

**Financial Statements
and
Independent Auditor's Report
For the Fiscal Year Ended June 30, 2015**



VIEW FROM OBISPO ROAD

COASTSIDE FIRE PROTECTION DISTRICT

Table of Contents

	<u>Page</u>
Management's Discussion and Analysis	1-6
Independent Auditor's Report	7-8
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	14
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16
Notes to the Financial Statements	17-33
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual-General Fund	34
Public Employee Retirement System (PERS)-Schedule of Funding Progress	35
Other Postemployment Benefit Plan Schedule of Funding Progress	36
Schedules of Required Supplementary Information Pension Plan	37
SUPPLEMENTARY INFORMATION:	
Schedule of Operating Expenditures-Budget and Actual-General Fund	38
OTHER INDEPENDENT AUDITOR'S REPORT	
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	39-40

COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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, 2015. 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, 2015.

- In total, government-wide net position was \$13,760,195.
- General revenues accounted for \$9,460,666 or 97.25% percent of total revenues.
- Total government-wide assets were \$22,442,603 cash and cash equivalents were \$13,936,310 and net capital assets totaled \$6,214,333.
- Total program expenses were \$7,548,922 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, 2015**

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.

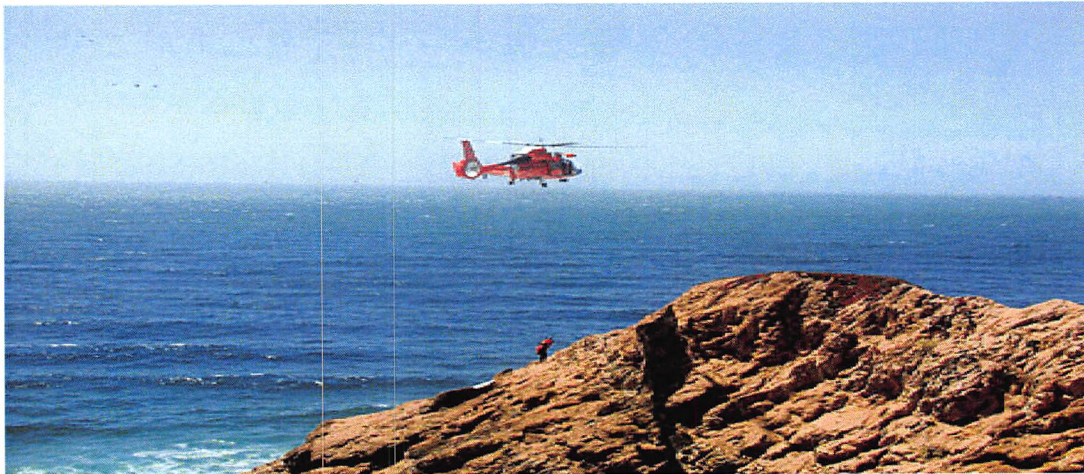
COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2015

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, 2015 with comparative amounts for 2014.

TABLE 1: NET POSITION

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Assets		
Current and Other Assets	\$ 14,452,423	\$ 13,987,986
Capital Assets	6,214,333	4,765,152
Deferred Outflows	<u>1,775,847</u>	<u>1,395,867</u>
 Total Assets	 <u>22,442,603</u>	 <u>20,149,005</u>
Liabilities		
Current Liabilities	118,263	6,050
Net Pension Liability	6,881,552	-
Deferred Inflows	<u>1,682,593</u>	<u>-</u>
 Total Liabilities	 <u>8,682,408</u>	 <u>6,050</u>
Net Position		
Invested in Capital Assets	6,214,333	4,765,152
Restricted	25,907	24,828
Unrestricted	<u>7,519,955</u>	<u>15,352,975</u>
 Total Net Position	 <u>\$ 13,760,195</u>	 <u>\$ 20,142,955</u>



**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015</u>	<u>June 30, 2014</u>
Revenues		
Program Revenues:		
Operating Grants/Reimbursements	\$ 60,787	\$ 450,203
Charges for Services	206,209	213,490
General Revenues:		
Taxes	9,395,351	8,875,846
Interest and Investment Earnings	55,666	49,581
Loss on Sale of Asset	-	(45,508)
Miscellaneous	9,649	85,443
Total Revenues	<u>9,727,662</u>	<u>9,629,055</u>
Program Expenses		
Public Safety	7,248,459	6,797,599
Depreciation	300,463	266,939
Total Expenses	<u>7,548,922</u>	<u>7,064,538</u>
Changes in Net Position	<u>\$ 2,178,740</u>	<u>\$ 2,564,517</u>

TABLE 3: GOVERNMENTAL ACTIVITIES

	<u>Total Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>
Public Safety	\$ 7,248,459	\$ 6,797,599
Depreciation - Unallocated	300,463	266,939
Total Governmental Activities	<u>\$ 7,548,922</u>	<u>\$ 7,064,538</u>

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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 \$9,390,250 expenditures totaled \$9,109,830 and revenues were projected to exceed expenditures by \$280,420.

