



**Financial Statements
and
Independent Auditor's Report
For the Fiscal Year Ended June 30, 2014**



COASTSIDE FIRE PROTECTION DISTRICT

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**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

This section of the annual financial report of the Coastside Fire Protection District (the District) presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follow this section.

FINANCIAL HIGHLIGHTS

The following summarizes the District's financial highlights for the year ended June 30, 2014.

- In total, government-wide net position was \$20,142,955.
- General revenues accounted for \$8,965,362 or 93.11% percent of total revenues
- Total government-wide assets were \$20,149,005, cash and cash equivalents were \$13,669,201, and net capital assets totaled \$4,765,152
- Total program expenses were \$7,064,538 as noted in table 3

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information (not required). The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements, which tell how basic services were financed in the short-term, as well as what remained for future spending

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities report information about the District as a whole and its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Overtime, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to record specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used

Governmental funds

Most of the District's basic services are reported in governmental funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information of the governmental fund statements that explain the relationship (or differences) between them.

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table presents a summary of the District's Statement of Net Position by category as of June 30, 2014 with comparative amounts for 2013.

TABLE 1: NET POSITION

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Assets		
Current and Other Assets	\$ 13,987,986	\$ 11,205,990
Capital Assets	4,765,152	5,005,639
Other Assets	<u>1,395,867</u>	<u>1,381,511</u>
 Total Assets	 <u>\$ 20,149,005</u>	 <u>\$ 17,593,140</u>
Liabilities		
Current Liabilities	\$ 6,050	\$ 14,702
Long-Term Liabilities	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>\$ 6,050</u>	 <u>\$ 14,702</u>
Net Position		
Invested in Capital Assets	\$ 4,765,152	\$ 5,005,639
Restricted	24,828	25,907
Unrestricted	<u>15,352,975</u>	<u>12,546,892</u>
 Total Net Position	 <u><u>\$ 20,142,955</u></u>	 <u><u>\$ 17,578,438</u></u>



**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

A summary of total District Revenues, Expenses, and Changes in Net Position is presented in the tables below.

TABLE 2: CHANGES IN NET POSITION

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Revenues		
Program Revenues:		
Operating Grants	\$ 450,203	\$ -
Charges for Services	213,490	98,940
General Revenues:		
Taxes	8,875,846	8,880,676
Interest and Investment Earnings	49,581	55,862
Loss on Sale of Asset	(45,508)	-
Miscellaneous	<u>85,443</u>	<u>137,643</u>
 Total Revenues	 <u>9,629,055</u>	 <u>9,173,121</u>
 Program Expenses		
Public Safety	6,797,599	6,710,757
Depreciation	<u>266,939</u>	<u>262,839</u>
 Total Expenses	 <u>7,064,538</u>	 <u>6,973,596</u>
 Changes in Net Position	 <u>\$ 2,564,517</u>	 <u>\$ 2,199,525</u>

TABLE 3: GOVERNMENTAL ACTIVITIES

	<u>Total Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>
Public Safety	\$ 6,797,599	\$ 6,710,757
Depreciation - Unallocated	<u>266,939</u>	<u>262,839</u>
 Total Governmental Activities	 <u>\$ 7,064,538</u>	 <u>\$ 6,973,596</u>

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Governmental Activities (Continued)

The table on page 4 displays, by function, the total and net costs of services provided. The net cost of services represents the total cost less grants and contributions and for revenue received where a charge is made for services provided.

General Fund Budgetary Highlights

As finalized by the Board of Directors, budgeted revenues totaled \$9,128,384 expenditures totaled \$8,592,669 and expenditures were projected to exceed revenues by \$535,715.

Capital Assets and Debt Administration

Capital Assets at Year End Net of Depreciation

As of June 30, 2014 and 2013 the District owned the following capital assets:

TABLE 4: CAPITAL ASSETS

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Capital Assets		
Land	\$ 953,816	\$ 953,816
Structures and Improvements	2,997,885	2,997,885
Equipment	4,178,330	4,438,740
Accumulated Depreciation	<u>(3,364,879)</u>	<u>(3,384,802)</u>
 Total Capital Assets - Net	 <u>\$ 4,765,152</u>	 <u>\$ 5,005,639</u>

Long Term Debt

Currently, the District does not have any long-term debt outstanding.

