DE LUZ COMMUNITY SERVICES DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2015

Leaf & Cole, LLP
Certified Public Accountants

DE LUZ COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2015

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Independent Auditor's Report

To the Board of Directors
De Luz Community Services District
41606 Date Street, Suite 205
Murrieta, California 92562

Report on Financial Statements

We have audited the accompanying financial statements of the De Luz Community Services District, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the De Luz Community Services District as of June 30, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As described in Note 12 to the financial statements, the District changed its method of accounting and financial reporting for pensions in order to conform with "Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions." Our opinion is not modified with respect to this matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of plan contributions, as identified in the accompanying table of contents be presented to supplement the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Leaf & Cole LLP

San Diego, California
October 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of De Luz Community Service District (District) provides an overview of the District's financial activities for the year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which begin on page 8.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position may be displayed in three categories:

- Net investment in capital assets
- Restricted Net Position
- Unrestricted Net Position

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through benefit fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operating
- Investing
- Capital financing
- Noncapital financing

This statement differs from the statement of revenues, expenses and changes in net position because the statement accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

- The District's net position increased $477,371 to $17,369,095 for the year ended June 30, 2015, after adjusting for the effects of the implementation of GASB 68 (See Note 12).
- The District's total revenues increased from $2,327,235 for the year ended June 30, 2014 to $2,446,128 for the year ended June 30, 2015. The increase in development mitigation fees and franchise fees accounts for the majority of the increase.
- The District's total expenses decreased from $2,127,395 for the year ended June 30, 2014 to $1,968,757 for the year ended June 30, 2015. The decrease in general contract and P.O. work accounts for the majority of the decrease.

Financial Analysis of the District

Net Position

The following is a summary of the District's statements of net position at June 30:

	2015	2014[(1)]	Dollar Change
Assets:			
Current and other assets	$ 5,079,380	$ 4,579,810	$ 499,570
Capital assets	13,909,943	14,131,692	(221,749)
Total Assets	18,989,323	18,711,502	277,821
Deferred Outflows of Resources	92,905	-	92,905
Liabilities:			
Current liabilities	94,417	102,442	(8,025)
Noncurrent liabilities	1,435,204	903,745	531,459
Total Liabilities	1,529,621	1,006,187	523,434
Deferred Inflows of Resources	183,512	-	183,512
Net Position:			
Net investment in capital assets	13,523,019	13,715,210	(192,191)
Unrestricted	3,846,076	3,990,105	(144,029)
Total Net Position	$ 17,369,095	$ 17,705,315	$ (336,220)

(1) 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

As noted in the financial highlights above, net position increased by $477,371 from fiscal year 2014 to 2015. Net investment in capital assets decreased $192,191 in fiscal year 2015. This decrease is the result of depreciation expense exceeding the District's investment in capital assets in fiscal year 2015.

Revenues, Expenses and Changes in Net Position

The following is a summary of the District's revenues, expenses and changes in net position for the years ended June 30:

	2015	2014 [1]	Dollar Change
Operating revenues	$ 2,436,711	$ 2,292,642	$ 144,069
Nonoperating revenues	9,417	34,593	(25,176)
Total Revenues	2,446,128	2,327,235	118,893
Depreciation expense	645,469	622,898	22,571
Other operating expense	1,288,256	1,423,338	(135,082)
Nonoperating expense	35,032	81,159	(46,127)
Total Expenses	1,968,757	2,127,395	(158,638)
Change in Net Position	477,371	199,840	277,531
Net Position at Beginning of Year, as Restated	16,891,724	17,505,475	(613,751)
Net Position at End of Year	$ 17,369,095	$ 17,705,315	$ (336,220)

[1] 2014 figures have not been restated as the deferred outflows of resources and the deferred inflows of resources resulting from the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" were not available for the year ended June 30, 2014.

A closer examination of the sources of changes in net position reveals that the District's operating revenues increased by $144,069 in fiscal year 2015 as a result of increased development mitigation fees and franchise fees. Nonoperating revenues decreased by $25,176 in fiscal year 2015. Operating costs, exclusive of depreciation, decreased $135,082 in fiscal year 2015 due to less general contract work, asphalt restoration activity and repairs on existing roads. Nonoperating costs decreased $46,127 in fiscal year 2015 as a result of a reduced loss on disposal of capital assets.