Capital Assets and Debt Administration

Capital Assets at Year End Net of Depreciation

As of June 30, 2015 and 2014 the District owned the following capital assets:

TABLE 4: CAPITAL ASSETS

	June 30, 2015	June 30, 2014
Capital Assets		
Land	\$ 1,802,580	\$ 953,816
Structures and Improvements	3,219,630	2,997,885
Equipment	4,857,465	4,178,330
Accumulated Depreciation	(3,665,342)	(3,364,879)
 Total Capital Assets - Net	 \$ 6,214,333	 \$ 4,765,152

Long Term Debt

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



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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 12, 2015, 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.

Blomberg & Griffin A.C.
Stockton, CA
August 12, 2015

COASTSIDE FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2015

	<u>2015</u>
Assets	
Current Assets	
Cash and Investments in County Treasury:	
Available for General Operations	\$ 3,725,214
Cash in Banks	14,665
Investment in Local Agency Investment Fund	10,196,431
Accounts Receivable (Net of Allowances)	460,916
Interest Receivable	28,542
Prepaid Items	26,655
	<u>14,452,423</u>
Non Current Assets	
Land	1,802,580
Structures & Improvements	3,219,630
Equipment	4,857,465
Accumulated Depreciation	(3,665,342)
	<u>6,214,333</u>
Deferred Outflows of Resources	
Net OPEB Assets (Note 9)	1,513,628
Pension Deferred Charges (Note 8)	262,219
	<u>1,775,847</u>
	<u>\$ 22,442,603</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 118,263
Net Pension Liability (Note 8)	6,881,552
	<u>6,999,815</u>
Deferred Inflows of Resources	
Pension Deferred Credits (Note 8)	1,682,593
	<u>1,682,593</u>
Net Position	
Investment in Capital Assets, Net of Related Debt	6,214,333
Restricted for:	
Weed Abatement	25,907
Unrestricted	7,519,955
	<u>13,760,195</u>
Total Net Position	<u>13,760,195</u>
	<u>\$ 22,442,603</u>

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, 2015

2015

Program Expenses

Public Safety:

Operations

\$ 7,248,459

Depreciation

300,463

Total Program Expenses

7,548,922

Program Revenues

Operating Grants, Contributions, Reimbursements

60,787

Charges for Services

206,209

Total Program Revenues

266,996

Net Program Expenses

7,281,926

General Revenues

Taxes Levied

9,395,351

Interest and Investment Earnings

55,666

Miscellaneous

9,649

Total General Revenues

9,460,666

Excess of Revenues over Expenditures

2,178,740

Change in Net Position

2,178,740

Net Position-Beginning of Year

20,142,955

Prior Period Adjustment (GASB 68) Note 8

(8,561,500)

Net Position-End of Year

\$ 13,760,195

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

COASTSIDE FIRE PROTECTION DISTRICT

Balance Sheet

June 30, 2015

	2015
	<u>General Fund</u>
Assets	
Current Assets	
Cash and Investments in County Treasury:	
Available for General Operations	\$ 3,725,214
Cash in Banks	14,665
Investment in Local Agency Investment Fund	10,196,431
Accounts Receivable (Net of Allowances)	460,916
Interest Receivable	28,542
Prepaid Items	26,655
	<hr/>
Total Current Assets	14,452,423
	<hr/>
Total Assets	<u>\$ 14,452,423</u>
	<hr/>
Liabilities and Fund Balances	
Liabilities:	
Accounts Payable	\$ 118,263
	<hr/>
Total Liabilities	118,263
	<hr/>
Fund Balances	
Nonspendable:	
Prepaid Items	26,655
Spendable:	
Restricted	25,907
Assigned	12,385,255
Unassigned	1,896,343
	<hr/>
Total Fund Balances	14,334,160
	<hr/>
Total Liabilities and Fund Balances	<u>\$ 14,452,423</u>
	<hr/>