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact Assistant Chief Paul Cole, Coastside Fire Protection District, 1191 Main Street, Half Moon Bay, CA 94019.





Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Coastside Fire Protection District
Half Moon Bay, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Coastside Fire Protection District (the District) as of and for the year ended June 30, 2014, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Coastside Fire Protection District, as of June 30, 2014, 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 on pages 1 through 6 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2014, on our consideration of the Coastside Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Coastside Fire Protection District's internal control over financial reporting and compliance.



Blomberg & Griffin A.C.

Stockton, CA

August 14, 2014

COASTSIDE FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2014

2014

Assets

Current Assets

Cash and Investments in County Treasury:

 Available for General Operations

\$ 3,750,634

Cash in Banks

14,661

Investment in Local Agency Investment Fund

9,903,906

Accounts Receivable (Net of Allowances)

260,539

Interest Receivable

25,999

Prepaid Items

32,247

Total Current Assets

13,987,986

Non Current Assets

Land

953,816

Structures & Improvements

2,997,885

Equipment

4,178,330

Accumulated Depreciation

(3,364,879)

Total Non Current Assets

4,765,152

Other Assets

Net OPEB Assets

1,395,867

Total Other Assets

1,395,867

Total Assets

\$ 20,149,005

Liabilities

Current Liabilities

Accounts Payable

\$ 6,050

Total Liabilities

6,050

Net Position

Investment in Capital Assets, Net of Related Debt

4,765,152

Restricted for:

 Weed Abatement

24,828

Unrestricted

15,352,975

Total Net Position

20,142,955

Total Liabilities and Net Position

\$ 20,149,005

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

COASTSIDE FIRE PROTECTION DISTRICT

Statement of Activities

For the Year Ended June 30, 2014

	<u>2014</u>
Program Expenses	
Public Safety:	
Operations	\$ 6,797,599
Depreciation	<u>266,939</u>
 Total Program Expenses	 <u>7,064,538</u>
 Program Revenues	
Operating Grants, Contributions, Reimbursements	450,203
Charges for Services	<u>213,490</u>
 Total Program Revenues	 <u>663,693</u>
 Net Program Expenses	 <u>6,400,845</u>
 General Revenues	
Taxes Levied	8,875,846
Interest and Investment Earnings	49,581
Loss on Sale of Assets	(45,508)
Miscellaneous	<u>85,443</u>
 Total General Revenues	 <u>8,965,362</u>
 Excess of Revenues over Expenditures	 <u>2,564,517</u>
 Change in Net Position	 2,564,517
 Net Position-Beginning of Year	 <u>17,578,438</u>
 Net Position-End of Year	 <u><u>\$ 20,142,955</u></u>

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

COASTSIDE FIRE PROTECTION DISTRICT

Balance Sheet

June 30, 2014

	<u>2014</u> <u>General Fund</u>
Assets	
Current Assets	
Cash and Investments in County Treasury:	
Available for General Operations	\$ 3,750,634
Cash in Banks	14,661
Investment in Local Agency Investment Fund	9,903,906
Accounts Receivable (Net of Allowances)	260,539
Interest Receivable	25,999
Prepaid Items	<u>32,247</u>
 Total Current Assets	 <u>13,987,986</u>
 Total Assets	 <u><u>\$ 13,987,986</u></u>
 Liabilities and Fund Balances	
Liabilities:	
Accounts Payable	<u>\$ 6,050</u>
 Total Liabilities	 <u>6,050</u>
 Fund Balances	
Nonspendable:	
Prepaid Items	32,247
Spendable:	
Restricted	24,828
Assigned	11,870,410
Unassigned	<u>2,054,451</u>
 Total Fund Balances	 <u>13,981,936</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 13,987,986</u></u>

