2,150)
Insurance claims payable	<u>329,965</u>
Net cash provided by operating activities	<u>\$ 453,746</u>

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

Basic Financial Statements –
Notes to the Basic Financial Statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below:

A. Reporting Entity

The Santa Clara County Central Fire Protection District (the "District") is a dependent special district formed under the California Health and Safety Code. The District serves the areas of Santa Clara County not protected by other fire departments, districts, or the State Division of Forestry.

The Fire District is reported as a blended component unit in the County of Santa Clara's annual financial report because the County Board of Supervisors sits as the Board of Directors for the Fire District. The County has also issued debt on behalf of the Fire District. As of June 30, 2015, the outstanding principal balance amounted to \$625 thousand with a final maturity in 2017.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The District does not have nonmajor governmental funds. The internal service funds are presented in the proprietary fund financial statements.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental Funds

The District reports one major governmental fund:

- The *General Fund* is the primary operating fund of the District and is always classified as a major fund. It is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund's primary activity is public protection.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary Funds

The District reports the following proprietary funds:

Internal Service accounts for the financing goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District has the following Internal Service funds:

- *Health Benefit* Fund, which accounts for the finance activities of the District's self-funded health insurance program for its employees, retirees and eligible dependents (via Delta Health Systems, a third party administrator).
- *Workers Compensation* Fund is used to account for assets held by the District to meet present and future workers' compensation claims liabilities.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from property taxes, the District's major revenue source, is recognized in the fiscal year for which the taxes are levied.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Property taxes, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues for the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of the year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

In the current financial resources measurement focus, only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is used as the measure of available spendable financial resources at the end of the period.

Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences which are reported when due.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgets and Budgetary Accounting

The District, as per California Health and Safety Code Section 13895, adopts final annual operating budgets before October 1. From the effective date of the budget, which is adopted by the Board of Directors after public hearings, the proposed expenditures become appropriations. The Fire Chief generally may transfer appropriations among programs. Unencumbered and unexpended appropriations lapse at fiscal year-end.

Budgeted revenues and expenditures in the financial statements represent the original budget modified by authorized adjustments during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year that were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. Expenditures may not legally exceed budgeted appropriations at the object category level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund.

E. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the internal service fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Capital Assets

In the government-wide financial statements, capital assets (with a value of \$1,000 or more) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation expense is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives, by type of asset, are as follows:

Buildings	50 years
Vehicles, machinery, equipment, and furnishings	5 to 20 years

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Upon sale of capital assets, the proceeds from sale of capital assets is included in the results of operations as other financing sources.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

H. Long-term Debt

All long-term debt to be paid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences, insurance claims payable, net OPEB obligation, net pension liability, and bonds payable.

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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Compensated Absences

The District's employees earn vacation which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. There is no accrual limit on sick leave; however, there are various restrictions and limitations on the sick leave pay-off upon termination depending on the employee group and retirement factors. For all funds, this liability reflects amounts attributable to employee service already rendered, cumulative, probable for payment and reasonably estimated.

The District accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report the compensated absence liabilities payable from expendable available financial resources, only if they have matured.

J. Pensions

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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS 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.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Equity Classifications

In the government-wide and proprietary fund financial statements, equity is classified as net position and divided into three components:

- *Net Investment In Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the District, not restricted for any project or other purpose.

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form—such as inventory, prepaid amounts or long-term notes receivable, or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity. The “not in spendable form” criterion includes items that are expected to be converted to cash.
- *Restricted Fund Balance* – constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restriction may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the Board. Commitments may be changed or lifted by the District taking the same formal action that imposed the constraint originally. The formal action that is required to be taken by the Board to establish, modify, or rescind a commitment is through a board resolution.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- *Assigned Fund Balance* – comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District's Board or (b) a body (e.g., a budget or finance committee) or official to which the District's Board has delegated the authority to assign, modify, rescind amounts to be used for specific purposes. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.
- *Unassigned Fund Balance* – the residual classification for the General Fund. It is also used to report negative fund balance in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

L. Estimates

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

M. Subsequent Events

Management has evaluated subsequent events through September 9, 2015 and has determined that there were no events that required disclosure.

NOTE 2. PROPERTY TAX

The reported lien date is January 1 for secured and unsecured property taxes.

In accordance with Government Code Section 29100, on or before September 1, the Board of Supervisors shall adopt the rates of taxes on the secured roll. The Tax Collector then completes the tax bill processing by the end of September. The Revenue and Taxation Code specifies that the Tax Collector shall issue secured tax bills by November 1.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 2. PROPERTY TAX - Continued

The due dates and delinquency dates for secured taxes are as follows:

Due date for the first installment is Nov. 1, delinquent after Dec. 10.

Due date for the second installment is Feb. 1, delinquent after April 10.

On July 19, 1993, the County Board of Supervisors, adopted the Alternative Method of Tax Apportionment "Teeter Plan". Under this plan the District receives annually the full amount of its share of property taxes on the secured rolls. In return, the County receives all future delinquent tax payments otherwise due to the District.

NOTE 3. CASH AND INVESTMENTS

The cash balance of the District's General Fund and the Workers Compensation Fund are pooled and invested by the County's Treasurer in the pooled cash investment program ("Pool") for the purpose of increasing earnings through investment activities. The County's pooled deposits and investments are regulated by the California Government Code and by a County investment policy approved annually by the County Treasury Oversight Committee and the Board. At fiscal year end, the County provides the participants' the pooled investments' fair value, based on quoted market prices. The County allocates interest to the District based on the District's average daily cash balance relative to the entire Pool. The value of the participants' pool shares that may be withdrawn is determined on an amortized basis, which is different than the fair value of the participants' positions in the pool. In addition, the County's investment pool is not rated by any of the credit rating agencies. The County's comingled pool consists of cash in bank, U.S. government and agency securities, corporate bonds, negotiable certificates of deposit, commercial paper, and deposits in the State's Local Agency Investment Fund. Additional information regarding the County's investment policy and cash and investments, including interest rate risk, credit risk, custodial credit risk categories, and maturities of the different categories of investments, can be found in the County's notes to the basic financial statements.

The cash balances for the Health Benefit Fund were held in a bank account by the health plan's third party administrator, Delta Health Systems, in Stockton, California. The account is insured by the Federal Deposit Insurance Corporation (FDIC).

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 4. CASH AND INVESTMENTS - Continued

Cash and investments at June 30, 2015 consists of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and investments with the County Treasury common pool:		
General Fund	\$38,806,388	\$38,766,604
Proprietary - Worker's Compensation	11,460,893	11,449,143
Proprietary - Health Benefit (restricted)	303,694	303,694
Petty cash	<u>2,100</u>	<u>2,100</u>
Total cash and investments	<u>\$50,573,075</u>	<u>\$50,521,541</u>

Governmental Accounting Standards Board, Statement No. 31, "Accounting and Financial Reporting for Certain Investment and for External Investment Pools" establishes accounting and financial reporting standards for all investments held by governmental external investment pools. The statement requires governmental entities to report investments at fair value.

Based on the County's calculations, the application of GASB, Statement No. 31, would decrease the District's cash balance and interest and investment income (use of money and property, in the fund financials) by \$39,784 for the General Fund and \$11,750 for Worker's Compensation. However, since the effect of the application of GASB 31, in this instance, is not material, the District's cash and investments account is stated at cost.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 5. CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2015 is as follows:

	<u>Balance</u> <u>6/30/14</u>	<u>Increases/</u> <u>Adjustments</u>	<u>Decreases/</u> <u>Adjustments</u>	<u>Balance</u> <u>6/30/15</u>
Capital assets, not being depreciated:				
Land	\$ 3,742,499	\$ -	\$ -	\$ 3,742,499
Construction in progress	<u>363,098</u>	<u>3,188,287</u>	<u>(363,098)</u>	<u>3,188,287</u>
Total capital assets, not being depreciated	<u>4,105,597</u>	<u>3,188,287</u>	<u>(363,098)</u>	<u>6,930,786</u>
Capital assets, being depreciated:				
Buildings	16,239,574	577,917	(328,218)	16,489,273
Vehicles, machinery, equipment, and furnishings	<u>20,951,500</u>	<u>1,742,342</u>	<u>(399,386)</u>	<u>22,294,456</u>
Total capital assets, being depreciated	<u>37,191,074</u>	<u>2,320,259</u>	<u>(727,604)</u>	<u>38,783,729</u>
Less accumulated depreciation for:				
Buildings	(5,648,926)	(318,227)	74,088	(5,893,065)
Vehicles, machinery, equipment, and furnishings	<u>(12,154,505)</u>	<u>(1,234,934)</u>	<u>992,252</u>	<u>(12,397,187)</u>
Total accumulated depreciation	<u>(17,803,431)</u>	<u>(1,553,161)</u>	<u>1,066,340</u>	<u>(18,290,252)</u>
Total capital assets, being depreciated, net	<u>19,387,643</u>	<u>767,098</u>	<u>338,736</u>	<u>20,493,477</u>
Capital assets, net	<u>\$23,493,240</u>	<u>\$3,955,385</u>	<u>(\$24,362)</u>	<u>\$27,424,263</u>

For the year ended June 30, 2015, depreciation expense charged to public protection under governmental activities was \$1,553,161.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 6. WORKERS COMPENSATION

As of July 1, 1979, the District began self-insuring workers compensation claims. The District Workers Compensation Program is administered by the County of Santa Clara. The District's policy is to accrue a liability for anticipated losses as claims are received based upon the probability of payout against each claim, as measured by the actuarial report and the County Workers Compensation Department (ESA).

The changes in the balances of the insurance claims payable for each of the two most recent fiscal periods are as follows:

	<u>2014/2015</u>	<u>2013/2014</u>
Liability – July 1	\$8,228,000	\$8,065,000
Incurred claims and changes in estimate	2,591,773	2,485,917
Claim payments	<u>(2,176,773)</u>	<u>(2,322,917)</u>
 Liability – June 30	 <u>\$8,643,000</u>	 <u>\$8,228,000</u>

NOTE 7. LONG-TERM DEBT

A. Bonds Payable

On February 18, 2010, the Santa Clara County Financing Authority issued \$50,110,000 in lease revenue bonds with an average coupon rate of 4.53% to refund \$15,595,000 in outstanding 1998 Series A lease revenue bonds with an average interest rate of 4.60% and \$37,245,000 in outstanding 2000 Series B lease revenue bonds with an average interest rate of 5.50%. The net proceeds of \$53,839,005 (including a premium of \$4,263,916 and a payment of \$539,703 in underwriting fees and other issuance costs) plus an additional \$654,811 in reserve funds from the 1998 Series A Lease revenue bonds and the 2000 Series B lease revenue bonds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series A lease revenue bonds and the 2000 Series B lease revenue bonds. As a result, the 1998 Series A lease revenue bonds and the 2000 Series B lease revenue bonds are considered to be defeased and the Fire District's share of the liability for the 1998 Series A bonds has been removed from the government-wide statement of net position.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 7. LONG-TERM DEBT - Continued

The Santa Clara County Financing Authority refunded the 1998 Series A lease revenue bonds and the 2000 Series B lease revenue bonds to reduce its total debt service payments over the next seven (7) years by almost \$5.2 million and to obtain an economic gain of \$856,113. The Fire District's share of the remaining debt on the 1998 Series A lease revenue bonds was \$2,560,000. The Fire District's share of the 2010 Series N refunding bonds is \$2,090,000 for a net reduction in principal payments of \$470,000 and interest payments of \$76,175 over the next seven (7) years. The economic gain attributable to the Fire District's share of the refinancing is \$133,126.