Capital Assets

Capital assets consist of the following at June 30:

	2015	2014	Dollar Change
Capital Assets Not Being Depreciated:			
Construction in progress	$ -	$ -	$ -
Total Capital Assets Not Being Depreciated	-	-	-

Capital Assets (Continued)

	2015	2014	Dollar Change
Capital Assets Being Depreciated:			
Roads	$ 21,714,513	$ 21,392,226	$ 322,287
Culverts	3,076,720	3,023,071	53,649
Building	549,204	549,204	-
Construction equipment	202,526	202,526	-
Dips	180,383	180,383	-
Signs	161,079	161,079	-
Transportation equipment	119,142	119,142	-
Guard rails	101,697	101,697	-
Office furniture	31,766	31,766	-
Other assets	28,410	28,410	-
Total Capital Assets Being Depreciated	26,165,440	25,789,504	375,936
Less: Accumulated depreciation	(12,255,497)	(11,657,812)	(597,685)
Net Capital Assets Being Depreciated	13,909,943	14,131,692	(221,749)
Net Capital Assets	$ 13,909,943	$ 14,131,692	$ (221,749)

The net additions of capital assets being depreciated for fiscal year 2015 totaled $375,936. Capital asset additions consisted of road and culvert additions including the Via Vaquero, El Prado, Del Oro and Sondia Creek Roads.

Capital Lease Obligation

The following is a summary of the District's capital lease obligation at June 30:

	2015	2014	Dollar Change
Capital lease obligation	$ 386,924	$ 416,482	$ (29,558)

The District reduced its capital lease obligation by $29,558 during the year ended June 30, 2015. No new debt has been issued. Details of the capital lease obligation can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budget

The District's Board of Directors and management consider many factors when setting the fiscal year budget. In a comparison of the 2016 and 2015 budgets, operating revenues and expenses remain relatively similar. The District anticipates future cost savings being achieved by reductions in benefit packages offered to new hires.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it changes. If you have questions about this report or need additional financial information, contact the De Luz Community Services District at 41606 Date Street, Suite 205, Murrieta, California 92562-7090 or call (951) 696-0060.

DE LUZ COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	
Current Assets: (Notes 1 and 2)	
Cash and cash equivalents	$ 4,539,458
Benefit fees receivable	168,039
Franchise fee receivable	50,915
Accrued interest receivable	2,674
Prepaid expenses	25,040
Total Current Assets	4,786,126
Noncurrent Assets:	
Restricted Assets: (Notes 1, 2 and 3)	
Cash and cash equivalents	286,772
Benefit fees receivable	6,482
Total Restricted Assets	293,254
Capital Assets: (Notes 1 and 4)	
Depreciable, net of accumulated depreciation	13,909,943
Total Capital Assets	13,909,943
Total Noncurrent Assets	14,203,197
TOTAL ASSETS	$ 18,989,323
DEFERRED OUTFLOWS OF RESOURCES: (Notes 1, 9 and 12)	
Deferred outflows related to contributions	91,576
Deferred outflows related to pensions	1,329
Total Deferred Outflows of Resources	92,905

(Continued)

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

DE LUZ COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

LIABILITIES	
Current Liabilities: (Notes 1, 5 and 6)	
Accounts payable	$ 60,509
Accrued payroll	18,466
Current portion of capital lease obligation	15,442
Total Current Liabilities	94,417
Noncurent Liabilities:	
Liabilities Payable From Restricted Assets: (Notes 1, 3, 5, 7 and 8)	
Due to Assessment District 90-1	207,645
Deposits	85,609
Total Liabilities Payable From Restricted Assets	293,254
Other Noncurrent Liabilities: (Notes 1, 5 and 6)	
Net pension liability	726,206
Compensated absences	44,262
Capital lease obligation	371,482
Total Other Noncurrent Liabilities	1,141,950
Total Noncurrent Liabilities	1,435,204
Total Liabilities	1,529,621
DEFERRED INFLOWS OF RESOURCES (Notes 1 and 9)	
Deferred inflows related to pensions	183,512
Commitments and Contingencies (Notes 9 and 10)	
NET POSITION (Note 12)	
Net investment in capital assets	13,523,019
Unrestricted	3,846,076
Total Net Position	$ 17,369,095