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

COASTSIDE FIRE PROTECTION DISTRICT
Statement of Governmental Funds Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2014

	2014 General Fund
Revenues	
Property Taxes:	
Secured	\$ 7,219,333
Unsecured	414,203
Home Owner Property Tax Relief	43,668
Weed Abatement	21,026
Prior Years' Levies	(15,699)
ERAF Refund	815,040
District Special Taxes	66,415
Special Tax (CFD #5)	338,531
Plan Review/Reports	64,056
EMR JPA Charges	98,408
AMR Lease	30,000
Reimbursements	450,203
Miscellaneous	85,443
Interest Income	49,581
	9,680,208
<hr/>	
Expenditures	
Operating Expenditures:	
Salaries and Benefits	586,373
Contracted Personnel Services	5,473,159
Materials, Supplies, and Services	676,405
Capital Outlay	153,623
	6,889,560
Net Change in Fund Balances	2,790,648
Fund Balances-Beginning of Year	11,191,288
Fund Balances-End of Year	\$ 13,981,936

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

COASTSIDE FIRE PROTECTION DISTRICT
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2014

	2014
Total Fund Balances - Governmental Funds	\$ 13,981,936
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Financial Statements.</p>	
Non-depreciable capital assets	953,816
Depreciable capital assets, net of accumulated depreciation	3,811,336
<p>Net OPEB assets are not current financial resources and therefore are not reported in the governmental funds financial statements</p>	
	1,395,867
Net Position of Governmental Activities	\$ 20,142,955

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

COASTSIDE FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2014

	2014
Net Change in Fund Balances - Governmental Funds	\$ 2,790,648
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report additions of capital assets as part of capital outlay and other program expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	153,623
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(266,939)
Loss on disposition of assets are recorded in statement of activities but not on fund statement.	(45,508)
Proceeds from sale of assets are reported as revenues on the funds statement but not on the statement of activities.	(20,000)
Adjustments to fixed assets are reported as expenses on the statement of activities but not on the funds statement.	(61,663)
Changes in Net OPEB asset did not require the use of current financial resources or meet revenue recognition criteria in the Governmental Funds Financial Statements and therefore are not reported in governmental funds.	14,356
Change in Net Position of Governmental Activities	\$ 2,564,517

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

COASTSIDE FIRE PROTECTION DISTRICT
Statement of Fiduciary Net Position
Retired Employees' Health Care Plan
June 30, 2014

ASSETS	<u>2014</u>
Cash and Cash Equivalents	\$ 2,616,985
Total Assets	<u>\$ 2,616,985</u>
NET POSITION	<u>\$ 2,616,985</u>
Held in Trust for Retired Employees' Healthcare Benefits	<u>\$ 2,616,985</u>

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

COASTSIDE FIRE PROTECTION DISTRICT
Statement of Changes in Fiduciary Net Position
Retired Employees' Health Care Plan
For the Year Ended June 30, 2014

	2014
Additions	
Contribution	\$ -
Investment Income	347,640
Total Additions	347,640
Deductions	
Administrative Expenses	13,101
Total Deductions	13,101
Net Increase	334,539
Held in Trust for Retired Employees' Healthcare Benefits:	
Beginning of Year	2,282,446
End of Year	\$ 2,616,985

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

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Coastside Fire Protection District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

A. Reporting Entity

The District is an independent District governed by a five (5) member Board of Directors elected at large by the voters of the District. The District provides fire protection services for the City of Half Moon Bay and the communities of Montara, Moss Beach, Princeton, El Granada and Miramar in addition to the surrounding unincorporated areas, with a total District size of 50 square miles. The District operates three fire stations in the District area.

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of the respective governing board. The governing board has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. Basis of Accounting and Measurement Focus

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States. The Government Accounting Standards Board is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The District's government-wide financial statements include a statement of net position and a statement of activities.

Government-wide financial statements are presented on an "*economics resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities including capital assets, infrastructure assets, and long-term liability are included in the accompanying statement of net position. The statement of activities and changes in net position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the District are reported in the following category:

- Charges for services

The District applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus, (Continued)

Governmental Fund Financial Statements

Governmental funds financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The District has presented all funds as major funds.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenue, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and grant revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The District reports the following major governmental funds:

The General Fund - is the general operating fund which is used to account for all financial resources of the District.