As of June 30, 2015, the outstanding principal balance amounted to \$625,000. The annual requirements to amortize debt outstanding are as follows:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$305,000	\$29,200	\$334,200
2017	<u>320,000</u>	<u>13,950</u>	<u>333,950</u>
Bond payable	<u>\$625,000</u>	<u>\$43,150</u>	<u>\$668,150</u>

B. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	<u>Restated Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>	<u>Due beyond one year</u>
Bonds Payable	\$ 915,000	\$ -	\$ 290,000	\$ 625,000	\$ 305,000	\$ 320,000
Compensated absences	7,967,167	3,532,068	3,324,580	8,174,655	1,783,598	6,391,057
Insurance claims payable (see Note 6)	8,228,000	2,591,773	2,176,773	8,643,000	-	8,643,000
Net OPEB Obligation (see Note 9)	40,236,495	1,483,209	-	41,719,704	-	41,719,704
Net Pension Liability (see Note 8)	<u>155,229,023</u>	<u>-</u>	<u>28,851,845</u>	<u>126,377,178</u>	<u>-</u>	<u>126,377,178</u>
Totals	<u>\$212,575,685</u>	<u>\$7,607,050</u>	<u>\$34,643,198</u>	<u>\$185,539,537</u>	<u>\$2,088,598</u>	<u>\$183,450,939</u>

Other long-term liabilities have normally been liquidated by the general fund in prior years.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN

A. Plan Description

All eligible Fire District employees participate in the California Public Employees Retirement System (CalPERS). The Fire District participates in two plans (Miscellaneous and Safety) with CalPERS. CalPERS provides retirement, disability, and death benefits based on the employees' years of service, age and final compensation. The provisions and all other requirements are established by State statute and Fire District resolutions. Copies of the CalPERS' annual financial report may be obtained from their executive office at 400 Q Street, Sacramento, California 95811. A separate report for the Fire District's plan in PERS is not available.

Effective with the June 30, 2003 valuation, CalPERS converted the Fire District's Miscellaneous employees' defined benefit retirement plan from an agent multiple-employer to a cost sharing multiple-employer. The Fire District's Miscellaneous employees' retirement plan is under the CalPERS Miscellaneous 2.7% at 55 Risk Pool. The Fire District's Safety plan is an agent multiple-employer defined benefit retirement plan. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the state.

B. Pension Plan Benefits

1. Classic Plan

Benefits for employees in the Miscellaneous and Safety Plans vest after five of CalPERS credited service. The retirement benefits under both plans are based on the retirees age, years of CalPERS credited service, and a benefit factor of 2.7% at 55 for Miscellaneous Plan members and 3% at 50 for Safety Plan members. These plans included a pre-retirement Option 2W Death Benefit.

Miscellaneous Plan

Participants in this plan are eligible for service retirement and receive graduated benefits upon attaining the age of 50 and with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (2.7% at 55), years of service, and the final compensation (monthly average of the members highest 12 consecutive months' full time equivalent pay). The services retirement for this group is not capped.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Safety Plan

Participants in this plan are eligible for service retirement upon attaining the age of 50 and with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (3.0% at 50), years of service, and the final compensation (monthly average of the members highest 12 consecutive months' full time equivalent pay). The services retirement for the Safety Plan is capped at 90% of final compensation.

2. PEPRA Plan

The Public Employee' Pension Reform Act of 2013 (PEPRA) required that all state, school, and local government employers offer a reduced benefit formula with increased retirement ages to new public employees, who first became CalPERS members on or after January 1, 2013. The new defined benefit formula is 2% at age 62 for newly hired Miscellaneous employees and 2.7% at age 57 for newly hired Safety employees.

PEPRA also imposes the following changes to both Miscellaneous and Safety Plans for new members:

- A pensionable compensation cap of \$140,424 for agencies that do not participate in social security (the Fire District does not participate). Future adjustments to the cap will be based on changes to the CPI All Urban Consumers index.
- The employee contribution rate will be at least 50% of the total normal cost rate.
- Final compensation will based on the highest average annual pensionable compensation earned by a member during a period of a least 36 consecutive months.

C. Funding Policy

The contribution requirements of the plan members and the Fire District are established and may be amended by CalPERS. The Fire District is required to contribute at an actuarially determined rate or prepay a discounted annual required contribution between July 1 and July 15. The Fire District does not pay any portion of the employees' share of the required contribution.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Below is a summary of the employee contribution rates and employer contributions rates for fiscal year 2014-2015:

Plan		Employee Contribution Rate	Employer Contribution Rate
Classic	Miscellaneous	8.00%	25.525%
	Safety	9.00%	34.523%
New Member (PEPRA)	Miscellaneous	6.50%	6.700%
	Safety	11.25%	34.523%

D. Annual Pension Cost

The required contribution for the year ended June 30, 2015 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The Entry Age Normal Actuarial Cost Method is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount that would fund the projected benefit if it were paid annually from the date of employment until retirement. CalPERS uses a modification of the Entry Age Normal Actuarial Cost Method in which the District's total normal cost is expressed as a level percent of payroll. CalPERS also uses the level percentage of projected payroll method to amortize the any unfunded liabilities (or excess assets) on a closed basis over the remaining amortization period. The remaining amortization period as of June 30, 2012 was 19 years for the Miscellaneous Plan and 27 years for the Safety Plan. The asset valuation method is based on a 15 year smoothed market.

The significant assumptions used to compute the actuarially determined contribution requirement for the year ended June 30, 2015 included the following:

- A rate of return on the investment of present and future assets of 7.5% per year compounded annually.
- Projected salary increases that vary by duration of service ranging from 3.30% to 14.20%.
- Overall payroll growth of 3.00% compounded annually.
- Inflation factor of 2.75% compounded annually.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

E. Safety – Agent Multiple-Employer Plan (as prepared by CalPERS)

Plan Description, Benefits Provided and Employees Covered

The Plan is an agent 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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically 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 CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Fire District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 9.000 percent of annual pay, and the employer's contribution rate is 32.743 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
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

¹The 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 CalPERS Experience Study Report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

The 7.50 percent investment return assumption used in this accounting 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 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Fire District's agent multiple-employer plan.

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 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that the Fire District will make its required employer and employee 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.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

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)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2013 (VD) ¹	\$465,363,578	\$322,265,227	\$143,098,351
Changes Recognized for the Measurement Period:			
• Service Cost	8,571,796		8,571,796
• Interest on the Total Pension Liability	34,357,237		34,357,237
• Changes of Benefit Terms	0		0
• Differences between Expected and Actual Experience	0		0
• Changes of Assumptions	0		0
• Contributions from the Employer		10,233,261	(10,233,261)
• Contributions from Employees		3,886,260	(3,886,260)
• Net Investment Income ²		55,532,305	(55,532,305)
• Benefit Payments, including Refunds of Employee Contributions	(23,105,970)	(23,105,970)	0
Net Changes during 2013-14	\$19,823,063	\$46,545,856	\$(26,722,793)
Balance at: 6/30/2014 (MD) ¹	\$485,186,641	\$368,811,083	\$116,375,558

¹The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

²Net of administrative expenses. For details, see note in Appendix B-2 of the Fire District's GASB 68 Accounting Valuation Report prepared by CalPERS.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

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

The following table presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$178,440,569	\$116,375,558	\$64,931,325

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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 the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions 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

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period is 3.6 years, which was obtained by dividing the total service years of 2,609 (the sum of remaining service lifetimes of the active employees) by 733 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) was \$143,098,351.

For the measurement period ending June 30, 2014 (the measurement date), the Santa Clara County Central Fire Protection District incurred a pension expense/(income) of \$8,908,878 for the Plan.

Note that no adjustments have been made for contributions subsequent to the measurement date.

As of June 30, 2014, the Santa Clara County Central Fire Protection District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$0	\$0
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	(25,398,410)
Total	\$0	\$(25,398,410)

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

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

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2015	\$(6,349,603)
2016	(6,349,603)
2017	(6,349,603)
2018	(6,349,601)
2019	0
Thereafter	0

F. Miscellaneous – Cost-Sharing Multiple-Employer Plan (as prepared by CalPERS)

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, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – 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 Fire District is required to contribute the difference between the actuarially determined rate and the contribution rate of its employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 7.947 percent of annual pay, and the average employer's contribution rate is 24.301 percent of annual payroll. Employer contributions rates may change if plan contracts are amended.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
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

¹The 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 CalPERS Experience Study Report.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The 7.50 percent investment return assumption used in this accounting 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 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

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 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – 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. 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.

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)

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

Allocation of Net Pension Liability and Pension Expense to Individual Plans

Please refer to the CalPERS report for a discussion on this matter.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Changes in the Miscellaneous Risk Pool Net Pension Liability

The following table is intended for informational purposes only and shows the changes in the net pension liability recognized over the measurement period for the Miscellaneous Risk Pool.

Total pension liability and fiduciary net position amounts for the 1959 Survivor plans and the Safety Risk Pool are excluded from these figures, but are included in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C) totals in CalPERS Comprehensive Annual Financial Report. For a summary of the beginning and ending balances of PERF C, including the 1959 Survivor plans and the Safety Risk Pool, please see Appendix D-2.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2013 (VD) ¹	\$12,374,543,647	\$9,097,875,216	\$3,276,668,431
Changes Recognized for the Measurement Period:			
• Service Cost	338,829,351		338,829,351
• Interest on the Total Pension Liability	921,162,366		921,162,366
• Changes of Benefit Terms	0		0
• Differences between Expected and Actual Experience	0		0
• Changes of Assumptions	0		0
• Contributions from the Employers ²		316,207,965	(316,207,965)
• Contributions from Employees		159,834,203	(159,834,203)
• Net Investment Income ³		1,589,130,702	(1,589,130,702)
• Benefit Payments, including Refunds of Employee Contributions	(523,586,912)	(523,586,912)	0
Net Changes during 2013-14	\$736,404,805	\$1,541,585,958	\$(805,181,153)
Balance at: 6/30/2014 (MD) ¹	\$13,110,948,452	\$10,639,461,174	\$2,471,487,278

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

¹The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described on Page 6 of the Fire District's GASB 68 Accounting Valuation Report for its Miscellaneous Plan. This may differ from the plan assets reported in the funding actuarial valuation report.