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

DE LUZ COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Benefit fees	$ 2,272,815
Franchise fees	99,695
Development mitigation fees	43,250
Miscellaneous income	10,458
Permit income	10,283
Bid package income	210
Total Operating Revenue	2,436,711
Operating Expenses:	
Depreciation	645,469
General and administrative	597,186
Sheriff expense	237,900
General contract and P.O. work	257,342
In-house road maintenance	195,828
Total Operating Expenses	1,933,725
Operating Income	502,986
Nonoperating Revenues (Expenses):	
Investment income	9,417
Interest expense	(24,380)
Loss on disposal of capital assets	(10,652)
Total Nonoperating Revenues (Expenses)	(25,615)
Change in Net Position	477,371
Net Position at Beginning of Year, as Restated (Note 12)	16,891,724
NET POSITION AT END OF YEAR	$ 17,369,095

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

DE LUZ COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash Flows From Operating Activities:	
Cash received from customers	$ 2,555,485
Cash payments to suppliers for goods and services	(891,059)
Cash payments to employees for services	(402,883)
Net Cash Provided by Operating Activities	1,261,543
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(434,372)
Payments on capital lease obligation	(29,558)
Interest paid on capital lease obligation	(24,380)
Payment on due to Assessment District 90-1, net	(170,607)
Receipt of deposits, net	6,800
Net Cash Used in Capital and Related Financing Activities	(652,117)
Cash Flows From Investing Activities:	
Investment income	8,475
Net Cash Provided by Investing Activities	8,475
Net Increase in Cash and Cash Equivalents	617,901
Cash and Cash Equivalents at Beginning of Year	4,208,329
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,826,230
Cash and Cash Equivalents:	
Financial Statement Classification:	
Cash and cash equivalents	$ 4,539,458
Restricted cash and cash equivalents	286,772
Total Cash and Cash Equivalents	$ 4,826,230

(Continued)

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

DE LUZ COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	$ 502,986
Adjustments to reconcile operating income to	
net cash provided by operating activities:	
Depreciation	645,469
(Increase) Decrease in:	
Benefit fees receivable	33,150
Francise fees receivable	(50,915)
Prepaid expenses	498
Restricted benefit fees receivable	136,540
Deferred outflows related to contributions	(6,178)
Deferred outflows related to pensions	(1,329)
Increase (Decrease) in:	
Accounts payable	(10,099)
Accrued payroll	1,195
Net pension liability	(172,783)
Compensated absences	(503)
Deferred inflows related to pensions	183,512
Net Cash Provided by Operating Activities	$ 1,261,543

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

DE LUZ COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS JUNE
30, 2015

Note 1 - Organization and Significant Accounting Policies:

Organization

The De Luz Community Services District (formerly Santa Rosa Community Services District) was created as a Community Services District in 1978 by the Local Agency Formation Commission pursuant to Government Code Section 61000, and is governed by an elected five member board. The District was organized for the purpose of providing street improvements and maintenance, refuse disposal, and supplementary police protection within its geographical boundaries.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100 "Defining the Financial Reporting Entity." The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

Significant Accounting Policies

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Method of Accounting

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statement of net position and the statement of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The District has not elected to apply the option allowed in GASB Cod. Sec. P80. 103 "Proprietary Fund Accounting and Financial Reporting" and as a consequence will continue to apply GASB Statements and Interpretations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The District recognizes revenues from benefit and other fees when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers benefit and other fees to be operating revenues.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Investments

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all benefit fees and franchise fees receivable were fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2015.