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, 2015

	<u>2015</u> <u>General Fund</u>
Revenues	
Property Taxes:	
Secured	\$ 7,645,529
Unsecured	422,954
Home Owner Property Tax Relief	27,729
Weed Abatement	27,644
Prior Years' Levies	(12,837)
ERAF Refund	870,335
District Special Taxes	75,059
Special Tax (CFD #5)	338,938
Plan Review/Reports	76,346
EMR JPA Charges	99,863
AMR Lease	30,000
Reimbursements	60,787
Miscellaneous	9,649
Interest Income	<u>55,666</u>
Total Revenue	<u>9,727,662</u>
Expenditures	
Operating Expenditures:	
Salaries and Benefits	772,675
Contracted Personnel Services	6,098,507
Materials, Supplies, and Services	754,614
Capital Outlay	<u>1,749,642</u>
Total Expenditures	<u>9,375,438</u>
Net Change in Fund Balances	352,224
Fund Balances-Beginning of Year	<u>13,981,936</u>
Fund Balances-End of Year	<u><u>\$ 14,334,160</u></u>

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, 2015

	2015
Total Fund Balances - Governmental Funds	\$ 14,334,160
<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	1,802,580
Depreciable capital assets, net of accumulated depreciation	4,411,753
Net OPEB assets are not current financial resources and therefore are not reported in the governmental funds financial statements	1,513,628
Pension Deferred Changes	262,219
Net Pension Liability	(6,881,552)
Pension Deferred Credits	(1,682,593)
Net Position of Governmental Activities	\$ 13,760,195

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, 2015

	2015
Net Change in Fund Balances - Governmental Funds	\$ 352,224
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.	1,749,642
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.	(300,463)
Adjustments to expenses on the statement of activities but not on the funds statement.	259,573
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.	117,761
Change in Net Position of Governmental Activities	\$ 2,178,737

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, 2015

ASSETS

2015

Cash and Cash Equivalents

\$ 2,767,882

Total Assets

\$ 2,767,882

NET POSITION

Held in Trust for Retired Employees' Healthcare Benefits

\$ 2,767,882

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, 2015

	2015
Additions	
Contribution	\$ 52,000
Investment Income	111,307
Total Additions	163,307
Deductions	
Administrative Expenses	12,410
Total Deductions	12,410
Net Increase	150,897
 Held in Trust for Retired Employees' Healthcare Benefits:	
Beginning of Year	2,616,985
End of Year	\$ 2,767,882

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

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

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.
- GASB statement No. 8, *Auditing and Financial Reporting for Pension-* This statement improves the financial disclosure and reporting for pension liabilities, deferred charges and credits and including additional related notes.

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments at June 30, 2015 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, 2015

2. CASH AND INVESTMENTS (Continued)

A. Cash Deposits

The carrying amount of the District's cash deposits were \$14,661 as of June 30, 2015. 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, 2015. 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 form 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, 2015, 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, 2015

3. ACCOUNTS RECEIVABLE

Outstanding receivables of \$460,916 consisted of Cal-Fire overpayment of \$449,175, paramedic services of \$8,074 and various other receivables.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 consisted of the following:

	Balance July 1, 2014	Additions	Retirement	Balance June 30, 2015
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 953,816	\$ 848,764	\$ -	\$ 1,802,580
Construction in Progress	-	221,745	-	221,745
Total Capital Assets, not Being Depreciated	953,816	1,070,509	-	2,024,325
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,997,885	-	-	2,997,885
Machinery and Equipment	4,178,330	679,135	-	4,857,465
Total Capital Assets, Being Depreciated	7,176,215	679,135	-	7,855,350
Accumulated Depreciation:				
Buildings and Improvements	(1,147,306)	(59,756)	-	(1,207,062)
Machinery and Equipment	(2,217,573)	(240,707)	-	(2,458,280)
Total Accumulated Depreciation	(3,364,879)	(300,463)	-	(3,665,342)
Total Capital Assets, Being Depreciated, Net	3,811,336	378,672	-	4,190,008
Governmental Activities Capital Assets, Net	\$ 4,765,152	\$ 1,449,181	\$ -	\$ 6,214,333

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, the District received \$96,888 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:

COVERAGE	LIMIT
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, 2015 the District does not have any claims outstanding.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, the District did not have any active employees.

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFITS PENSION PLANS (Continued)

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter.