²Also includes all contributions made towards side funds.

³Net of administrative expenses. For details, see note in Appendix C-2 of the Fire District's GASB 68 Accounting Valuation Report for its Miscellaneous Plan.

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$38,846,077	\$26,715,405	\$12,130,672
Balance at: 6/30/2014 (MD)	\$41,157,793	\$31,156,173	\$10,001,620
Net Changes during 2013-14	\$2,311,716	\$4,440,768	\$(2,129,052)

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$15,461,726	\$10,001,620	\$5,470,252

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

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 the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions 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 expected average remaining service lifetime (EARS�) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C.

The EARS� for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows

As of the start of the measurement period (July 1, 2013), the net pension liability/(asset) for the plan is \$12,130,672.

For the measurement period ended June 30, 2014 (the measurement date), the Santa Clara County Central Fire Protection District incurred a pension expense/(income) of \$1,128,568 for the Plan.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Note that no adjustments have been made for contributions subsequent to the measurement date.

As of June 30, 2014, the Santa Clara County Central Fire Protection District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$0	\$0
Changes of Assumptions	0	0
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	(2,140,074)
Adjustment due to Differences in Proportions	0	(161,206)
Difference in actual and proportionated contributions	318,711	0
Total	\$318,711	\$(2,301,280)

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

In addition to the figures shown in the table above, the Fire District is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 8. PENSION PLAN – Continued

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2015	\$(478,765)
2016	(478,765)
2017	(490,019)
2018	(535,020)
2019	0
Thereafter	0

The deferred outflows and deferred inflows and schedules of future amortizations for the Risk Pool in aggregate are summarized in Appendix A of the Fire District's Accounting Valuation Report.

NOTE 9. HEALTH BENEFIT

A. Plan Description

The District's other postemployment benefit (OPEB) provides for lifetime medical coverage to retirees who meet certain eligibility requirements. Currently, employees who retire directly from the District, have accrued seven years of service and were hired between January 1, 1995 and December 31, 2006, inclusive, or retire directly from the District, have accrued 10 years of service and were hired after December 31, 2006 are eligible.

Presently the District offers two health plans: Kaiser Permanente (HMO) and a self-funded indemnity-type plan that has a preferred provider discount feature (Delta Health Systems, a third party administrator). Each plan offers a prescription drug benefit.

The District began prefunding with the California Employers' Retiree Benefit Trust Fund (CERBT) in June of 2012. The CERBT is an IRS Section 115 trust maintained by CalPERS as a retiree welfare prefunding vehicle for any California public sector employer.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 9. HEALTH BENEFIT – Continued

B. Funding Policy

The District pays the cost of postemployment health care benefits for a retiree (and his/her spouse if the retiree retired on or before January 1, 1978). The District will pay for the spouse's coverage so long as the retiree maintains eligibility. An employee who retires after January 1, 1978 may include his/her eligible dependent on the plan by self-paying the additional cost for that dependent.

As part of the current labor agreement, adopted on February 3, 2014, Plan members now contribute 1% of base pay, with a maximum annual contribution of \$1,500, towards the District's net OPEB obligation.

Based on the latest actuarial report as of June 30, 2015, the District's Annual Required Contribution (ARC) rate for 2014/2015 is 17% of annual covered payroll of \$37,354,300.

C. Annual OPEB Cost and Net OPEB Obligation

Annual Required Contributions (ARC)	\$ 6,441,700
Interest on beginning Net OPEB Obligation (NOO)	2,816,600
Amortization of beginning NOO	(<u>2,421,600</u>)
Annual OPEB Cost (AOC)	6,836,700
Contributions made:	
Direct Benefit Payments	(\$3,773,027)
Adjustment for implicit subsidy	(195,100)
Retiree contributions	955,682
Contributions to irrevocable trust – CERBT	(<u>2,341,046</u>) (<u>5,353,491</u>)
Change in OPEB obligation	1,483,209
NOO at beginning of year	<u>40,236,495</u>
NOO at end of year	<u>\$41,719,704</u>

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
6/30/13	\$6,530,800	58%	\$38,221,600
6/30/14	6,527,000	69%	40,236,495
6/30/15	6,836,700	78%	41,719,704

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 9. HEALTH BENEFIT – Continued

D. Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratios	Annual Covered Payroll	UAAL as a % of Payroll
6/30/11	\$76,555,500	\$ -	\$76,555,500	0%	\$36,846,900	208%
6/30/13	84,335,400	7,296,400	77,039,000	9%	37,232,700	207%
6/30/15	90,960,000	13,282,900	77,677,100	15%	37,354,300	208%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. 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 the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the June 30, 2015 actuarial valuation, the Entry Age Normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits for each active employee is allocated evenly over their years from hire to expected retirement age. 7.00% was both the assumed long-term rate of investment return on CERBT assets and (because the District contributes approximately 100% of ARC to the CERBT) the assumed valuation discount rate. The assumed annual healthcare trend rates for the various benefit types were initially between 4.75% and 7.50%, and each graded down to an ultimate rate of 4.0% by fiscal year 2022/2024. All discount and trend rates included an assumed 3.0% general inflation assumption. The actuarial value of CERBT assets was set equal to the market value of assets.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Notes to the Basic Financial Statements
Year Ended June 30, 2015

NOTE 9. HEALTH BENEFIT – Continued

The ARC for the 2014/15 fiscal year was determined as part of the June 30, 2013 actuarial valuation report which used the following methods and assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level percentage of payroll over a static 30 years beginning 2001/2012.
Remaining amortization period	27 years
Inflation rate	3.00%
Asset valuation method	5-year smoothing of annual gain/(loss)
Investment return	7.00%
Projected salary increases	3.00%
Initial Healthcare cost trend rate	Self-funded medical 7.25%, Self-funded drug 5.75%, Kaiser 8.50%
Ultimate Healthcare cost trend rate	4.5%

NOTE 10. PRIOR PERIOD ADJUSTMENT

The prior period adjustment of \$1.8 million in the fund financials, under the General Fund, is a reclassification of a current liability for compensated absences that was incorrectly reported in the prior year governmental fund financial statements. No adjustment was necessary to the government-wide statements.

The prior period adjustment of \$144 million, in the government-wide statements, is related to the implementation of Government Accounting Standards Board Statement No. 68, Accounting and Reporting for Pensions. GASB 68 made significant changes in the financial presentation and footnote disclosure for pensions. In particular, government entities are now required to report the net pension liability on the Statement of Net Position. The prior period adjustment records the District's net pension liability as of June 30, 2014.

Required Supplementary Information
(Other than MD&A)

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Budgetary Comparison Schedule - General Fund (1524)
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary Fund Balance, Beginning	\$ 33,559,849	\$ 33,559,849	\$ 33,559,849	\$ -
Prior period adjustment	1,783,598	1,783,598	1,783,598	-
Resources (Inflows)				
Property taxes and assessments	61,156,000	61,156,000	64,270,557	3,114,557
Licenses and permits	687,700	687,700	703,390	15,690
Intergovernmental revenues	2,015,500	2,015,500	3,977,037	1,961,537
Use of money and property	177,250	177,250	226,491	49,241
Charges for services	26,817,510	26,877,010	26,821,156	(55,854)
Miscellaneous revenues	1,000,000	1,000,000	1,062,484	62,484
Sale of capital assets	20,000	20,000	18,124	(1,876)
Proceeds from lease purchase financing	<u>2,709,000</u>	<u>2,709,000</u>	<u>-</u>	<u>(2,709,000)</u>
Amounts Available for Appropriation	<u>94,582,960</u>	<u>94,642,460</u>	<u>97,079,239</u>	<u>2,436,779</u>
Charges to Appropriations (Outflows)				
Public protection				
Salaries and benefits	74,678,679	74,678,679	73,425,473	1,253,206
Services & supplies and other charges	8,333,814	8,342,650	7,552,334	790,316
City provided services	5,400,000	5,400,000	5,719,511	(319,511)
Capital outlay	5,665,100	5,665,100	5,499,551	165,549
Debt service - principal	290,000	290,000	290,000	-
Debt service - interest	<u>42,850</u>	<u>42,850</u>	<u>42,850</u>	<u>-</u>
Total Charges to Appropriations	<u>94,410,443</u>	<u>94,419,279</u>	<u>92,529,719</u>	<u>1,889,560</u>
Budgetary Fund Balance, Ending	\$ <u>35,515,964</u>	\$ <u>35,566,628</u>	\$ <u>39,892,967</u>	\$ <u>4,326,339</u>

Continued

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Budgetary Comparison Schedule - General Fund (1524)
Year Ended June 30, 2015

**Explanation of Differences between Budgetary Inflows and Outflows
and GAAP Revenues and Expenditures**

Sources/Inflows of Resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 97,079,239
---	---------------

Differences - budget to GAAP:

Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(18,124)</u>
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Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u>97,061,115</u>
---	-----------------------------

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 92,529,719
--	---------------

Differences - budget to GAAP:	<u>-</u>
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Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ <u>92,529,719</u>
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Concluded

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Schedules of Funding Progress
June 30, 2015

	(a)	(b)	(a)-(b)	(b)/(a)	(c)	[(a)-(b)]/(c)
Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratios	Annual Covered Payroll	UAAL as a % of Payroll
<u>CalPERS Retirement Plan - Miscellaneous (Risk Pool):</u>						
6/30/2011	\$ 33,366,740	\$ 22,776,943	\$ 10,589,797	68.3%	\$ 5,154,917	205.4%
6/30/2012	\$ 34,937,324	\$ 22,720,874	\$ 12,216,450	65.0%	\$ 5,147,438	237.3%
6/30/2013	\$ 36,824,850	\$ 25,616,894	\$ 11,207,956	69.6%	\$ 5,472,027	204.8%
<u>CalPERS Retirement Plan - Safety:</u>						
6/30/2011	\$ 412,761,049	\$ 330,807,673	\$ 81,953,376	80.1%	\$ 31,515,437	260.0%
6/30/2012	\$ 426,249,798	\$ 344,225,274	\$ 82,024,524	80.8%	\$ 31,057,520	264.1%
6/30/2013	\$ 448,333,288	\$ 321,592,453	\$ 126,740,835	71.7%	\$ 30,223,831	419.3%
<u>Other Postemployment Benefits - Health Benefit:</u>						
6/30/2011	\$ 76,555,500	\$ -	\$ 76,555,500	0%	\$ 36,846,900	208%
6/30/2013	\$ 84,335,400	\$ 7,296,400	\$ 77,039,000	9%	\$ 37,232,700	207%
6/30/2015	\$ 90,960,000	\$ 13,282,900	\$ 77,677,100	15%	\$ 37,354,300	208%

