



**Financial Statements
and
Independent Auditor's Report
For the Fiscal Year Ended June 30, 2012**



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 Assets	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 Assets	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	14
Statement of Fiduciary Net Assets	15
Statement of Changes in Fiduciary Net Assets	16
Notes to the Financial Statements	17-29
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual–General Fund	30
Public Employee Retirement System (PERS)-Schedule of Funding Progress	31
Other Postemployment Benefit Plan Schedule of Funding Progress	31
SUPPLEMENTARY INFORMATION:	
Schedule of Operating Expenditures-Budget and Actual-General Fund	32
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	33-34

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

This section of the annual financial report of the Coastside Fire Protection District (District) presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2012. 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, 2012.

- In total, government-wide net assets were \$15,378,913
- General revenues accounted for \$8,779,590 or 98.71 percent of total revenues
- Total government-wide assets were \$15,563,239, cash and cash equivalents were \$9,033,015, and net capital assets totaled \$5,259,928
- Total program expenses were \$6,807,831, as noted in table 2

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, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets 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 assets and changes in them. Net assets are 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 assets are 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, 2012**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table presents a summary of the District's statement of net assets by category as of June 30, 2012.

TABLE 1: NET ASSETS

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Assets		
Current and Other Assets	\$ 9,088,410	\$ 7,148,325
Capital Assets	5,259,928	5,402,215
Other Assets	<u>1,214,901</u>	<u>921,028</u>
 Total Assets	 <u>\$ 15,563,239</u>	 <u>\$ 13,471,568</u>
Liabilities		
Current Liabilities	\$ 184,326	\$ 178,803
Long-Term Liabilities	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>\$ 184,326</u>	 <u>\$ 178,803</u>
Net Assets		
Invested in Capital Assets	\$ 5,259,928	\$ 5,402,215
Restricted	25,907	25,651
Unrestricted	<u>10,093,078</u>	<u>7,864,899</u>
 Total Net Assets	 <u>\$ 15,378,913</u>	 <u>\$ 13,292,765</u>



**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Revenues		
Program Revenues:		
Operating Grants	\$ 20,408	\$ 84,631
Charges for Services	93,981	94,688
General Revenues:		
Taxes	8,614,316	8,585,983
Interest and Investment Earnings	80,742	56,112
Loss on Sale	(7,290)	-
Miscellaneous	91,822	69,088
Total Revenues	<u>8,893,979</u>	<u>8,890,502</u>
Program Expenses		
Public Safety	6,510,006	8,367,314
Depreciation	297,825	179,237
Total Expenses	<u>6,807,831</u>	<u>8,546,551</u>
Changes in Net Assets	<u>\$ 2,086,148</u>	<u>\$ 343,951</u>

TABLE 2: GOVERNMENTAL ACTIVITIES

	<u>Total Cost of Services 2012</u>	<u>Total Cost of Services 2011</u>
Public Safety	\$ 6,510,006	\$ 8,367,314
Depreciation - Unallocated	297,825	179,237
Total Governmental Activities	<u>\$ 6,807,831</u>	<u>\$ 8,546,551</u>

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 \$8,099,611 expenditures totaled \$8,159,251 and expenditures were projected to exceed revenues by \$59,640. There were no changes in the adopted budget throughout the year.

Capital Assets and Debt Administration

Capital Assets at Year End Net of Depreciation

As of June 30, 2012 the District owned the following capital assets:

TABLE 5: CAPITAL ASSETS

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Capital Assets		
Land	\$ 953,816	\$ 953,816
Structures and Improvements	2,997,885	2,957,443
Equipment	4,448,590	4,679,950
Accumulated Depreciation	<u>(3,140,363)</u>	<u>(3,188,994)</u>
 Total Capital Assets	 <u>\$ 5,259,928</u>	 <u>\$ 5,402,215</u>

Long Term Debt

The District's debt or debt activity during the year ended June 30, 2012 was in the amount of \$0.00 and compensated absences in the amount of \$0.00.

**COASTSIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 Directors
Coastside Fire Protection District
Half Moon Bay, California

We have audited the accompanying basic financial statements of Coastside Fire Protection District (the District) as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2012, on our consideration of the 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 of financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**To the Members of the Board of the Coastside Fire Protection District-Page 2
Half Moon Bay, CA**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress 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 the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The schedule of operating expenditures-budget and actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blomberg & Griffin A.C.
Blomberg & Griffin A.C.
August 15, 2012

COASTSIDE FIRE PROTECTION DISTRICT

Statement of Net Assets

June 30, 2012

	<u>2012</u>
Assets	
Current Assets	
Cash and Investments in County Treasury:	
Available for general operations	\$ 3,777,892
Cash in Banks	14,641
Investment in Local Agency Investment Fund	5,240,482
Accounts Receivable (net of allowances)	747
Interest Receivable	27,070
Prepaid Items	<u>27,578</u>
Total Current Assets	<u>9,088,410</u>
Non Current Assets	
Land	953,816
Structures & Improvements	2,997,885
Equipment	4,448,590
Accumulated Depreciation	<u>(3,140,363)</u>
Total Non Current Assets	<u>5,259,928</u>
Other Assets	
Notes Receivable	227,798
Net OPEB Assets	<u>987,103</u>
Total Other Assets	<u>1,214,901</u>
Total Assets	<u><u>\$ 15,563,239</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	<u>\$ 184,326</u>
Total Liabilities	<u>184,326</u>
Net Assets	
Investment in Capital Assets, net of related debt	5,259,928
Restricted for:	
Weed Abatement	25,907
Unrestricted	<u>10,093,078</u>
Total Net Assets	<u>15,378,913</u>
Total Liabilities and Net Assets	<u><u>\$ 15,563,239</u></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, 2012

	<u>2012</u>
Program Expenses	
Public Safety:	
Operations	\$ 6,510,006
Depreciation	<u>297,825</u>
 Total Program Expenses	 <u>6,807,831</u>
 Program Revenues	
Operating Grants and Contributions	20,408
Charges for Services-EMR and JPA	<u>93,981</u>
 Total Program Revenues	 <u>114,389</u>
 Net Program Expenses	 <u>6,693,442</u>
 General Revenues	
Taxes Levied	8,614,316
Interest and Investment Earnings	80,742
Loss on Sale	(7,290)
Miscellaneous	<u>91,822</u>
 Total General Revenues	 <u>8,779,590</u>
 Excess of Revenues over Expenditures	 <u>2,086,148</u>
 Change in Net Assets	 2,086,148
 Net Assets-Beginning of Year	 <u>13,292,765</u>
 Net Assets-End of Year	 <u><u>\$ 15,378,913</u></u>

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

COASTSIDE FIRE PROTECTION DISTRICT

Balance Sheet

June 30, 2012

	<u>2012</u> <u>General Fund</u>
Assets:	
Current Assets	
Cash and Investments in County Treasury:	
Available for general operations	\$ 3,777,892
Cash in Banks	14,641
Investment in Local Agency Investment Fund	5,240,482
Accounts Receivable (net of allowances)	747
Interest Receivable	27,070
Prepaid Items	<u>27,578</u>
Total Current Assets	<u>9,088,410</u>
Other Assets	
Notes Receivable	<u>227,798</u>
Total Assets	<u><u>\$ 9,316,208</u></u>
 Liabilities and Fund Balances:	
Liabilities:	
Accounts Payable	\$ 184,326
Deferred Revenue	<u>227,798</u>
Total Liabilities	<u>412,124</u>
 Fund Balances:	
Nonspendable:	
Prepaid Items	27,578
Spendable:	
Restricted	25,907
Assigned	6,866,079
Unassigned	<u>1,984,520</u>
Total Fund Balances	<u>8,904,084</u>
Total Liabilities and Fund Balances	<u><u>\$ 9,316,208</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, 2012

	<u>2012</u> General Fund
Revenues	
Property Taxes:	
Secured	6,854,341
Unsecured	412,296
Home Owner Property Tax Relief	47,403
Weed Abatement	23,095
Prior Years' Levies	5,226
EFAF	637,673
District Special Taxes	520,999
Special Tax (CFD #5)	113,252
Plan Review/Reports	46,307
EMR JPA Charges	93,981
AMR Fuel Refund	30,000
Reimbursements	21,691
Miscellaneous	31,001
Interest Income	47,659
Proceeds from Sale of Assets	5,828
Grant Revenue	20,407
	<hr/>
Total Revenue	8,911,159
	<hr/>
Expenditures	
Operating Expenditures:	
Salaries and Benefits	886,398
Contracted Personnel Services	5,040,894
Materials, Supplies, and Services	755,333
Capital Outlay	293,972
	<hr/>
Total Expenditures	6,976,597
	<hr/>
Net Change in Fund Balances	1,934,562
Fund Balances-Beginning of Year	6,969,522
	<hr/>
Fund Balances-End of Year	8,904,084
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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 Assets
 June 30, 2012