C. Cash and Investments

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

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Cash and Investments (Continued)

Since the San Mateo County Treasurer is designated as the District’s Treasurer per Health and Safety Code Section 13854, The District participated in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under oversight of the Treasurer of the San Mateo County. Included in the County Pool’s investment portfolio are U.S. Treasury Notes, Obligations issued by agencies of the U.S. Government, LAIF, Corporate Notes, Commercial Paper, Collateralized Mortgage Obligations, Mortgage Backed Securities, other assets backed securities and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. The balance available for withdrawal is based on the accounting records maintained by the County Pool, which are recorded on an amortized cost basis.

D. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the District as all assets that have a useful life of more than one year and cost more than \$3,000. Such assets are recorded at historical cost or estimated cost, if historical cost is not available.

Capital assets are depreciated over their estimated useful lives using the straight-line method. This means the cost of asset is divided by its expected useful life in years and the result is charged to expenses each year until the asset is fully depreciated. The purpose of the depreciation is to spread the cost of capital assets over the useful life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation of capital assets is charged as an expenses against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position of the government-wide financial statements as a reduction in the book value of the capital assets.

The District has assigned the useful lives listed below to capital assets.

Buildings & Improvements	Fire Stations, Additions	7-50	Years
Machinery & Equipment	Fire engines, Fire Appartus, Furniture, Computers	3-20	Years



COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Fund Balances

The District has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes fund balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements conform to this new classification. The fund financial statement consist of Non-spendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Non-spendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments, as well as restrictions imposed by law through constitutional provision or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. As of June 30, 2013, the District did not have any committed fund balance.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned: This category is for any balances that have no restrictions placed upon them.

The District established the following policies relating to its fund balance classifications.

1. Committed Fund Balances

- *Highest Level of Decision-Making Authority* – The Board of Directors of the District are acknowledged as the highest level of decision-making authority in terms of establishing fund balance classifications and creating committed fund balances.
- *Formal Action Required* – The Board shall have the authority to establish, modify or rescind committed fund balances by Resolution, where appropriate, passed by a majority vote.
- *Timing* – The Board will take formal action to commit any resources as soon as possible upon determining its desire to take such action, but no later than June 30 of the fiscal year in which it applies in order for the action to be valid for the presentation of the annual report.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

E. Fund Balances (Continued)

2. Assigned Fund Balances

- *Approval Authority* – The Board has not delegated the authority to assign fund balance amounts.

3. Expenditure of Funds – Order of Expenditure

- *Restricted and Unrestricted Funds* – When expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District shall consider that restricted funds shall be spent first until such funds are exhausted, at which time committed, assigned, or unassigned funds will be used.
- *Committed, Assigned or Unassigned Funds* – When an expenditure is incurred where there are no restricted funds available, and for which committed and assigned fund balances are available, the District shall exhaust unassigned funds first unless the board determines the use of available assigned or committed fund balances are appropriate.

F. Property Taxes, Tax Increment and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The San Mateo County levies, bills and collects property taxes and special assessments as follows:

Lien Date	July 1	July 1
Due Date	November 1 & February 1	Upon receipt of billing
Delinquent Date	December 10 & April 10	August 31

G. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consist of capital assets net of accumulated depreciated and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

The preparation of financial statement inconformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

I. New Pronouncements

In 2011, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* – This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. There was no impact on the District’s net position as a result of this implementation during the fiscal year; however the District reclassified its governmental fund balances as non-spendable, restricted, assigned, and unassigned.
- GASB Statement No. 59, *Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. There was no impact on the District’s net position as a result of this implementation during the fiscal year.