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Schedule of Changes in Net Pension Liability and Related Ratios
Safety Plan
Last Ten Fiscal Years*

Mesurement period	<u>2013-14</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 8,571,796
Interest	34,357,237
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, including Refunds of Employee Contributions	<u>(23,105,970)</u>
Net Change in Total Pension Liability	19,823,063
Total Pension Liability - Beginning	<u>465,363,578</u>
Total Pension Liability - Ending (a)	<u>\$ 485,186,641</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 10,233,261
Contributions - Employees	3,886,260
Net Investment Income ¹	55,532,305
Benefit Payments, including Refunds of Employee Contributions	(23,105,970)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	<u>46,545,856</u>
Plan Fiduciary Net Position - Beginning	<u>322,265,227</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 368,811,083</u>
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 116,375,558</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.01%
Covered-Employee Payroll	31,130,546
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	373.83%

¹ Net of administrative expenses.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to Schedule:

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

Changes of Assumptions: There were no changes in assumptions.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Schedule of Plan Contributions
Safety Plan
Last Ten Fiscal Years*

Fiscal Year	2013-14	2014-15
Actuarially Determined Contribution ¹	\$ 10,233,261	\$ 11,045,487
Contributions in Relation to the Actuarially Determined Contribution ¹	(10,233,261)	(11,045,487)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{2,3}	\$ 31,130,546	\$ 31,991,681
Contributions as a Percentage of Covered-Employee Payroll ²	32.87%	34.53%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year \$30,223,831 was assumed to increase by the 3.00 percent payroll

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Schedule of the Plan's Proportionate Share of the Net Pension Liability
Miscellaneous Plan
Last Ten Fiscal Years*

Mesurement date	6/30/14
Plan's Proportion of the Net Pension Liability/(Asset)	0.16073%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,001,620
Plan's Covered-Employee Payroll ¹	\$ 5,636,188
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	177.45%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.15%

¹ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Schedule of Plan Contributions
Miscellaneous Plan
Last Ten Fiscal Years*

Fiscal Year	2013-14	2014-15
Actuarially Determined Contribution ¹	\$ 1,275,051	\$ 1,363,021
Contributions in Relation to the Actuarially Determined Contribution ¹	(1,275,051)	(1,363,021)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{2,3}	\$ 5,636,188	\$ 5,625,208
Contributions as a Percentage of Covered-Employee Payroll ²	22.62%	24.23%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

² Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year (\$5,472,027) was assumed to increase by the 3.00 percent payroll growth assumption.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

Other Supplementary Information

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Internal Service Funds

Internal Service accounts for the financing goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District has the following Internal Service funds:

Health Benefit Fund, which accounts for the finance activities of the District's self-funded health insurance program for its employees, retirees and eligible dependents (via Coastal Healthcare Administrators, a third party administrator).

Workers Compensation Fund is used to account for assets held by the District to meet present and future workers' compensation claims liabilities.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Combining Statement of Net Position - Proprietary Funds - Internal Service
June 30, 2015

	Governmental Activities		
	Health Benefit	Workers Compensation	Total
Assets			
Current assets			
Cash and investments			
Unrestricted	\$ -	\$ 11,460,893	\$ 11,460,893
Restricted with fiscal agents	303,694	-	303,694
Accounts receivable	440,040	-	440,040
Interest receivable	-	13,182	13,182
Total Current assets	<u>743,734</u>	<u>11,474,075</u>	<u>12,217,809</u>
Total Assets	<u>743,734</u>	<u>11,474,075</u>	<u>12,217,809</u>
Liabilities			
Noncurrent liabilities			
Insurance claims payable	<u>440,040</u>	<u>8,643,000</u>	<u>9,083,040</u>
Total Noncurrent liabilities	<u>440,040</u>	<u>8,643,000</u>	<u>9,083,040</u>
Total Liabilities	<u>440,040</u>	<u>8,643,000</u>	<u>9,083,040</u>
Net Position			
Unrestricted	<u>303,694</u>	<u>2,831,075</u>	<u>3,134,769</u>
Total Net Position	<u>\$ 303,694</u>	<u>\$ 2,831,075</u>	<u>\$ 3,134,769</u>

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Combining Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds - Internal Service
Year Ended June 30, 2015

	Governmental Activities		
	Health Benefit	Workers Compensation	Total
Operating Revenues			
Plan contribution	\$ 5,228,883	\$ 2,000,000	\$ 7,228,883
Interest and investment income	-	49,316	49,316
Total Operating Revenues	<u>5,228,883</u>	<u>2,049,316</u>	<u>7,278,199</u>
Operating Expenses			
Claims expenses	<u>5,226,078</u>	<u>2,176,773</u>	<u>7,402,851</u>
Total Operating Expenses	<u>5,226,078</u>	<u>2,176,773</u>	<u>7,402,851</u>
Change in Net Position	2,805	(127,457)	(124,652)
Net Position, Beginning	<u>300,889</u>	<u>2,958,532</u>	<u>3,259,421</u>
Net Position, Ending	<u>\$ 303,694</u>	<u>\$ 2,831,075</u>	<u>\$ 3,134,769</u>

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Combining Statement of Cash Flows - Proprietary Funds - Internal Service
Year Ended June 30, 2015

	Governmental Activities		
	Health Benefit	Workers Compensation	Total
Cash Flows from Operating Activities			
Cash receipts from interfund services provided - contributions to the plan	\$ 5,313,918	\$ 2,214,864	\$ 7,528,782
Cash payment for interfund services used - paid claims	<u>(5,311,113)</u>	<u>(1,763,923)</u>	<u>(7,075,036)</u>
Net cash provided by operating activities	2,805	450,941	453,746
Cash and Investments, Beginning	<u>300,889</u>	<u>11,009,952</u>	<u>11,310,841</u>
Cash and Investments, Ending	<u>\$ 303,694</u>	<u>\$ 11,460,893</u>	<u>\$ 11,764,587</u>
Reconciliation of change in net position to net cash provided (used) by operating activities			
Change in Net Position	\$ 2,805	\$ (127,457)	\$ (124,652)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities			
Decrease (increase) in assets			
Accounts receivable	85,035	169,552	254,587
Interest receivable	-	(4,004)	(4,004)
Increase (decrease) in liabilities			
Accounts payable	-	(2,150)	(2,150)
Insurance claims payable	<u>(85,035)</u>	<u>415,000</u>	<u>329,965</u>
Net cash provided by operating activities	<u>\$ 2,805</u>	<u>\$ 450,941</u>	<u>\$ 453,746</u>

STATISTICAL SECTION

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other agencies.

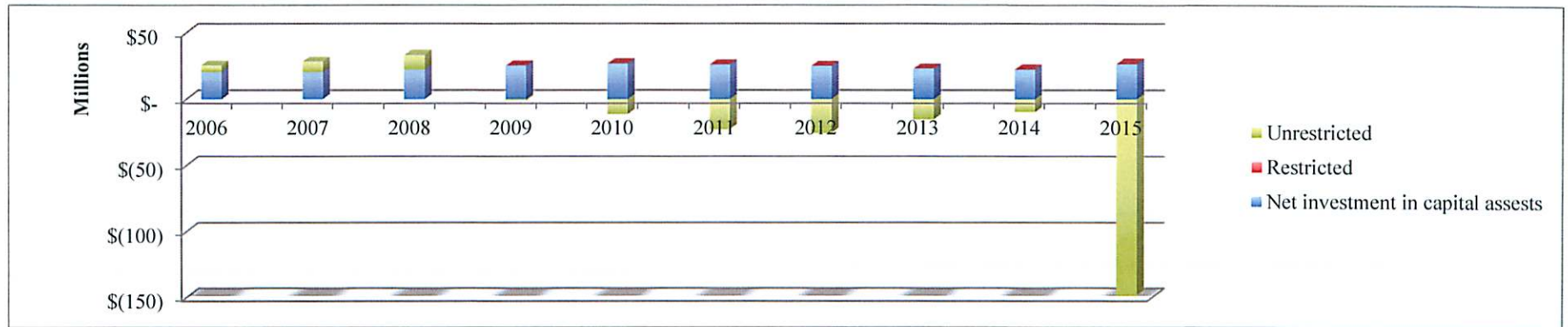
Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the audit reports for the relevant year.

Santa Clara County Central Fire Protection District
(A Component Unit of the County of Santa Clara)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Government Activities:										
Net investment in capital assests	\$20,536	\$20,484	\$22,339	\$25,375	\$26,848	\$26,133	\$25,084	\$23,043	\$22,377	\$ 26,665
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,988	7,828	11,030	(890)	(11,101)	(22,564)	(25,314)	(15,073)	(9,606)	(148,220)
Total governmental activities net position	<u>\$25,524</u>	<u>\$28,312</u>	<u>\$33,369</u>	<u>\$24,485</u>	<u>\$15,747</u>	<u>\$ 3,569</u>	<u>\$ (230)</u>	<u>\$ 7,970</u>	<u>\$12,771</u>	<u>\$(121,555)</u>