	2012
Total Fund Balances - Governmental Funds	\$ 8,904,084
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Notes receivable are not available to pay for current-period expenditures and therefore are reported as deferred revenue in the financial statements	227,798
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Financial Statements.	
Non-depreciable capital assets	953,816
Depreciable capital assets, net of accumulated depreciation	4,306,112
Net OPEB assets are not current financial resources and therefore are not reported in the governmental funds financial statements	987,103
Net assets of Governmental Activities	\$ 15,378,913

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, 2012

	2012
Net Change in Fund Balances - Governmental Funds	\$ 1,934,562
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
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.	168,656
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.	(297,825)
Notes receivable are not considered available revenue and are deferred in the governmental funds. However, those notes are considered earned and recognized as revenue in the Government-Wide Statement of Activities.	(37,147)
Loss on sale 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.	(7,290)
Proceeds from sale of assets are recorded as revenue in the government funds, but not in the Government-Wide Financial Statements.	(5,826)
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.	331,018
Change in Net Assets of Governmental Activities	\$ 2,086,148

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

COASTSIDE FIRE PROTECTION DISTRICT

Statement of Fiduciary Net Assets
Retired Employees' Health Care Plan
June 30, 2012

ASSETS:	<u>2012</u>
Cash and Cash Equivalents	<u>\$ 1,770,286</u>
Total Assets	<u><u>\$ 1,770,286</u></u>
NET ASSETS:	
Held in trust for retired employees' healthcare benefits	<u><u>\$ 1,770,286</u></u>

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

COASTSIDE FIRE PROTECTION DISTRICT

Statement of Changes in Fiduciary Net Assets

Retired Employees' Health Care Plan

For the Year Ended June 30, 2012

	<u>2012</u>
Additions:	
Contribution	\$ 309,100
Investment Income	<u>33,083</u>
Total Additions	<u>342,183</u>
Deductions:	
Administrative Expenses	<u>8,472</u>
Total Deductions	<u>8,472</u>
Net Increase	333,711
Held in Trust for Retired Employees' Healthcare Benefits:	
Beginning of Year	<u>1,436,575</u>
End of Year	<u><u>\$ 1,770,286</u></u>

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

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Coastside Fire Protection District (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 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 Assets 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 Assets. The Statement of Activities and Changes in Net Assets presents changes in net assets. 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, 2012

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 assets as presented in these statements to the net assets 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, 2012

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 that \$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 Assets 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.

<u>Asset Class</u>	<u>Description</u>	<u>Years</u>
Land		
Buildings & Improvements	Fire Stations, additions	7-50
Machinery & Equipment	Fire engines, fire apparatus, furniture, computers	3-20



COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, 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, 2012

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 County of San Mateo 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 Assets

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net assets 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 Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

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

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

The preparation of financial statement in conformity 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 assets 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 assets 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, 2012 were as follows:

	Government - Wide Statement of Net Assets Governmental Activities
Demand Deposits:	
Cash on hand and in bank	\$ 14,641
Local Agency Investment Fund (LAIF)	5,240,482
San Mateo County Investment Pool	<u>3,777,892</u>
Total demand deposits	<u><u>\$ 9,033,015</u></u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

2. CASH AND INVESTMENTS (Continued)

A. Cash Deposits

The carrying amount of the District's cash deposits were \$14,641 as of June 30, 2012. Bank balance was \$14,641 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 \$3,777,892 at June 30, 2012. The District maintains substantially all 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, 2012 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, 2012, the District had \$5,240,482 Invested in LAIF, which had invested 5.01% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.001576470 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 if 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, 2012

3. ACCOUNTS RECEIVABLE

Outstanding receivables of \$747 consist of dental billings to retirees.

4. NOTES RECEIVABLE

The District has a note receivable from Point Pillar Project Developers, LLC in the amount of \$450,000 to satisfy the requirement that Point Pillar fund the salaries of one and one half firefighter. The first payment was due on October 1, 2007 with the balance 375,000 to be paid in equal installments over a ten year period. Annual payments are due October 1st each year beginning October 1, 2008. The outstanding balance will accrue interest at the rate of 7.5% per year commencing in October 1, 2007. The outstanding balance as of June 30, 2012 was \$227,798.