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments at June 30, 2014 were as follows:

	Government - Wide Statement of Net Position <u>Governmental Activities</u>
Demand Deposits:	
Cash on Hand and in Bank	\$ 14,661
Local Agency Investment Fund (LAIF)	9,903,906
San Mateo County Investment Pool	<u>3,750,634</u>
Total Demand Deposits	<u><u>\$ 13,669,201</u></u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. CASH AND INVESTMENTS (Continued)

A. Cash Deposits

The carrying amount of the District's cash deposits were \$14,661 as of June 30, 2014. Bank balance was \$14,661 at that date which was fully insured. The District has waived collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The California Government Code requires California banks and savings and loan associations to secure the District's cash by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash is considered to be held by the third party bank or institution owned trust department in the District's name. The market value of pledged securities must equal at least 110% of the District's cash. California law also allows institutions to secure District cash by pledging first trust deed mortgage notes having of 150% of the District's total cash.

B. External Investment Pool

The carrying amounts of the District's investments with the County were \$3,750,634 at June 30, 2014. The District maintains a significant portion of its investments in the San Mateo County Treasury as part of a common investment pool. The County is restricted by Government Code 53635 pursuant to Section 53601 to invest in time deposits, U.S. Government Securities, state registered warrants, note or bonds, State Treasury's investment pool, bankers' acceptance commercial paper, negotiable certificates of deposit and repurchase agreements.

The District invests in Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotation are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The District's investments with LAIF at June 30, 2014 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes - Are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities -The bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flow from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2014, the District had \$9,903,906 invested in LAIF. The LAIF fair value factor of 1.000181284 was used to calculate the fair value of the investments in LAIF. The fair value adjustment was not made as amount was deemed to be immaterial. The fair value of the District's position in the pool was the same as the value of the pool shares.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

3. ACCOUNTS RECEIVABLE

Outstanding receivables of \$260,539 consisted of Cal-Fire overpayment of \$248,702, paramedic services of \$8,169 and various other receivables.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 consisted of the following:

	Balance July 1, 2013	Additions	Retirement	Balance June 30, 2014
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 953,816	\$ -	\$ -	\$ 953,816
Total Capital Assets, not Being Depreciated	<u>953,816</u>	<u>-</u>	<u>-</u>	<u>953,816</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,997,885	-	-	2,997,885
Machinery and Equipment	4,438,740	153,623	(414,033)	4,178,330
Total Capital Assets, Being Depreciated	<u>7,436,625</u>	<u>153,623</u>	<u>(414,033)</u>	<u>7,176,215</u>
Accumulated Depreciation:				
Buildings and Improvements	(1,087,550)	(59,756)	-	(1,147,306)
Machinery and Equipment	(2,297,252)	(207,183)	286,862	(2,217,573)
Total Accumulated Depreciation	<u>(3,384,802)</u>	<u>(266,939)</u>	<u>286,862</u>	<u>(3,364,879)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,051,823</u>	<u>(113,316)</u>	<u>(127,171)</u>	<u>3,811,336</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,005,639</u>	<u>\$ (113,316)</u>	<u>\$ (127,171)</u>	<u>\$ 4,765,152</u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

5. EMERGENCY MEDICAL RESPONSE JOINT POWER AUTHORITY

In September 1997, the District began its participation with other fire departments of cities and fire Districts throughout San Mateo County in the development of a Joint Powers Agreement to establish the San Mateo Pre-Hospital Emergency Services Providers Group, which provides pre-hospital emergency services in San Mateo County. The District receives revenue on a monthly basis. For the fiscal year ended June 30, 2014, the District received \$98,408 for its portion of revenue from the Emergency Medical Response JPA. The contract was reauthorized for an additional ten years and signed in May 2009.

6. RISK MANAGEMENT

The District is insured for general liability and property by ABD Insurance & Financial Services. The primary policy includes the coverage in the table below. The excess umbrella policy provides \$10,000,000 excess coverage with a deductible of \$1,000 per occurrence.

The Main Street Fire Station on 1191 Main Street has coverage up to \$5,534,932 for the Building and \$192,552 for contents, with a \$1,000 deductible per occurrence. Earthquake coverage is included, with a deductible of 5% of the building limit.