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Public Protection	\$ 58,801	\$ 61,171	\$ 64,536	\$ 88,495	\$ 89,670	\$ 91,984	\$ 85,873	\$ 85,928	\$ 85,989	\$ 87,742
Interest on Long-Term Debt	176	166	155	143	131	63	47	7	-	-
Loss on disposal of capital assets	-	-	12	137	-	-	-	-	363	-
Total Expenses	<u>58,977</u>	<u>61,337</u>	<u>64,703</u>	<u>88,775</u>	<u>89,801</u>	<u>92,047</u>	<u>85,920</u>	<u>85,935</u>	<u>86,352</u>	<u>87,742</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services*	15,677	17,504	19,911	27,613	29,513	29,835	30,926	30,231	26,637	27,525
Operating Grants and Contributions	-	-	-	-	-	-	-	1,273	3,873	3,977
Total Program Revenues	<u>15,677</u>	<u>17,504</u>	<u>19,911</u>	<u>27,613</u>	<u>29,513</u>	<u>29,835</u>	<u>30,926</u>	<u>31,504</u>	<u>30,510</u>	<u>31,502</u>
NET REVENUES (EXPENSES)										
Governmental Activities:										
Net revenues (expenses)	<u>\$ (43,300)</u>	<u>\$ (43,833)</u>	<u>\$ (44,792)</u>	<u>\$ (61,162)</u>	<u>\$ (60,288)</u>	<u>\$ (62,212)</u>	<u>\$ (54,994)</u>	<u>\$ (54,431)</u>	<u>\$ (55,842)</u>	<u>\$ (56,240)</u>
GENERAL REVENUES										
Governmental Activities:										
Property Taxes and Assessments	\$ 42,486	\$ 46,040	\$ 48,621	\$ 51,748	\$ 50,392	\$ 49,321	\$ 50,140	\$ 55,282	\$ 59,107	\$ 64,271
Use of money & property	264	452	586	353	190	131	149	403	154	195
Gain on sale of capital assets	3	-	-	-	1	11	22	1,933	-	-
Miscellaneous	123	129	642	177	967	571	884	1,032	1,382	1,169
Total General Revenues	<u>42,876</u>	<u>46,621</u>	<u>49,849</u>	<u>52,278</u>	<u>51,550</u>	<u>50,034</u>	<u>51,195</u>	<u>58,650</u>	<u>60,643</u>	<u>65,635</u>
CHANGES IN NET POSITION										
Governmental Activities:										
Changes in net position	<u>\$ (424)</u>	<u>\$ 2,788</u>	<u>\$ 5,057</u>	<u>\$ (8,884)</u>	<u>\$ (8,738)</u>	<u>\$ (12,178)</u>	<u>\$ (3,799)</u>	<u>\$ 4,219</u>	<u>\$ 4,801</u>	<u>\$ 9,395</u>
NET POSITION										
Governmental Activities:										
Changes in net position	\$ (424)	\$ 2,788	\$ 5,057	\$ (8,884)	\$ (8,738)	\$ (12,178)	\$ (3,799)	\$ 4,219	\$ 4,801	\$ 9,395
Net Position, Beginning	25,948	25,524	28,312	33,369	24,485	15,747	3,569	(230)	7,970	12,771
Prior period adjustment	-	-	-	-	-	-	-	3,981	-	(143,721)
Net Position, Beginning, as restated	<u>25,948</u>	<u>25,524</u>	<u>28,312</u>	<u>33,369</u>	<u>24,485</u>	<u>15,747</u>	<u>3,569</u>	<u>3,751</u>	<u>7,970</u>	<u>(130,950)</u>
Net Position, Ending	<u>\$ 25,524</u>	<u>\$ 28,312</u>	<u>\$ 33,369</u>	<u>\$ 24,485</u>	<u>\$ 15,747</u>	<u>\$ 3,569</u>	<u>\$ (230)</u>	<u>\$ 7,970</u>	<u>\$ 12,771</u>	<u>\$ (121,555)</u>

Amounts are reported in thousands

* - Revenue from Intergovernmental Revenues was previously reported under General Revenues. All prior year activity has been reclassified to Program Revenues - Charges for Services.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL FUND										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -					
Unreserved	8,748	11,742	15,841	17,451	14,523					
Total General Fund	<u>\$ 8,748</u>	<u>\$ 11,742</u>	<u>\$ 15,841</u>	<u>\$ 17,451</u>	<u>\$ 14,523</u>					
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -					
Unreserved, reported in:										
Capital project fund	570	598	-	-	-					
	<u>\$ 570</u>	<u>\$ 598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
GENERAL FUNDS										
Committed						\$ 3,650	\$ 6	\$ -	\$ 12,500	\$ 12,500
Unassigned						10,439	11,410	25,607	21,060	27,393
Total General Funds						<u>\$ 14,089</u>	<u>\$ 11,416</u>	<u>\$ 25,607</u>	<u>\$ 33,560</u>	<u>\$ 39,893</u>

Amounts are reported in thousands

Fiscal year ended 2011 was the implementation year of GASB 54.

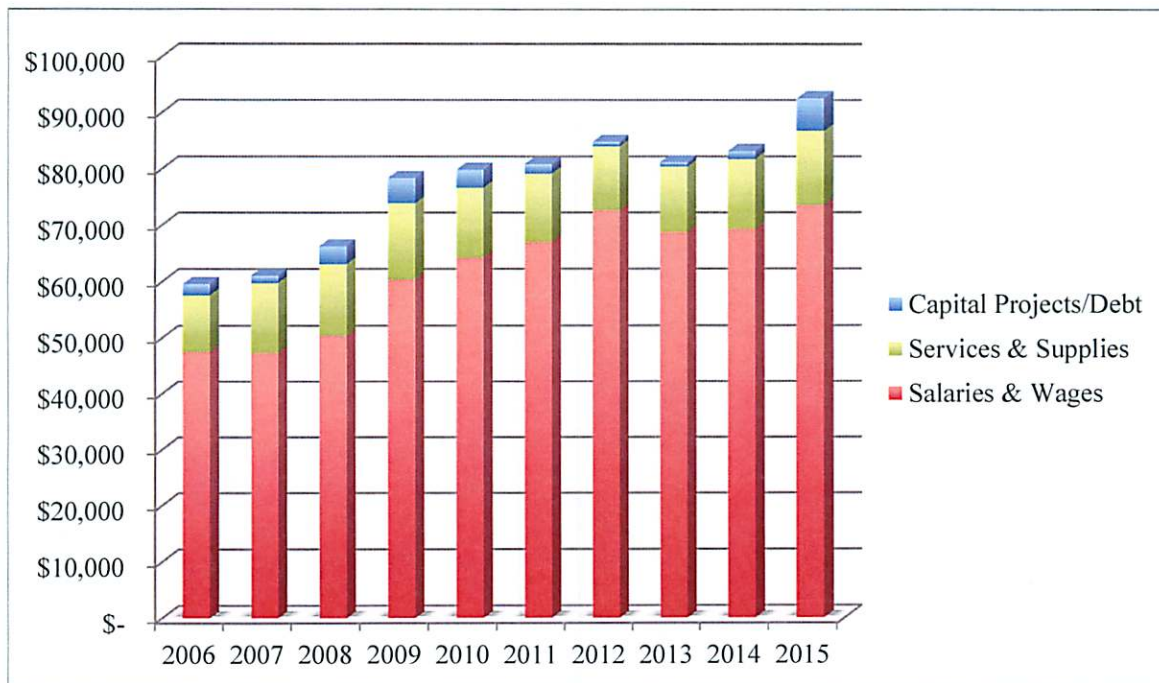
Source: Santa Clara County Central Fire Protection District Financial Statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Property taxes and assessments	\$ 42,486	\$46,040	\$48,621	\$51,748	\$ 46,211	\$49,321	\$50,140	\$59,463	\$59,107	\$ 64,271
Licenses and permits	411	557	494	489	425	511	529	509	581	703
Intergovernmental revenues	789	549	489	815	1,107	1,248	1,313	3,795	3,873	3,977
Use of money and property	264	452	586	354	190	131	149	424	195	227
Charges for services	14,477	16,398	18,928	26,309	27,981	28,077	29,084	27,200	26,056	26,821
Miscellaneous revenues	122	129	642	177	967	570	884	949	1,286	1,062
Total Revenues	<u>58,549</u>	<u>64,125</u>	<u>69,760</u>	<u>79,892</u>	<u>76,881</u>	<u>79,858</u>	<u>82,099</u>	<u>92,340</u>	<u>91,098</u>	<u>97,061</u>
EXPENDITURES										
Public Protection										
Salaries and benefits	47,521	47,320	50,340	60,373	64,258	67,014	72,619	68,655	69,220	73,425
Services and supplies	4,812	5,219	5,905	6,498	6,285	6,258	6,003	6,065	6,621	6,856
City provided services	5,104	7,166	6,703	6,864	5,958	5,168	4,609	4,892	5,098	5,719
Other charges	185	60	143	100	85	686	705	722	803	697
Capital outlay	1,530	911	2,793	4,079	2,803	1,062	334	405	987	5,500
Debt service - principal	250	260	270	280	290	512	417	366	390	290
Debt service - interest	177	167	156	145	133	132	118	76	58	43
Total Expenditures	<u>59,579</u>	<u>61,103</u>	<u>66,310</u>	<u>78,339</u>	<u>79,812</u>	<u>80,832</u>	<u>84,805</u>	<u>81,181</u>	<u>83,177</u>	<u>92,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,030)</u>	<u>3,022</u>	<u>3,450</u>	<u>1,553</u>	<u>(2,931)</u>	<u>(974)</u>	<u>(2,706)</u>	<u>11,159</u>	<u>7,921</u>	<u>4,531</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from the sale of capital assets	3	-	50	58	3	29	33	3,032	31	18
Proceeds from lease financing	-	-	-	-	-	511	-	-	-	-
Total other financing sources (uses)	<u>3</u>	<u>-</u>	<u>50</u>	<u>58</u>	<u>3</u>	<u>540</u>	<u>33</u>	<u>3,032</u>	<u>31</u>	<u>18</u>
Net Change in Fund Balances	<u>\$ (1,027)</u>	<u>\$ 3,022</u>	<u>\$ 3,500</u>	<u>\$ 1,611</u>	<u>\$ (2,928)</u>	<u>\$ (434)</u>	<u>\$ (2,673)</u>	<u>\$14,191</u>	<u>\$ 7,952</u>	<u>\$ 4,549</u>
Debt service as a percentage of noncapital expenditures	0.74%	0.71%	0.67%	0.57%	0.55%	0.81%	0.63%	0.55%	0.55%	0.38%

Amounts are reported in thousands

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
General Expenditures by Function
All Governmental Fund Types
Last Ten Fiscal Years
(Unaudited)