Taxes and Assessments

The District's assessments are billed by the County of Riverside (County) to property owners. The District's property tax calendar for the fiscal year ended June 30, 2015 was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1
	Second Installment - February 1
Delinquent Date:	First Installment - December 10
	Second Installment - April 10

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capital Assets

Capital assets purchased or acquired with a cost exceeding $5,000 and an estimated useful life of more than one year are reported at historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	Useful Life
Roads	40 years
Culverts	45 years
Building	40 years
Construction equipment	7 years
Dips	20 years
Signs	20 years
Transportation equipment	5 years
Guard rails	20 years
Office furniture	7 years
Other assets	7 years

Depreciation aggregated $645,469 for the year ended June 30, 2015.

Interest

The District incurs interest charges on noncurrent liabilities. No interest was capitalized as a cost of construction for the year ended June 30, 2015.

Classification of Liabilities

Certain liabilities which are currently payable have been classified as noncurrent because they will be funded from restricted assets.

Compensated Absences

Accumulated and unpaid vacation totaling $44,262 is accrued when incurred and included in noncurrent liabilities at June 30, 2015.

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future period and an acquisition of net assets by the government that is applicable to a future reporting period respectively. Deferred outflows of resources and deferred inflows of resources related to pensions are more fully described in Note 9.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays an annual premium for commercial insurance covering bodily injury, property damage, personal injury, non-owned and hired automobile liability, owned automobile liability-combined single limit, and public official's errors and omissions with a $5 million limit per occurrence and annual aggregate limit and a $1,000 deductible. In addition, the District carries commercial insurance for other risks of loss such as fire damage liability and uninsured motorist with a $1 million limit and a $1,000 deductible. The District also carries coverage for employment practices liability with a $5 million limit and a $10,000 deductible. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Pensions

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

Economic Dependency

Benefit fees are derived exclusively from property owners who reside within the District's boundaries.

Cash and Cash Equivalents

For purposes of the statement of cash flows the District considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 27, 2015, the date the financial statements were available to be issued.

Note 2 - Cash and Investments:

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

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provision of the California Government Code or the District's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Quality Requirements
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA. Local Agency Obligations U.S.	5 years	None	None
Agencies Securities Bankers'	5 years	None	None
Acceptances Commercial Paper	180 days	40%	None
Negotiable Certificates of Deposit	270 days	25%	A1
Repurchase Agreements	5 years	30%	None
Reverse Repurchase Agreements	1 year	None	None
Medium-Term Notes	92 days	20%	None
Mutual Funds	5 years	30%	A Rating
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	N/A	20%	Multiple
Mortgage Pass-Through Securities	5 years	None	None
Time Deposits	5 years	20%	AA Rating
California Local Agency	5 years	None	None
Investment Funds (LAIF) County			
Pooled Investments	N/A	None	None
	N/A	None	None

The District's Investment Policy is more restrictive than the California Government Code in the following ways:

- No investment of funds of the District shall be permitted in repurchase or reverse repurchase agreements presently permitted by Government Code Section 53601(i) and 53635(i), or financial futures or financial option contracts presently permitted by Government Code Section 53601.
- All investments shall mature not later than 365 days from the date of investment.

Note 2 - Cash and Investments: (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy (Continued)

Cash and investments held by the District were comprised of the following at June 30, 2015:

		Maturity in 1 Year or Less
Cash on hand	$	300
California Local Agency Investment Fund (LAIF)		4,025,102
Deposits with financial institutions		800,828
Total Cash and Equivalents	$	4,826,230
Financial Statement Classification:		
Current:		
Cash and cash equivalents	$	4,539,458
Restricted:		
Cash and cash equivalents		286,772
Total Cash and Equivalents	$	4,826,230

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk is by investing only in cash deposits with financial institutions and the California Local Agency Investment Fund in order to provide the liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity as of June 30, 2015.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

Investment	Rating as of Year End Standard & Poor's
LAIF	Not Rated

Note 2 - Cash and Investments: (Continued)

Concentration of Credit Risk

Concentration of credit is the risk of loss attributed to the magnitude to the District's investment in a single issue.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District holds no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2015.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2015, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. At June 30, 2015, no District investments were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

Investment in State Investment Pool

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

The statement of cash flows has been prepared by considering all investments purchased with a maturity of three months or less to be cash equivalents. The following is a detail at June 30, 2015:

California Local Agency Investment Fund (LAIF)	$ 4,025,102
Deposits with financial institutions	800,828
Cash on hand	300
Total	$ 4,826,230

Note 3 - Restricted Assets:

Restricted assets were provided by, and are to be used for, the following at June 30, 2015:

Funding Source	Use		
Deposits	Deposits	$	85,609
Bond proceeds and interest earned	Redemption fund (AD 90-1)		149,738
Bond proceeds and interest earned	Reserve fund (AD 90-1)		51,425
Restricted accounts receivable - Benefit Fees	Debt service (AD 90-1)		6,482
		$	293,254

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as necessary.

Note 4 - Capital Assets:

Capital assets consist of the following at June 30:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Capital Assets Not Being Depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated:				
Roads	21,392,226	358,108	(35,821)	21,714,513
Culverts	3,023,071	76,264	(22,615)	3,076,720
Building	549,204	-	-	549,204
Construction equipment	202,526	-	-	202,526
Dips	180,383	-	-	180,383
Signs	161,079	-	-	161,079
Transportation equipment	119,142	-	-	119,142
Guard rails	101,697	-	-	101,697
Office furniture	31,766	-	-	31,766
Other assets	28,410	-	-	28,410
Total Capital Assets Being Depreciated	25,789,504	434,372	(58,436)	26,165,440
Less Accumulated Depreciation For:				
Roads	(9,530,909)	(540,073)	32,836	(10,038,146)
Culverts	(1,302,369)	(77,527)	14,948	(1,364,948)
Building	(67,318)	(13,730)	-	(81,048)
Construction equipment	(200,679)	(336)	-	(201,015)
Dips	(157,018)	(2,197)	-	(159,215)
Signs	(161,079)	-	-	(161,079)
Transportation equipment	(108,083)	(5,530)	-	(113,613)
Guard rails	(85,816)	(1,284)	-	(87,100)
Office furniture	(24,486)	(2,246)	-	(26,732)
Other assets	(20,055)	(2,546)	-	(22,601)
Total Accumulated Depreciation	(11,657,812)	(645,469)	47,784	(12,255,497)
Net Capital Assets Being Depreciated	14,131,692	(211,097)	(10,652)	13,909,943
Net Capital Assets	$ 14,131,692	$ (211,097)	$ (10,652)	$ 13,909,943

Note 5 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Due to Assessment District 90-1 (Note 7)	$ 378,252	$ -	$ (170,607)	$ 207,645	$ -
Deposits (Note 8)	78,809	6,800	-	85,609	-
Net pension liability (Note 9)	782,642	148,552	(204,988)	726,206	-
Compensated absences (Note 1)	44,765	36,747	(37,250)	44,262	-
Capital lease obligation (Note 6)	416,482	-	(29,558)	386,924	15,442
	$ 1,700,950	$ 192,099	$ (442,403)	$ 1,450,646	$ 15,442

Note 6 - Capital Lease Obligation:

In January 2010, the District acquired a building for use as its corporate offices using the proceeds of a site lease dated October 21, 2009, between Municipal Finance Corporation as lessee and the District as lessor. The District as lessee is leasing the building back from Municipal Finance Corporation under the terms of a capital lease obligation of the same date. The capital lease obligation calls for semi-annual payments of $26,953 commencing on July 7, 2010, and maturing January 7, 2025. Municipal Finance Corporation has assigned all of its rights, title and interest in this capital lease obligation to City National Bank. For financial reporting purposes, minimum lease payments relating to the building have been capitalized and included in capital assets on the statement of net position. The building under capital lease has a cost of $549,204, net of accumulated depreciation of $81,048 at June 30, 2015. The following is a schedule of the related future minimum lease payments under the capital lease obligation:

Years Ended June 30	Principal	Interest	Total
2016	$ 15,442	$ 11,511	$ 26,953
2017	32,276	21,630	53,906
2018	34,225	19,681	53,906
2019	36,291	17,615	53,906
2020	38,483	15,423	53,906
2021 - 2025	230,207	39,322	269,529
Total	$ 386,924	$ 125,182	$ 512,106