The following is a summary of changes in notes receivable for the year ended June 30, 2012:

	Balance July 1, 2011	Addition	Deletion	Balance June 30, 2012
Point Pillar Project Developers, LLC	<u>\$ 264,943</u>	<u>\$ -</u>	<u>\$37,145</u>	<u>\$ 227,798</u>

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 consisted of the following:

	Balance July 1, 2011	Additions	Retirement	Balance June 30, 2012
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	2,957,443	40,442	-	2,997,885
Machinery and Equipment	4,679,950	128,214	(359,574)	4,448,590
Total capital assets, being depreciated	<u>7,637,393</u>	<u>168,656</u>	<u>(359,574)</u>	<u>7,446,475</u>
Accumulated Depreciation:				
Buildings and Improvements	(963,717)	(62,421)	-	(1,026,138)
Machinery and Equipment	(2,225,277)	(235,404)	346,456	(2,114,225)
Total Accumulated Depreciation	<u>(3,188,994)</u>	<u>(297,825)</u>	<u>346,456</u>	<u>(3,140,363)</u>
Total capital assets, being depreciated, net	<u>4,448,399</u>	<u>(129,169)</u>	<u>(13,118)</u>	<u>4,306,112</u>
Governmental activities capital assets, net	<u>\$ 5,402,215</u>	<u>\$ (129,169)</u>	<u>\$ (13,118)</u>	<u>\$ 5,259,928</u>

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

6. 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, 2012, the District received \$93,981 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.

7. RISK MANAGEMENT

The District is insured for general liability and property by Johndro-Leveroni-Vreeburg, Inc. 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 \$4,553,603 for the Building and \$296,188 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 \$817,174 for the building, 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 \$700,964 for the building, with a \$1,000 deductible per occurrence. Earthquake coverage is included, with a deductible of 5% for the building limit.

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 & Advertising	\$1,000,000
Each Occurrence	\$1,000,000
Medical Expenses	\$10,000 per occurrence

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

8. CONTINGENCIES

As of June 30, 2012 the District does not have any claims outstanding.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

9. 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, 2012, 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 in 2012 were \$183,193, The District is currently paying benefits from the District's General Fund.

Annual Pension Cost – For 2011-2012, the District's annual pension cost of \$183,193 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increase of 3.55% to 14.45% (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. 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, 2012

9. EMPLOYEE RETIREMENT SYSTEM (Continued)

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Total APC	Percentage of APC Funded
06/30/10	\$ 1,236,451	100%
06/30/11	\$ 2,447,635	100%
06/30/12	\$ 183,193	100%

a. 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.

10. 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, 2012, these expenditures totaled \$331,018.

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, 2012 Net OPEB Obligation:

Annual required contribution	\$ 306,000
Interest on net OPEB obligation	(45,926)
Amortization of net OPEB obligation	49,026
Annual OPEB cost	309,100
Payments made	(640,118)
Increase (decrease) in net OPEB obligation	(331,018)
Net OPEB obligation-Beginning of the year	(656,085)
Net OPEB obligation-End of year	\$ (987,103)

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

10. OTHER POSTEMPLOMENT BENEFITS (Continued)

Funded Status and Funding Progress – As of July 1, 2009 the most recent actuarial valuation date, the plan was 13.5% funded. The actuarial accrued liability (AAL) for benefits was \$4, 0781,800, and the actuarial value of plan assets was \$306,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,528,200. As of July 1, 2009, 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, 2011 actuarial valuation, the actuarial assumptions included a 7.75% investment rate of return on assets and that premiums rise 7% in 2012, 6% for year 2013, and 5% thereafter. 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, 2010 of 30 years.

11. 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, 2012. The amount authorized to be spent for the agreed services with Cal Fire for fiscal year ended June 30, 2012 was \$5,553,151. The District's expenditures for the agreed services with Cal Fire for fiscal year ended June 30, 2012 were \$5,040,894.

COASTSIDE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

12. 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, 2012 is as follows:

	<u>General Fund</u>
Non-spendable:	
Prepaid items	\$ 27,578
Total nonspendable fund balances	27,578
Restricted for:	
Weed abatement	25,907
Total restricted fund balances	25,907
Assigned to:	
Dry period reserve	1,550,000
General reserve	1,692,127
CalPers Pension Reserve	300,000
Operating reserve	1,000,000
Structure/land improvement	1,406,100
Apparatus replacement	603,733
Tools & equipment	214,119
Legal reserve	50,000
Special projects	50,000
Total assigned fund balances	6,866,079
Unassigned Fund Balances	1,984,520
Total Fund Balances	\$ 8,904,084