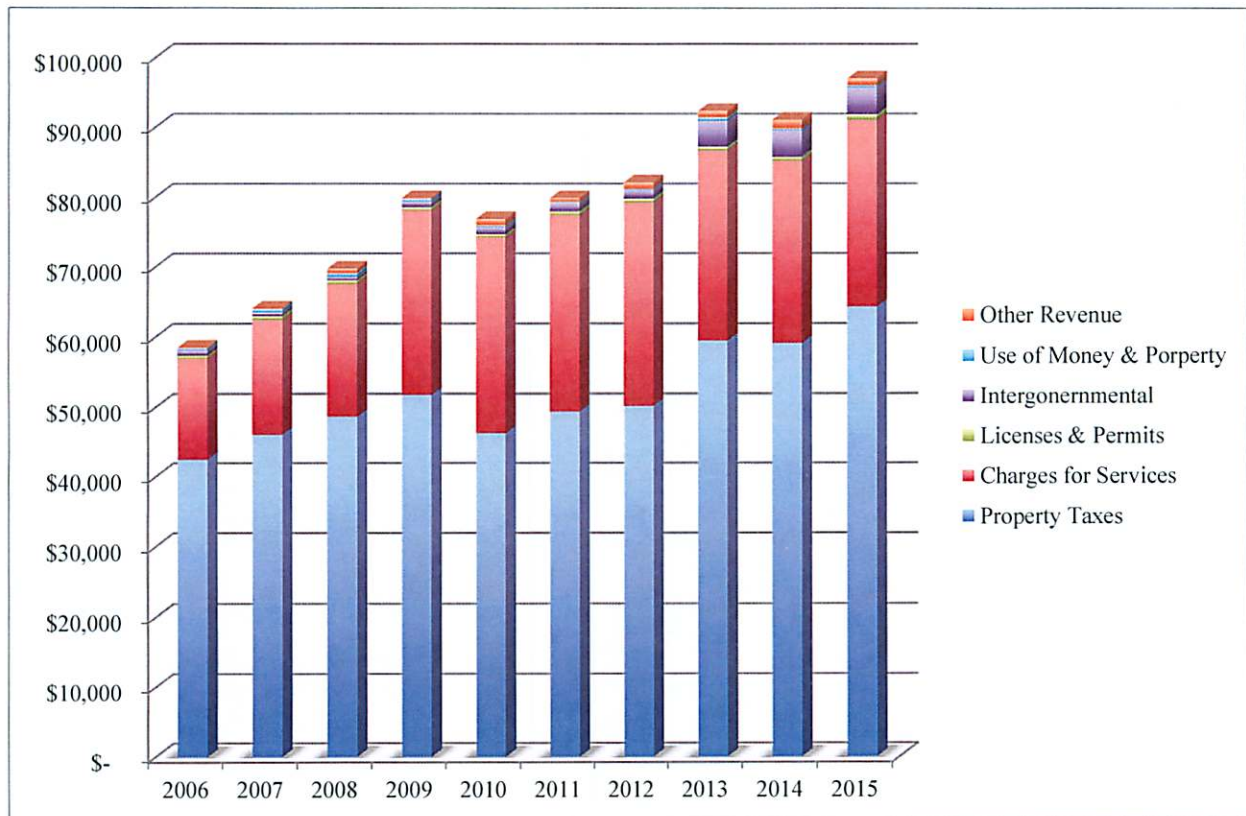


Fiscal Year	Salaries & Benefits	Services & Supplies	Capital Projects/ Equipment/ Debt Service	Total
2006	\$ 47,521	\$ 10,101	\$ 1,957	\$59,579
2007	47,320	12,445	1,338	61,103
2008	50,340	12,751	3,219	66,310
2009	60,373	13,462	4,504	78,339
2010	64,258	12,329	3,225	79,812
2011	67,014	12,112	1,706	80,832
2012	72,619	11,316	870	84,805
2013	68,655	11,679	847	81,181
2014	69,220	12,521	1,436	83,177
2015	73,425	13,272	5,833	92,530

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
General Revenues by Source
All Governmental Fund Types
Last Ten Fiscal Years
(Unaudited)



Fiscal Year	Property Taxes	Charges for Services	Licenses & Permits	Intergovernmental Revenues	Use of Money & Property	Other Revenue	Total
2006	\$42,486	\$ 14,477	\$ 411	\$ 789	\$ 264	\$ 122	\$ 58,549
2007	46,040	16,398	557	549	452	129	64,125
2008	48,621	18,928	494	489	586	642	69,760
2009	51,748	26,309	489	815	354	177	79,892
2010	46,211	27,981	425	1,107	190	967	76,881
2011	49,321	28,077	511	1,248	131	570	79,858
2012	50,140	29,084	529	1,313	149	884	82,099
2013	59,463	27,200	509	3,795	424	949	92,340
2014	59,107	26,056	581	3,873	196	1,285	91,098
2015	64,271	26,821	703	3,977	227	1,062	97,061

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Assessed Valuations and Tax Rates
Last Ten Fiscal Years
(Unaudited)

Assessed Valuations

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005-06	\$23,626,644,050	\$6,164,522	\$ 572,254,435	\$24,205,063,007
2006-07	25,712,314,832	6,062,909	605,512,054	26,323,889,795
2007-08	27,364,514,995	5,593,056	640,517,434	28,010,625,485
2008-09	29,603,384,623	2,289,400	774,871,947	30,380,545,970
2009-10	30,206,569,891	2,289,400	842,571,313	31,051,430,604
2010-11	30,154,364,420	2,289,400	723,210,748	30,879,864,568
2011-12	30,835,886,894	2,318,920	773,485,166	31,611,690,980
2012-13	32,210,410,240	2,318,920	987,111,882	33,199,841,042
2013-14	35,288,937,150	2,318,920	1,078,312,455	36,369,568,525
2014-15	37,132,414,243	1,017,480	1,234,014,513	38,367,446,236

Tax Rates (TRA 13-003 – 2014-15 Assessed Valuation: \$7,987,178,204)

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
County-wide	1.0000	1.0000	1.0000	1.0000	1.0000
County Retirement Levy	.0388	.0388	.0388	.0388	.0388
County Library Retirement	.0024	.0024	.0024	.0024	.0024
County Hospital Bonds	-	-	-	-	.0122
Cupertino Elementary School District Bonds	.0350	.0289	.0337	.0306	.0312
Fremont High School District Bond	.0260	.0243	.0241	.0339	.0306
Foothill-De Anza Community College District Bond	.0119	.0346	.0113	.0123	.0322
Total All Property Tax Rate	1.1141	1.1290	1.1103	1.1180	1.1474
Santa Clara Valley Water District State Water Project	.0069	.0070	.0067	.0059	.0071
Santa Clara Valley Water District, Zone W-1 Bond	.0009	.0002	.0004	.0002	.0003
Total Land and Improvement Tax Rate	.0078	.0072	.0071	.0061	.0074
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
County-wide	1.0000	1.0000	1.0000	1.0000	1.0000
County Retirement Levy	.0388	.0388	.0388	.0388	.0388
County Library Retirement	.0024	.0024	.0024	.0024	.0024
County Hospital Bonds	.0095	.0047	.0051	.0035	.0091
Cupertino Elementary School District Bonds	.0308	.0290	.0598	.0525	.0540
Fremont High School District Bond	.0365	.0415	.0390	.0405	.0396
Foothill-De Anza Community College District Bond	.0326	.0297	.0287	.0290	.0276
Total All Property Tax Rate	1.1506	1.1461	1.1738	1.1667	1.1715
Santa Clara Valley Water District State Water Project	.0070	.0063	.0069	.0070	.0065
Santa Clara Valley Water District, Zone W-1 Bond	.0002	.0001	-	-	-
Total Land and Improvement Tax Rate	.0072	.0064	.0069	.0070	.0065

YV:(\$50)

Source: California Municipal Statistics

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Largest Local Secured Taxpayers
Year Ended June 30, 2015
(Unaudited)

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Apple Computer Inc.	Office Building	\$913,822,553	2.46%
2.	Campus Holdings Inc.	Office Building	654,540,067	1.76
3.	Heidelberg Cement Inc.	Industrial	155,693,739	0.42
4.	SI 32 LLC	Apartments	150,563,119	0.41
5.	Mission West Properties LP	Office Building	127,777,488	0.34
6.	SVF Cupertino City Center Corp.	Office Building	122,955,694	0.33
7.	San Jose Water Works	Water Company	95,113,806	0.26
8.	Cupertino Property Devel. I LLC	Apartments	94,512,728	0.25
9.	Cupertino City Center Buildings	Office Building	91,342,248	0.25
10.	Vallco Shopping Mall LLC	Shopping Center	90,161,015	0.24
11.	Villa Serra Apartments	Apartments	78,981,281	0.21
12.	IAC at Cupertino LLC	Apartments	74,205,713	0.20
13.	BVK Perimeter Square Retail LLC	Shopping Center	66,122,717	0.18
14.	Cupertino Gateway Partners	Shopping Center	64,611,900	0.17
15.	SFERS Real Estate Corp. UU	Apartments	64,056,188	0.17
16.	CH Cupertino Owner LLC	Shopping Center	59,677,192	0.16
17.	Cupertino Village LP	Shopping Center	57,388,103	0.15
18.	Main Street Cupertino Aggregator LLC	Mixed Use Development	57,325,647	0.15
19.	Verandas REIT Inc.	Apartments	52,808,001	0.14
20.	Cupertino Tantau LLC	Shopping Center	<u>49,797,056</u>	<u>0.13</u>
			\$3,121,456,255	8.41%

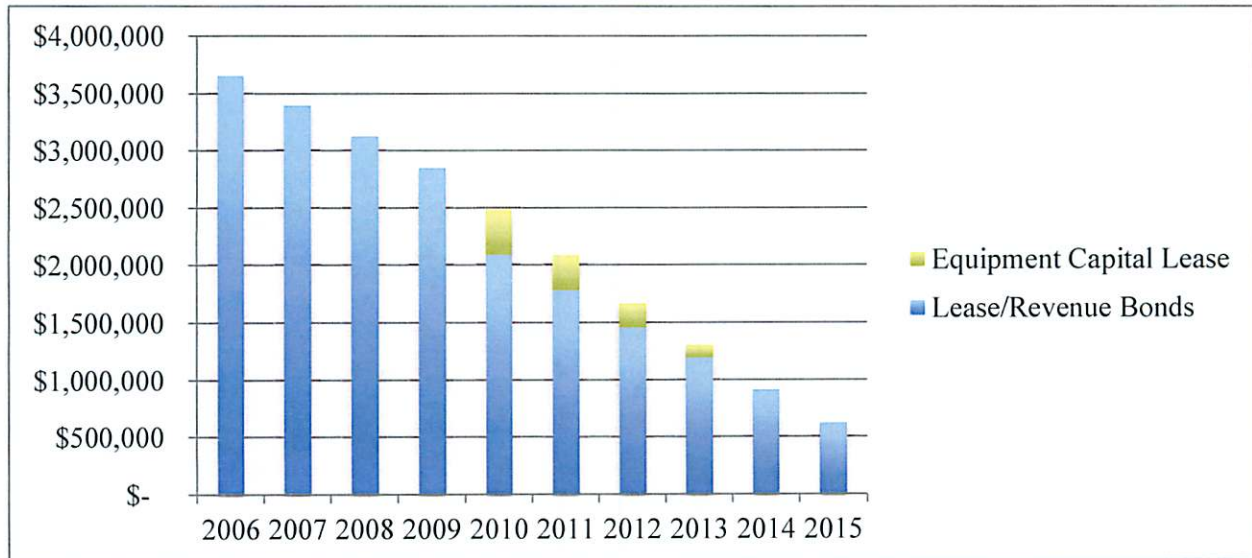
(1) 2014-15 Local Secured Assessed Valuation: \$37,132,414,243

JC:(\$350)

Source: California Municipal Statistics

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)



Fiscal Year	Lease/ Revenue Bonds	Equipment Capital Leases	Total Outstanding Debt	Debt Per Capita*
2006	\$ 3,660,000	\$ -	\$ 3,660,000	13.764780
2007	3,400,000	-	3,400,000	12.588024
2008	3,130,000	-	3,130,000	11.425151
2009	2,850,000	-	2,850,000	9.300383
2010	2,090,000	401,574	2,491,574	8.286051
2011	1,785,000	304,007	2,089,007	7.821711
2012	1,465,000	206,585	1,671,585	5.594496
2013	1,200,000	105,300	1,305,300	4.314585
2014	915,000	-	915,000	3.458259
2015	625,000	-	625,000	2.364102

* - Calculation included population data from both the Fire District and its contract agencies.