Note 7 - Due to Assessment District 90-1:

The District has participated in the issuance of bonds aggregating $1,479,156 for Assessment District 90-1 within its boundaries of which $185,000 is outstanding at June 30, 2015. The bonds are not secured by the general taxing power of the District, the County of Riverside, the State of California, or any of its political subdivisions. Interest on and principal of the bonds are payable solely from monies in the corresponding reserve and redemption funds held by the District, and are secured by unpaid assessments which represent fixed liens on the properties assessed. The District has no liability for the bonds, contingent or otherwise. The following is a detail of amounts due to Assessment District 90-1 at June 30, 2015:

Reserve fund	$	51,425
Restricted accounts receivable - benefit fees		6,482
Redemption fund		149,738
Total Due to Assessment District 90-1	$	207,645

Note 8 - Deposits:

Deposits consist of amounts collected from property owners and developers for inspections as well as funding future improvements. Deposits consist of the following at June 30, 2015:

Permits	$	47,200
Deposits for future improvements		20,409
Utilities		18,000
Total Deposits	$	85,609

Note 9 - Defined Benefit Pension Plan:

General Information About the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the De Luz Community Services District, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The District participates in the miscellaneous 2.5% at 55 pool, for those employees hired before July 1, 2012. New employees with no prior CalPERS membership and those with prior CalPERS membership with a break in service greater than six months, hired after July 1, 2012 participate in the miscellaneous 2% at 62 pool. Employees hired after July 1, 2012 with prior CalPERS membership with less than six months break in service, participate in the miscellaneous 2% at 60 pool. The District does not currently have any employees in the miscellaneous 2% at 62 nor the miscellaneous 2% at 60 pools.

Note 9 - Defined Benefit Pension Plan: (Continued)

General Information About the Pension Plans (Continued)

Benefits Provided (Continued) - The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous
Hire date	Prior to July 1, 2012
Benefit formula	2.5% @ 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%
Required employee contribution rates	8%
Required employer contribution rates	23.338%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions:

As of June 30, 2015, the District reported net pension liability for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
2.5% @ 55	$ 726,206

DE LUZ COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 9 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions: (Continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 2013 and 2014 was as follows:

	2.5% @ 55
Proportion - June 30, 2013	N/A
Proportion - June 30, 2014	0.01167%
Change - Increase (Decrease)	N/A

For the year ended June 30, 2015, the District recognized pension expense of $94,798. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 91,576	$ -
Difference between actual and expected experience	-	13,652
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,329	-
Net difference between projected and actual earnings on plan investments	-	169,860
Total	$ 92,905	$ 183,512

Note 9 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions: (Continued)

The $91,576 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ended June 30	
2016	$ (46,866)
2017	(46,866)
2018	(45,986)
2019	(42,465)
Total	$ (182,183)

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	2.5% @ 55
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	CalPERS Specific

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumption and all other actuarial assumptions used in the June 30 3013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details for the Experience Study can be found on the CalPERS website.

Note 9 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions: (Continued)

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 both members and employers will make their required contributions on time 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 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 (a)	Real Return Years 11 + (b)
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%)
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Note 9 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions: (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. 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 (PERF). The stress test results are presented in a detailed report called "GASB 68 Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. 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 (ALM) 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position liability of each Plan, as of the measurement date calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		2.5% @ 55
1% Decrease		6.50%
Net Pension Liability	$	1,150,607
Current Discount Rate		7.50%
Net Pension Liability	$	726,206
1% Increase		8.50%
Net Pension Liability	$	373,994

Note 9 - Defined Benefit Pension Plan: (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflows of Resources Related to Pensions: (Continued)

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

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of $5,123 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 10 - Commitments and Contingencies:

Operating Lease

The District leases a yard to store their equipment. This lease commenced June 1, 2007, and will continue thereafter until terminated by either party upon sixty (60) days written notice to the other party. The lease provides for monthly rental charges of $600. Rental expense under this lease was $7,200 for the year ended June 30, 2015.

OPEB

Other than what is provided in the form of pension benefits to its retirees, the District does not pay for additional postemployment benefits.