The El Granada Fire Station has coverage up to \$993,281 for the building and \$76,974 for contracts, with a \$1,000 deductible per occurrence. Earthquake coverage is included, with a deductible of 5% of the building limit.

The Moss Beach Fire Station has coverage up to \$852,027 for the building and \$76,974 for contracts with a \$1,000 deductible per occurrence. Earthquake coverage is included, with a deductible of 5% for the building limit.

There is a blanket contents limit of \$346,500.

The general liability limits are as follows:

<u>COVERAGE</u>	<u>LIMIT</u>
General Aggregate	\$3,000,000
Products & Completed Operations Aggregate	\$3,000,000
Personal & Injury	\$1,000,000
Each Occurrence	\$1,000,000
Medical Expenses	\$5,000 per occurrence

The District claims have not exceeded the insurance coverage in any of the past three fiscal years.

7. CONTINGENCIES

As of June 30, 2014 the District does not have any claims outstanding.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

8. EMPLOYEE RETIREMENT SYSTEM

On June 1, 2008, all Districts' employees with the exception of one part time employee became employees of State of California. The District is still responsible for retirement benefit cost for retirement benefits earned by the District's employees who became employees of the State of California during their employment period with the District; however the State of California is responsible for the retirement benefit cost for any subsequent retirement benefits earned by those employees. As of June 30, 2014, the District did not have any active employees.

A. California Public Employees' Retirement Plan (PERS)

Plan Description – The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District resolution. Copies of the PERS annual financial report may be obtained from their Executive Office located at 400 Q Street, Sacramento, California 95814.

Funding Policy – The District's employer required contributions for miscellaneous employees and safety employees inactive rate plans in 2014 were \$232,693. The District is currently paying benefits from the District's General Fund.

Annual Pension Cost – For 2013-2014, the District's annual pension cost of \$232,693 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increase of 3.30% to 14.45% (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial liability (or surplus) is being amortized as a level percentage of projected payout on a closed basis.



COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

8. EMPLOYEE RETIREMENT SYSTEM (Continued)

THREE-YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Total APC</u>	<u>Percentage of APC Funded</u>
06/30/12	\$ 183,193	100%
06/30/13	\$ 195,555	100%
06/30/14	\$ 232,693	100%

B. Funding Status as of the Most Recent Actuarial Date

The District's plan is part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

9. OTHER POSTEMPLOYMENT BENEFITS

The District implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans (OPEB) other than Pension Plans* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension Plans* in FYE 2010. The District provides certain health care benefits is recognized as an expenditure of health care premium paid. For the year ended June 30, 2014, these expenditures totaled \$336,885.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. It includes amortization of the unfunded actuarial accrued liability (UAAL) over as many as 30 years.

The following table illustrates the District's June 30, 2014 Net OPEB Obligation:

Annual required contribution	\$ 336,885
Interest on net OPEB obligation	(96,706)
Amortization of net OPEB obligation	82,350
Annual OPEB cost	<u>322,529</u>
Payments made	<u>(336,885)</u>
(Increase) decrease in net OPEB obligation asset	(14,356)
Net OPEB obligation (asset)-beginning of the year	<u>(1,381,511)</u>
Net OPEB obligation (asset)-end of year	<u><u>\$ (1,395,867)</u></u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

9. OTHER POSTEMPLOMENT BENEFITS (Continued)

Funded Status and Funding Progress – As of July 1, 2012 the most recent actuarial valuation date, the plan was 46.4% funded. The actuarial accrued liability (AAL) for benefits was \$3,817,000, and the actuarial value of plan assets was \$1,770,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,046,700. As of July 1, 2012, the District's retiree health program did not have any covered payroll (annual payroll of active employees covered by the plan), resulting in ratio of the UAAL to the covered payroll of 0%.

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

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

The District's July 1, 2012 actuarial valuation, the actuarial assumptions included a 7.75% investment rate of return on assets and that premiums rise 5% in 2013, 10% for year 2014 and declining to 6% in 2018. The AAL is the cumulative value on the valuation date of prior normal cost. For the retirees, the AAL is the present value of all projected benefits. The unfunded AAL is being amortized as a level dollar closed 30 year basis with a remaining amortization period at June 30, 2014 of 23 years.