Source: Santa Clara County Central Fire Protection District and State of California Department of Finance (population)

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

(A Component Unit of the County of Santa Clara)

Direct and Overlapping Debt

June 30, 2015

(Unaudited)

2014-15 Assessed Valuation: \$38,367,446,236

OVERLAPPING TAX AND ASSESSMENT DEBT:

	Total Debt 6/30/15	% Applicable (1)	District's Share of Debt 6/30/15
Santa Clara County	\$799,180,000	10.744%	\$ 85,863,899
Foothill-De Anza Community College District	635,069,288	15.480	98,308,726
West Valley-Mission Community College District	424,754,350	19.491	82,788,870
Santa Clara Unified School District	544,745,000	1.643	8,950,160
Campbell Union High School District	146,910,000	14.417	21,180,015
Fremont Union High School District	378,045,088	34.111	128,954,960
Los Gatos Joint Union High School District	79,245,000	66.077	52,362,719
Cambrian School District	54,989,944	0.383	210,611
Campbell Union School District	170,131,249	16.029	27,270,338
Cupertino Union School District	249,418,462	59.908	141,939,058
Lakeside Joint School District	450,043	28.214	126,975
Loma Prieta Joint Union School District	4,054,840	19.596	794,586
Los Gatos Union School District	98,870,000	98.410	97,297,967
Moreland School District	108,808,582	13.027	14,174,494
Saratoga Union School District	37,170,075	38.885	14,453,584
Union School District	91,809,422	22.151	20,336,705
City of Saratoga	10,560,000	52.634	5,558,150
El Camino Hospital District	138,345,000	1.197	1,655,990
Santa Clara Valley Water Benefit Assessment District	106,690,000	10.744	11,462,774
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$813,690,581

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Santa Clara County General Fund Obligations	\$707,613,810	10.744%	\$ 76,026,028
Santa Clara County Pension Obligation Bonds	371,443,651	10.744	39,907,906
Santa Clara County Board of Education Certificates of Participation	9,030,000	10.744	970,183
Foothill-De Anza Community College District Certificates of Participation	11,617,623	15.480	1,798,408
West Valley Mission Community College District Certificates of Participation	64,660,000	19.491	12,602,881
Santa Clara Unified School District Certificates of Participation	13,430,000	1.643	220,655
Campbell Union High School District Certificates of Participation	8,953,047	14.417	1,290,761
Los Gatos-Saratoga Joint Union High School District Certificates of Participation	6,995,000	66.077	4,622,086
Campbell Union High School District Certificates of Participation	3,425,000	16.029	548,993
Saratoga Union School District Certificates of Participation	4,925,000	38.885	1,915,086
Loma Prieta Joint Union School District General Fund Obligations	98,427	19.596	19,288
City of Cupertino Certificates of Participation	37,925,000	100.000	37,925,000
Santa Clara County Vector Control Certificates of Participation	3,085,000	10.744	331,452
Midpeninsula Regional Open Space District General Fund Obligations	127,086,851	18.069	22,963,323
Santa Clara County Central Fire Protection District	625,000	100.000	625,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$202,057,050
Less: Santa Clara County supported obligations			54,246,308
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$147,810,742

OVERLAPPING TAX INCREMENT DEBT (Successor Agency):

	\$20,875,000	100.000%	\$20,875,000
TOTAL DIRECT DEBT			\$625,000
TOTAL GROSS OVERLAPPING DEBT			\$1,036,622,631
TOTAL NET OVERLAPPING DEBT			\$982,376,323
GROSS COMBINED TOTAL DEBT			\$1,036,622,631 (2)
NET COMBINED TOTAL DEBT			\$982,376,323

- (1) The percentage of overlapping debt applicable to the fire protection district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the fire protection district divided by the overlapping district's total taxable assessed value.
- (2) Excludes tax revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratio to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.12%
Total Direct Debt	0.00%
Gross Combined Total Debt	2.70%
Net Combined Total Debt	2.56%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,083,873,943):

Total Overlapping Tax Increment Debt	1.93%
--	-------

AB:(\$475)

Source: California Municipal Statistics

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Computation of Legal Bonded Debt Margin
June 30, 2015
(Unaudited)

ASSESSED VALUATION

Secured Property assessed value, net of exempt real property \$ 37,132,414,243

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) \$ 1,392,465,534

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt \$ 625,000

Less Lease Revenue Bonds and Equipment Leases
not subject to limit 625,000

Amount of debt subject to limit -

LEGAL BONDED DEBT MARGIN \$ 1,392,465,534

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2006	\$ 885,999,152	\$ -	\$ 885,999,152	0.00%
2007	964,211,806	-	964,211,806	0.00%
2008	1,026,169,312	-	1,026,169,312	0.00%
2009	1,110,126,923	-	1,110,126,923	0.00%
2010	1,132,746,371	-	1,132,746,371	0.00%
2011	1,130,788,666	-	1,130,788,666	0.00%
2012	1,156,345,759	-	1,156,345,759	0.00%
2013	1,207,890,384	-	1,207,890,384	0.00%
2014	1,323,335,143	-	1,323,335,143	0.00%
2015	1,392,465,534	-	1,392,465,534	0.00%

NOTE:

(a) California Health & Safety Code, Section 13937 sets the debt limit at 10%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: California Municipal Statistics

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

(A Component Unit of the County of Santa Clara)

Principal Employers

Fiscal Year 2014 & Nine Years ago

(Unaudited)

Employer	Fiscal Year 2014 (Latest Available)				Fiscal Year 2005		
	City/Town	Rank	Number of Employees	Percentage of Total District Employment	Rank	Number of Employees	Percentage of Total District Employment
Apple	Cupertino	1	15,000	14.63%	1	6,000	5.72%
Columbia Health Care Assoc/Mission Oaks Hospital	Los Gatos	2	2,000	1.95%	3	2,000	1.91%
Cupertino Union School District	Cupertino	3	1,574	1.54%	4	1,500	1.43%
Foothill/DeAnza Community College District	Cupertino	4	1,183	1.15%	5	1,250	1.19%
Fremont Union High School District	Cupertino	5	975	0.95%	7	735	0.70%
NetFlix	Los Gatos	6	825	0.80%	-	-	-
El Camino Hospital of Los Gatos	Los Gatos	7	700	0.68%	-	-	-
Safeway	Various	8	650	0.63%	-	-	-
Los Altos School District	Los Altos	9	568	0.55%	-	-	-
Seagate	Cupertino	10	500	0.49%	-	-	-
Hewlett-Packard	Cupertino	-	-	-	2	4,600	4.39%
Morgan Hill Unified School District	Morgan Hill	-	-	-	6	903	0.86%
Community Hospital of Los Gatos	Los Gatos	-	-	-	8	730	0.70%
Hospira, Inc.	Morgan Hill	-	-	-	9	542	0.52%
Anritsu Company	Morgan Hill	-	-	-	10	487	0.46%

Note: List was compiled to include data from employers located in the District and contracting agencies.

Employment data for the Town of Los Gatos is not available prior to 2005/06.

Employment data for the City of Saratoga is not available prior to 2004/05.

The Fire District ended its service contract with the City of Morgan Hill on January 3, 2013.

Sources: Cupertino, Los Gatos, Saratoga, Campbell, Los Altos and Morgan Hill CAFR's

California Employment Development Department

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Demographic and Economic Statistics - County of Santa Clara
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	County Population ⁽¹⁾	Total Personal Income (000's) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2014	1,868,558	n/a	n/a	n/a	276,175	6.1%
2013	1,842,254	n/a	n/a	n/a	273,701	7.6%
2012	1,813,696	\$ 122,259,021	\$ 66,535	36.6	269,858	8.8%
2011	1,797,375	111,880,131	61,833	36.4	265,543	10.2%
2010	1,880,876	103,636,350	58,018	36.2	262,126	11.1%
2009	1,857,621	99,549,995	55,781	36.2	259,800	11.5%
2008	1,837,075	103,992,999	59,227	36.6	259,116	5.9%
2007	1,808,056	104,102,421	60,107	36.4	255,722	4.8%
2006	1,773,258	95,911,624	55,735	36.1	254,622	4.6%
2005	1,759,585	87,154,432	51,112	36.2	253,065	5.5%

Sources:

- (1) State of California - Department of Finance
- (2) U.S. Department of Commerce - Bureau of Economic Analysis
- (3) Association of Bay Area Census (California)
- (4) Santa Clara County Office of Education
- (5) State of California - Employment Development Department

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Demographic and Economic Indicators - District Population
Last Ten Fiscal Years
(Unaudited)

	Population									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire District										
Cupertino	53,012	53,549	54,584	55,045	55,838	58,302	58,302	59,620	59,646	59,756
Monte Sereno	3,467	3,504	3,582	3,657	3,341	3,341	3,373	3,420	3,450	3,451
Saratoga (CFPD)	15,418	15,676	15,796	15,840	15,999	15,098	15,181	15,345	15,444	15,400
Unincorporated	10,000	10,000	10,077	4,000	1,942	1,500	1,212	1,225	1,250	1,245
Los Gatos	29,116	29,362	30,170	30,497	30,802	29,651	29,854	30,247	30,532	30,505
Total Zone 2	<u>111,013</u>	<u>112,091</u>	<u>114,209</u>	<u>109,039</u>	<u>107,922</u>	<u>107,892</u>	<u>107,922</u>	<u>109,857</u>	<u>110,322</u>	<u>110,357</u>
Zone 1	<u>40,500</u>	<u>40,600</u>	<u>40,855</u>	<u>56,567</u>	<u>52,000</u>	<u>50,000</u>	<u>50,000</u>	<u>49,400</u>	<u>49,500</u>	<u>49,300</u>
Subtotal Fire District	<u>151,513</u>	<u>152,691</u>	<u>155,064</u>	<u>165,606</u>	<u>159,922</u>	<u>157,892</u>	<u>157,922</u>	<u>159,257</u>	<u>159,822</u>	<u>159,657</u>
Contract Agencies										
Campbell	38,408	39,748	40,161	40,420	39,363	39,664	39,882	40,404	41,993	41,857
Morgan Hill	37,091	38,418	39,218	39,814	40,246	38,309	39,127	40,079	-	-
Los Altos	27,584	27,941	28,165	28,457	28,863	28,863	29,460	29,792	29,969	30,036
Los Altos Hills County FD	11,300	11,300	11,349	11,400	11,400	11,450	11,500	11,800	11,800	11,821
Saratoga Fire District	-	-	-	20,743	20,902	20,900	20,900	21,200	21,000	21,000
Total Contract	<u>114,383</u>	<u>117,407</u>	<u>118,893</u>	<u>140,834</u>	<u>140,774</u>	<u>139,186</u>	<u>140,869</u>	<u>143,275</u>	<u>104,762</u>	<u>104,714</u>
Total Service Area	<u>265,896</u>	<u>270,098</u>	<u>273,957</u>	<u>306,440</u>	<u>300,696</u>	<u>297,078</u>	<u>298,791</u>	<u>302,532</u>	<u>264,584</u>	<u>264,371</u>

Notes: The Fire District ended its service contract with the City of Morgan Hill on January 3, 2013.
The Fire District entered into a service contract with the Saratoga Fire Protection on July 1, 2008.