Discount Rate

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

The 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.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFITS PENSION PLANS (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
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	4.5	5.13
Infrastructure and Forestland	3.0	4.5	5.09
Liquidity	2.0	(0.55)	(1.05)

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

	<u>Plan Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Plan Net Pension Liability/(Asset) (c) = (a) - (b)</u>
Balance at : 6/30/2013 (VD)	\$ 33,018,436	\$ 25,384,437	\$ 7,633,999
Balance at : 6/30/2014 (MD)	\$ 36,505,852	\$ 29,624,305	\$ 6,881,547
Net Changes during 2013-14	\$ (3,487,416)	\$ (4,239,868)	\$ 752,452

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

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

	<u>Discount Rate - 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Plan's Net Pension Liability/(Asset)	\$ 10,872,852	\$ 6,881,552	\$ 2,609,485

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFITS PENSION PLANS (Continued)

PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the fiscal year ended June 30, 2015, Pension Expense recognized is as follows:

Pension Expense - June 30, 2015

Risk Pool Net Employer normal cost	\$ -
Risk Pool Payment on Amortization Bases	317,980
Amortization of deferred charges	140,554
Amortization of deferred credits	(416,544)
Net interest on Pension Liability	<u>300,000</u>
 Total Pension Expense Recognized	 <u><u>\$ 341,990</u></u>

For the measurement period ended June 30, 2014 (the measurement date), the Coastsides Fire Protection District incurred a pension expense/(income) of (\$297,929) for the Plan (the pension expense for risk pool for the measurement period is \$240,108,470).

As of June 30, 2015, the Coastsides Fire Protection District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,682,593
Adjustment due to Differences in Proportions	-	-
Difference between Employer Contributions	<u>262,219</u>	<u> </u>
 Total	 <u><u>\$ 262,219</u></u>	 <u><u>\$ 1,682,593</u></u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8: DEFINED BENEFITS PENSION PLANS (Continued)

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

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2016	(347,539)
2017	(347,539)
2018	(347,539)
2019	(361,340)
Thereafter	-

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

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) Of Resources
2016	(3,420)
2017	(3,420)
2018	(3,420)
2019	(3,420)
2020	(2,736)

In accordance with GASB 68, a prior period adjustment was reported to record the pension related adjustments.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, 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, 2015 Net OPEB Obligation:

Annual required contribution	\$ 225,500
Interest on net OPEB obligation	(98,897)
Amortization of net OPEB obligation	82,350
Annual OPEB cost	<u>208,953</u>
Payments made	<u>(326,714)</u>
(Increase) decrease in net OPEB obligation (asset)	(117,761)
Net OPEB obligation (asset)-beginning of the year	<u>(1,395,867)</u>
Net OPEB obligation (asset)-end of year	<u><u>\$ (1,513,628)</u></u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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 2014, 10% for year 2015 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, 2015 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, 2015. The amount authorized to be spent for the agreed services with Cal Fire for fiscal year ended June 30, 2015 was \$6,561,822. The District's expenditures for the agreed services with Cal Fire for fiscal year ended June 30, 2015 were \$5,473,159. Also, refer to note 13 for additional information.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 is as follows:

	<u>General Fund</u>
Non-Spendable	
Prepaid Items	\$ 26,655
Total Nonspendable Fund Balances	26,655
Restricted for	
Weed Abatement	25,907
Total Restricted Fund Balances	25,907
Assigned to	
General Reserve	1,882,127
CalPers Pension Reserve	300,000
Structure/Land Improvement	7,500,000
Apparatus Replacement	1,653,294
Tools & Equipment	949,834
Legal Reserve	50,000
Special Projects	50,000
Total Assigned Fund Balances	12,385,255
Unassigned Fund Balances	1,896,343
Total Fund Balances	\$ 14,334,160

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, 2015

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	\$ 7,212,159	\$ 7,212,159	\$ 7,645,529	\$ 433,370
Unsecured	409,102	409,102	422,954	13,852
Homeowner Property Tax Relief	44,062	44,062	27,729	(16,333)
Weed Abatement	22,285	22,285	27,644	5,359
Prior Years' Levies	4,071	4,071	(12,837)	(16,908)
ERAF	815,040	815,040	870,335	55,295
District Special Tax	66,322	66,322	75,059	8,737
Special Tax (CFD #5)	337,460	337,460	338,938	1,478
Plan Review/Reports	63,735	63,735	76,346	12,611
EMR JPA Charges	98,413	98,413	99,863	1,450
AMR Fuel Refund	30,000	30,000	30,000	-
Reimbursement	6,000	254,742	60,787	(193,955)
Miscellaneous	16,100	1,118	9,649	8,531
Interest Income	31,741	31,741	55,666	23,925
	<u>9,156,490</u>	<u>9,390,250</u>	<u>9,727,662</u>	<u>337,412</u>
EXPENDITURES:				
Operating Expenditures:				
Salaries and Benefits	780,485	721,274	772,675	(51,401)
Contracted Personnel Services	6,845,144	6,975,756	6,098,507	877,249
Materials, Supplies, and Services	1,010,515	1,044,300	754,614	289,686
Capital Outlay	368,500	368,500	1,749,642	(1,381,142)
	<u>9,004,644</u>	<u>9,109,830</u>	<u>9,375,438</u>	<u>(265,608)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 151,846</u>	<u>\$ 280,420</u>	352,224	<u>\$ 71,804</u>
FUND BALANCES:				
Beginning of Year			<u>13,981,936</u>	
End of Year			<u>\$ 14,334,160</u>	