10. COOPERATIVE AND REIMBURSEMENT AGREEMENT – CAL FIRE

The District has entered into a cooperative and reimbursement agreement with the California Department of Forestry and Fire Protection (Cal Fire) to provide fire protection services such as emergency fire protection, advanced life support, dispatch services, fire code inspection and Pre-Fire planning services. The District will be reimbursing Cal Fire for the fire services provided in accordance with the terms of the agreement. The agreement covers the period through June 30, 2014. The amount authorized to be spent for the agreed services with Cal Fire for fiscal year ended June 30, 2014 was \$6,561,822. The District's expenditures for the agreed services with Cal Fire for fiscal year ended June 30, 2014 were \$5,473,159. Also, refer to note 13 for additional information.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

11. FUND BALANCES

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2014 is as follows:

	<u>General Fund</u>
Non-Spendable	
Prepaid Items	\$ 32,247
Total Nonspendable Fund Balances	32,247
Restricted for	
Weed Abatement	24,828
Total Restricted Fund Balances	24,828
Assigned to	
Dry Period Reserve	-
General Reserve	2,882,227
CalPers Pension Reserve	300,000
Operating Reserve	-
Structure/Land Improvement	6,000,000
Apparatus Replacement	1,785,349
Tools & Equipment	802,834
Legal Reserve	50,000
Special Projects	50,000
Total Assigned Fund Balances	11,870,410
Unassigned Fund Balances	2,054,451
Total Fund Balances	\$ 13,981,936

12. CAL-FIRE AGREEMENT

On July 26, 2013, The District signed a cooperative agreement with California Department of Forestry and Fire Protection (CALFIRE). The terms of the agreement are July 1, 2013 through June 30, 2020. Coastside Fire Protection District shall reimburse CAL FIRE for fire protection services. The agreement value shall not exceed more than \$50,279,713.

COASTSIDE FIRE PROTECTION DISTRICT

Required Supplementary Information
For the Year Ended June 30, 2014

1. SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (GAAP)-GENERAL FUND

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Property Taxes:				
Secured	\$ 7,244,500	\$ 7,244,500	\$ 7,219,333	\$ (25,167)
Unsecured	428,061	428,061	414,203	(13,858)
Homeowner Property Tax Relief	47,000	47,000	43,668	(3,332)
Weed Abatement	20,000	20,000	21,026	1,026
Prior Years' Levies	5,000	5,000	(15,699)	(20,699)
ERAF	763,000	763,000	815,040	52,040
District Special Tax	77,542	77,542	66,415	(11,127)
Special Tax (CFD #5)	319,000	319,000	338,531	19,531
Plan Review/Reports	45,000	45,000	64,056	19,056
EMR JPA Charges	90,000	90,000	98,408	8,408
AMR Fuel Refund	22,000	22,000	30,000	8,000
Reimbursement	6,000	6,000	450,203	444,203
Miscellaneous	11,281	11,281	85,443	74,162
Interest Income	50,000	50,000	49,581	(419)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	9,128,384	9,128,384	9,680,208	551,824
EXPENDITURES:				
Operating Expenditures:				-
Salaries and Benefits	689,893	689,893	586,373	103,520
Contracted Personnel Services	6,561,822	6,561,822	5,473,159	1,088,663
Materials, Supplies, and Services	1,032,140	1,032,140	676,405	355,735
Capital Outlay	308,814	308,814	153,623	155,191
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	8,592,669	8,592,669	6,889,560	1,703,109
	<hr/>	<hr/>	<hr/>	<hr/>
REVENUE OVER (UNDER) EXPENDITURES	\$ 535,715	\$ 535,715	2,790,648	\$ 2,254,933
FUND BALANCES:				
Beginning of Year			<hr/>	11,191,288
End of Year			<hr/>	\$ 13,981,936