COASTSIDE FIRE PROTECTION DISTRICT

Required Supplementary Information

For the Year Ended June 30, 2012

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	\$ 6,782,266	\$ 6,782,266	\$ 6,854,341	\$ 72,075
Unsecured	383,500	383,500	412,296	28,796
Homeowner Property Tax Relief	47,000	47,000	47,403	403
Weed Abatement	20,000	20,000	23,095	3,095
Prior Years' Levies	10,000	10,000	5,226	(4,774)
ERAF	-	-	637,673	637,673
District Special Tax	540,000	540,000	520,999	(19,001)
Special Tax (CFD #5)	104,845	104,845	113,252	8,407
Plan Review/Reports	31,000	31,000	46,307	15,307
EMR JPA Charges	90,000	90,000	93,981	3,981
AMR Fuel Refund	30,000	30,000	30,000	-
Reimbursement	5,000	5,000	21,691	16,691
Miscellaneous	6,000	6,000	31,001	25,001
Interest Income	50,000	50,000	47,659	(2,341)
Proceeds from Sale of Assets	-	-	5,828	5,828
Grant Revenue	-	-	20,407	20,407
	<u>8,099,611</u>	<u>8,099,611</u>	<u>8,911,159</u>	<u>811,548</u>
EXPENDITURES:				
Operating Expenditures:				-
Salaries and Benefits	1,131,200	1,131,200	886,398	244,802
Contracted Personnel Services	5,553,151	5,553,151	5,040,894	512,257
Materials, Supplies, and Services	963,900	963,900	755,333	208,567
Capital Outlay	511,000	511,000	293,972	217,028
	<u>8,159,251</u>	<u>8,159,251</u>	<u>6,976,597</u>	<u>1,182,654</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (59,640)</u>	<u>\$ (59,640)</u>	1,934,562	<u>\$ 1,994,202</u>
FUND BALANCES:				
Beginning of Year			<u>6,969,522</u>	
End of Year			<u>\$ 8,904,084</u>	

COASTSIDE FIRE PROTECTION DISTRICT
 Required Supplementary Information, Continued
 For the Year Ended June 30, 2012

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%	\$ -	-

*Latest information available.

COASTSIDE FIRE PROTECTION DISTRICT

Supplementary Information
For the Year Ended June 30, 2012

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

	Budgeted Amounts		Actual Amounts	(Negative)
	Original	Final		Variance with Final Budget
OPERATING EXPENDITURES:				
Salaries and Benefits:				
Salaries and Wages	\$ 75,000	\$ 75,000	\$ 32,166	\$ 42,834
Employee Medical, Dental, and Life Insurance	697,200	697,200	549,749	147,451
Workers' Comp Insurance	15,000	15,000	6,548	8,452
Total Salaries and Benefits	787,200	787,200	588,463	198,737
Contracted Personnel Services:				
California Department of Forestry and Fire Protection	5,553,151	5,553,151	5,040,894	512,257
Total Contracted Personnel Services	5,553,151	5,553,151	5,040,894	512,257
Material, Supplies, and Services:				
Agriculture Weed Abatement	15,400	15,400	14,533	867
Clothing and Uniforms	2,700	2,700	4,033	(1,333)
Communication Expense	25,000	25,000	28,093	(3,093)
Household Expense	22,500	22,500	22,088	412
Medical Supplies	5,500	5,500	93	5,407
Office Expense	19,400	19,400	10,319	9,081
Subscriptions	1,500	1,500	2,457	(957)
Postage	5,000	5,000	4,827	173
Computer Expense	45,000	45,000	17,385	27,615
Small Tools and Equipment	60,000	60,000	10,341	49,659
County Memberships	7,000	7,000	7,738	(738)
Publication and Legal Notices	5,000	5,000	1,290	3,710
Special District Expense	10,000	10,000	11,992	(1,992)
Motor Vehicle Equipment Maintenance	205,000	205,000	97,222	107,778
General Facility Maintenance	78,200	78,200	59,862	18,338
Rents and Leases	15,000	15,000	14,376	624
Insurance Premiums	65,000	65,000	49,613	15,387
Utilities	40,000	40,000	42,808	(2,808)
Training and Education	91,000	91,000	51,308	39,692
Professional Services	137,200	137,200	46,231	90,969
Medical Exams	15,000	15,000	3,787	11,213
San Mateo County Tax Collector	3,000	3,000	2,108	892
Legal Expense	50,000	50,000	69,583	(19,583)
Misc. Expense	40,000	40,000	105,469	(65,469)
Labor Relations	-	-	77,777	(77,777)
Facility Improvement	36,000	36,000	28,549	7,451
Inventory Equipment	65,000	65,000	61,234	3,766
Total Materials, Supplies, and Services	1,064,400	1,064,400	845,116	219,284
Non-capitalized Outlay	265,000	265,000	35,533	229,467
Total Operating Expenditures	\$ 7,669,751	\$ 7,669,751	\$ 6,510,006	\$ 1,159,745



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, 2012, and have issued our report thereon dated August 15, 2012. 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 Districts 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.
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August 15, 2012