Source: City and Fire District data collected from respective annual financial reports. Zone 1 and unincorporated population data estimated from parcel data provided by the Santa Clara County Assessor's Office.

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Demographic and Economic Indicators for Major Cities Served by Fire District
Fiscal Years 2005 through 2014
(Unaudited)

DISTRICT CITIES

Saratoga

<u>Fiscal</u> <u>Year</u>	<u>Population</u>	<u>Total</u> <u>Personal</u> <u>Income (000's)</u>	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate</u>	<u>Labor</u> <u>Force</u>
2005	30,850	\$ 1,586,245	\$ 51,418	2.5%	12,600
2006	30,835	1,719,175	55,754	2.1%	12,700
2007	31,352	1,859,362	59,306	2.3%	12,900
2008	31,592	1,843,425	58,351	3.2%	13,100
2009	31,679	1,747,699	55,169	6.0%	13,300
2010	31,997	2,401,151	75,043	5.6%	13,200
2011	30,195	2,211,963	73,256	5.0%	13,400
2012	30,363	2,119,463	69,804	4.4%	14,000
2013	30,706	2,179,904	70,993	4.2%	13,900
2014	30,887	2,243,458	72,634	3.4%	14,200

Los Gatos

<u>Year</u>	<u>Population</u>	<u>Total</u> <u>Personal</u> <u>Income (000's)</u>	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Median</u> <u>Age</u>
2005	28,965	\$ 1,508,526	\$ 52,081	44.04
2006	29,116	1,644,239	56,472	44.19
2007	29,362	1,764,862	60,107	44.64
2008	30,170	1,781,780	59,058	44.86
2009	30,497	1,701,153	55,781	45.35
2010	30,802	1,787,070	58,018	45.09
2011	29,651	1,833,410	61,833	44.22
2012	29,808	1,854,892	62,228	42.64
2013	30,247	2,140,641	70,772	45.80
2014	30,532	2,274,542	74,497	45.80

Cupertino

<u>Year</u>	<u>Population</u>	<u>Total</u> <u>Personal</u> <u>Income (000's)</u>	<u>Per Capita</u> <u>Personal</u> <u>Income</u>	<u>Unemployment</u> <u>Rate</u>	<u>Median</u> <u>Age</u>
2005	52,590	\$ 2,595,892	\$ 49,361	4.1%	n/a
2006	53,012	2,805,559	52,923	3.4%	n/a
2007	53,549	3,117,408	58,216	2.8%	n/a
2008	54,584	3,369,668	61,734	3.0%	n/a
2009	55,045	3,442,884	62,547	3.8%	n/a
2010	55,838	3,350,250	59,999	7.2%	40.5
2011	58,302	2,586,120	44,357	7.3%	39.1
2012	59,022	2,818,655	47,756	6.3%	39.2
2013	59,620	2,888,768	48,453	5.4%	39.5
2014	59,946	2,965,596	49,471	4.4%	40.4

Continued

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Demographic and Economic Indicators for Major Cities Served by Fire District
Fiscal Years 2005 through 2014
(Unaudited)

CONTRACT CITIES

Campbell

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate
2005	38,415	\$ 1,989,398	\$ 51,787	4.9%
2006	38,408	2,161,487	56,277	4.1%
2007	39,748	2,374,307	59,734	3.8%
2008	40,161	2,348,414	58,475	4.4%
2009	40,421	2,174,394	53,795	7.7%
2010	39,363	2,241,290	56,939	9.7%
2011	39,664	2,470,393	62,283	9.1%
2012	39,882	2,710,939	67,974	7.5%
2013	40,404	2,834,381	70,151	5.8%
2014	41,993	2,938,192	69,969	4.6%

Los Altos

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2005	27,614	\$ 2,109,268	\$ 76,384	2.7%	n/a
2006	27,608	2,256,761	81,743	2.3%	n/a
2007	28,104	2,521,097	89,706	2.3%	n/a
2008	28,291	2,687,617	94,999	3.0%	n/a
2009	28,458	2,738,286	96,222	5.6%	n/a
2010	28,863	2,666,624	92,389	5.5%	46.9
2011	28,863	2,118,948	73,414	5.7%	45.3
2012	29,460	2,139,032	72,608	4.9%	45.4
2013	29,792	2,221,589	74,570	3.2%	45.8
2014	29,969	2,370,608	79,102	2.6%	46.1

Concluded

Source: Data collected from statistical section of individual City CAFRs

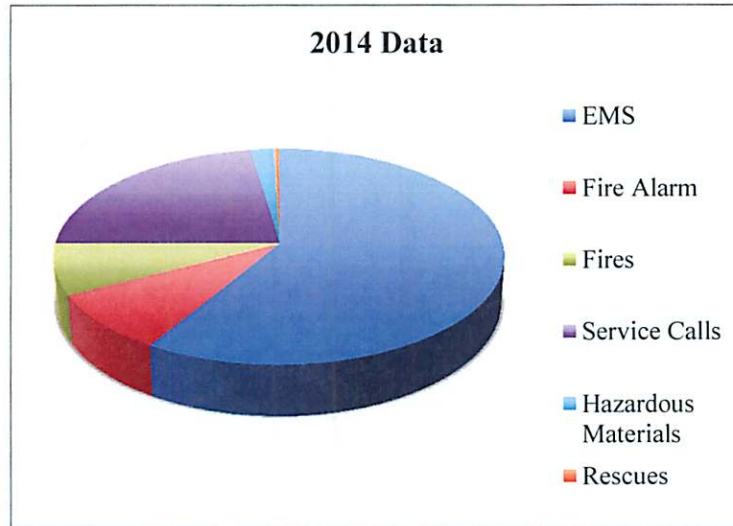
SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Full-time and Part Time Employees by Function/Department
Last Ten Fiscal Years
(Unaudited)

<u>Function/Department</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety:										
Executive Management	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0
Operations	219.0	219.0	242.0	245.0	245.0	245.0	245.0	232.0	232.0	233.0
Fire Prevention	23.0	23.0	23.0	23.0	23.0	23.0	23.0	20.0	20.0	23.0
Training	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	2.0
Support Services	10.0	10.0	10.0	10.0	10.0	10.0	11.0	10.0	10.0	10.0
Emergency Mgmt./Public Ed.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
Administration	<u>13.0</u>	<u>13.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>16.0</u>	<u>15.0</u>	<u>16.0</u>	<u>16.0</u>	<u>22.0</u>
	<u>283.0</u>	<u>283.0</u>	<u>308.0</u>	<u>311.0</u>	<u>311.0</u>	<u>312.0</u>	<u>312.0</u>	<u>296.0</u>	<u>298.0</u>	<u>309.5</u>

Source: Santa Clara County Central Fire Protection District

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)

Incidents by Type and Total
Last Ten Calendar Years
(Unaudited)



For the Year Ended December 31	EMS	Fire Alarm	Fires	Service Calls	Hazardous Materials	Rescues	Total
2005	8,946	2,625	2,263	1,307	230	n/a	15,371
2006	10,768	1,873	1,717	1,092	156	n/a	15,606
2007	11,081	2,052	1,770	1,194	165	n/a	16,262
2008	12,491	2,121	1,958	1,396	163	n/a	18,129
2009	12,523	2,188	1,745	1,247	151	254	18,108
2010	12,584	2,071	1,701	1,219	155	277	18,007
2011	13,344	2,061	1,772	1,150	136	218	18,681
2012	13,942	2,100	1,827	1,209	127	253	19,458
2013	11,523	1,880	1,201	1,030	89	206	15,929
2014	9,510	1,420	1,238	3,668	303	70	16,209

Source: Santa Clara County Central Fire Protection District

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of Stations										
District Owned	8	8	8	8	8	8	8	6	6	6
Operated by Contract	8	8	8	9	9	9	9	9	9	9
Total Fire Stations	<u>16</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>15</u>	<u>15</u>	<u>15</u>
Other Facilities										
Fleet Maintenance Shop	1	1	1	1	1	1	1	1	1	1
Craftworkers Maintenance Shop	-	-	1	1	1	1	1	1	1	1
Training Center	1	1	1	1	1	1	1	1	1	1
Headquarters Building	1	1	1	1	1	1	1	1	1	1
Storage Facility	1	1	1	1	1	1	1	1	1	1
Total - Other Facilities	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
Equipment										
Engines										
Frontline	14	14	15	15	15	15	15	13	13	13
Reserve	6	6	8	8	8	8	8	6	6	6
Subtotal - Engines	<u>20</u>	<u>20</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>19</u>	<u>19</u>	<u>19</u>
Rescues										
Frontline	2	2	3	3	3	3	3	3	3	3
Reserve	1	1	-	-	-	-	-	-	-	-
Subtotal - Rescues	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Trucks										
Frontline	4	4	4	4	4	4	4	3	3	3
Reserve	1	1	1	1	1	1	1	2	-	1
Subtotal - Trucks	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>4</u>
Type III/IV Engines										
Frontline	5	5	5	6	6	6	6	7	7	7
Reserve	-	-	-	4	4	4	2	1	1	1
Subtotal - Type III/IV's	<u>5</u>	<u>5</u>	<u>5</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
Command Vehicles										
Frontline	4	4	6	8	8	8	8	7	8	8
Reserve	2	2	1	1	1	2	2	1	1	1
Subtotal - Command Vehicles	<u>6</u>	<u>6</u>	<u>7</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>8</u>	<u>9</u>	<u>9</u>
Specialized/Support Vehicles										
HazMAt	2	2	2	2	2	2	2	2	1	1
Breathing Support	1	1	1	1	1	1	1	1	1	1
Water Tender	-	-	-	-	-	-	-	-	-	1
Prime Mover	-	-	1	1	1	1	1	1	1	1
Trailer	2	4	6	7	7	7	7	7	7	7
S.A.F.E. House Trailer	1	1	1	1	1	1	-	-	-	-
USAR 5	1	1	1	1	1	1	1	1	1	1

Source: Santa Clara County Central Fire Protection District