COASTSIDE FIRE PROTECTION DISTRICT
 Required Supplementary Information, (Continued)
 For the Year Ended June 30, 2014

2. PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)-SCHEDULE OF FUNDING PROGRESS

The District's plan is part of a CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

3. OTHER POSTEMPLOYEMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

Funded Status of Plan

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial Unfunded (Overfunded) Liability	Funded Ratio	Covered Payroll	Liability as Percentage of Covered Payroll
7/1/2010	\$ 550,600	\$ 4,078,800	\$ 3,528,200	13.5%	\$ -	-
7/1/2012	\$ 1,770,000	\$ 3,817,000	\$ 2,046,700	46.4%	\$ -	-

*Latest information available.

COASTSIDE FIRE PROTECTION DISTRICT

Supplementary Information
For the Year Ended June 30, 2014

Schedule of Operating Expenditures-Budget and Actual (GAAP)-General Fund

	Budgeted Amounts		Actual Amounts	(Negative) Variance with Final Budget
	Original	Final		
OPERATING EXPENDITURES				
Salaries and Benefits:				
Salaries and Wages	\$ 62,000	\$ 62,000	\$ 3,603	\$ 58,397
Employee Medical, Dental, and Life Insurance	612,893	612,893	573,683	39,210
Workers' Comp Insurance	15,000	15,000	9,087	5,913
Total Salaries and Benefits	689,893	689,893	586,373	103,520
Contracted Personnel Services:				
California Department of Forestry and Fire Protection	6,561,822	6,561,822	5,473,159	1,088,663
Total Contracted Personnel Services	6,561,822	6,561,822	5,473,159	1,088,663
Material, Supplies, and Services:				
Agriculture Weed Abatement	15,540	15,540	16,565	(1,025)
Clothing and Uniforms	2,700	2,700	1,325	1,375
Communication Expense	30,000	30,000	28,962	1,038
Household Expense	22,500	22,500	22,105	395
Medical Supplies and Equipment	6,000	6,000	1,054	4,946
Office Expense	15,000	15,000	13,256	1,744
Subscriptions	3,000	3,000	4,029	(1,029)
Postage	5,000	5,000	4,114	886
Computer Expense	45,000	45,000	16,129	28,871
Small Tools and Equipment	60,000	60,000	5,991	54,009
County Memberships	7,000	7,000	6,369	631
Publication and Legal Notices	5,000	5,000	9,093	(4,093)
Special District Expense	10,000	10,000	5,967	4,033
Motor Vehicle Equipment Maintenance	205,000	205,000	90,646	114,354
General Facility Maintenance	78,200	78,200	56,323	21,877
Rents and Leases	15,000	15,000	12,492	2,508
Insurance Premiums	65,000	65,000	50,983	14,017
Utilities	40,000	40,000	40,563	(563)
Training and Education	157,000	157,000	103,072	53,928
Professional Services	177,200	177,200	46,657	130,543
Medical Exams	15,000	15,000	-	15,000
San Mateo County Tax Collector	3,000	3,000	2,594	406
Legal Expense	50,000	50,000	27,211	22,789
Facility Improvement	36,000	36,000	10,022	25,978
Inventory Equipment	141,500	141,500	110,454	31,046
Total Materials, Supplies, and Services	1,209,640	1,209,640	685,976	523,664
Non-Capitalized Outlay	131,314	131,314	144,052	(12,738)
Total Operating Expenditures	\$ 8,592,669	\$ 8,592,669	\$ 6,889,560	\$ 1,703,109



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

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

Members of the Board of the
Coastside Fire Protection District
Half Moon Bay, California

We have audited the financial statements of Coastside Fire Protection District (“the District”), as of and for the year ended June 30, 2014, and have issued our report thereon dated August 14, 2014. We conducted our audit in accordance with auditing standards generally accepted standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their signed functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District’s financial statements that is more than inconsequential will not be prevented or detected by the District’s internal control.

A material weakness is significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District’s internal control.

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

Members of the Board of the Coastside Fire Protection District Page 2

Compliance and other matters

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

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, CA
August 14, 2014