COASTSIDE FIRE PROTECTION DISTRICT
Required Supplementary Information, (Continued)
For the Year Ended June 30, 2015

**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.

COASTSIDE FIRE PROTECTION DISTRICT
Required Supplementary Information, (Continued)
For the Year Ended June 30, 2015

3. OTHER POSTEMPLOYMENT 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%	\$ -	-
7/1/2015	\$ 2,735,918	\$ 4,005,517	\$ 1,269,599	68.3%	\$ -	-

*Latest information available.

COASTSIDE FIRE PROTECTION DISTRICT
Schedules of Required Supplementary Information - Pension Plan
June 30, 2015

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	June 30, 2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.27844%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 6,881,552
Plan's Covered-Employee Payroll	\$ -
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	0.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.00%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ -

Schedule of Plan Contributions

	Fiscal Year 2013-14
Actuarially Determined Contribution	\$ 325,574
Contributions in Relation to the Actuarially Determined Contribution	(325,574)
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll	\$ -
Contributions as a Percentage of Covered-Employee Payroll	0.00%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact.

Change in Assumptions: None

COASTSIDE FIRE PROTECTION DISTRICT

Supplementary Information
For the Year Ended June 30, 2015

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	\$ 3,500	\$ 3,500	\$ 3,041	\$ 459
Employee Medical, Dental, and Life Insurance	761,985	702,774	760,634	(57,860)
Workers' Comp Insurance	15,000	15,000	9,000	6,000
Total Salaries and Benefits	780,485	721,274	772,675	(51,401)
Contracted Personnel Services:				
California Department of Forestry and Fire Protection	6,845,144	6,975,756	6,098,507	877,249
Total Contracted Personnel Services	6,845,144	6,975,756	6,098,507	877,249
Material, Supplies, and Services:				
Agriculture Weed Abatement	15,540	16,550	462	16,088
Clothing and Uniforms	1,500	1,500	4,138	(2,638)
Communication Expense	31,490	34,400	36,154	(1,754)
Household Expense	25,350	25,350	19,869	5,481
Medical Supplies and Equipment	6,000	6,000	5,182	818
Office Expense	12,851	15,000	14,800	200
Subscriptions	4,829	4,800	1,433	3,367
Postage	4,570	5,000	3,726	1,274
Computer Expense	53,600	53,600	22,906	30,694
Small Tools and Equipment	5,000	10,000	7,311	2,689
County Memberships	7,816	7,800	8,775	(975)
Publication and Legal Notices	8,916	8,900	4,752	4,148
Special District Expense	6,896	10,000	3,768	6,232
Motor Vehicle Equipment Maintenance	208,500	208,500	180,988	27,512
General Facility Maintenance	59,156	66,400	109,701	(43,301)
Rents and Leases	15,001	15,000	13,760	1,240
Insurance Premiums	65,000	65,000	52,653	12,347
Utilities	50,000	50,000	41,754	8,246
Training and Education	100,000	112,000	47,511	64,489
Professional Services	260,500	260,500	109,204	151,296
Medical Exams	15,000	15,000	4,886	10,114
San Mateo County Tax Collector	3,000	3,000	2,751	249
Legal Expense	50,000	50,000	58,130	(8,130)
Total Materials, Supplies, and Services	1,010,515	1,044,300	754,614	289,686
Capital Outlay	368,500	368,500	1,749,642	(1,381,142)
Total Expenditures	\$ 9,004,644	\$ 9,109,830	\$ 9,375,438	\$ (265,608)



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, 2015, and have issued our report thereon dated August 14, 2015. 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.

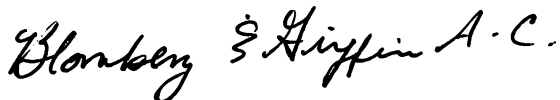
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any 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.
Stockton, CA
August 14, 2015