Note 11 - New Governmental Accounting Standards:

GASB No. 68

In June 2012, the Governmental Accounting Standards Board issued Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement is effective for periods beginning after June 15, 2014. This pronouncement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans, as well as for nonemployer governments that have a legal obligation to contribute to those plans. The effects of this pronouncement on the financial statements of the District are more fully described in Note 12.

Note 11 - New Governmental Accounting Standards: (Continued)

GASB No. 69

In January 2013, The Governmental Accounting Standard Board issued Statement No. 69, "Government Combinations and Disposals of Government Operations." This pronouncement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. Earlier application is encouraged. This statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, this statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

GASB No. 70

In April 2013, The Governmental Accounting Standard Board issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees." This pronouncement is effective for financial reporting periods beginning after June 15, 2013. Earlier application is encouraged. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that the government will be required to make a payment on the guarantee. The Government that issued the obligation guaranteed in a nonexhange transaction should recognize revenue to the extent that its guaranteed obligations have been reduced. If that government is required to repay a guarantor for making a payment, they should continue to reflect the liability until legally released as an obligor. The District has not extended any nonexchange financial guarantees at the date of these financial statements.

GASB No. 71

In November 2013, The Governmental Accounting Standards Board issue Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. This pronouncement is effective simultaneously with the implementation of Statement 68. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The effects of this pronouncement on the financial statements of the District in the year of implementation are more fully described in Note 12.

Note 11 - New Governmental Accounting Standards: (Continued)

GASB No. 72

In February 2015, The Governmental Accounting Standards Board issued Statement No. 72, "Fair Value Measurement and Application." This pronouncement provides guidance for determining fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Governments are required to use valuation techniques that are appropriate under the circumstances and for which sufficient data is available to measure fair value. Required disclosures include the level of fair value hierarchy and valuation techniques and should be organized by type of asset or liability. This pronouncement is effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District has not yet determined the effects of this pronouncement on the financial statements of the District in the year of implementation.

GASB No. 73

In June 2015, The Governmental Accounting Standards Board issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This pronouncement establishes requirements for defined benefit pension plans that are not with the scope of Statement No. 68, as well as assets accumulated for purposes of providing those pensions. It establishes requirements for defined contribution pension plans that are not within the scope of Statement No. 68 and amends certain provisions of Statement No. 67. The pronouncement extends the approach to accounting and financial reporting established in Statement 68 to all pensions with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in the notes and required supplementary information by all similarly situated employers and nonemployer contributing entities. The requirements of this statement addressing accounting and financial reporting for employers that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016. All other provisions are effective for periods beginning after June 15, 2015. This pronouncement is not anticipated to have a material effect on the financial statements of the District.

Note 12 - Change in Accounting Principle:

Effective July 1, 2014, the District changed its method of accounting for retirement expense and the related pension liability as well any deferred inflows of resources and deferred outflows of resources in order to conform with "Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions", as amended by Governmental Accounting Standards Board Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

Note 12 - Change in Accounting Principle: (Continued)

This Statement requires cost-sharing employers such as the District to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the plan) – the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability are also required to be reported as deferred outflows related to pensions. As a result, the District established the following net pension liability and deferred outflow of resources resulting in a reduction in net position reported as of June 30, 2014:

Net Pension Liability	$ (898,989)
Deferred Outflows Related to Contributions	85,398
Net Effect of a Change in Accounting Principle	(813,591)
Net Position as Originally Stated	17,705,315
Net Position as Restated	$ 16,891,724

DE LUZ COMMUNITY SERVICES DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDING JUNE 30, 2015

		2014
District's proportion of the net pension liability (asset)		0.01167%
Districts proportionate share of the net pension liability (asset)	$	726,206
District's covered-employee payroll	$	398,462
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		182.25%
Plan fiduciary net position as a percentage of the total pension liability		77.30%

DE LUZ COMMUNITY SERVICES DISTRICT
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE YEAR ENDING JUNE 30, 2015

		2014
Contractually required contribution	$	85,398
Contributions in relation to the contractually required contribution	$	(85,398)
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	398,462
Contributions as a percentage of covered-employee payroll		21.43%