

NORTH COUNTY FIRE PROTECTION DISTRICT
OF MONTEREY COUNTY

* * *

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

* * *

June 30, 2013 and 2012

NORTH COUNTY FIRE PROTECTION DISTRICT
OF MONTEREY COUNTY

June 30, 2013 and 2012

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FOUNDERS

Alexander W. Berger (1916-2005)
Griffith R. Lewis (1930-2012)

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North County Fire Protection District
of Monterey County
Castroville, California

We have audited the accompanying financial statements of the governmental activities, and each major fund of North County Fire Protection District of Monterey County as of and for the years ended June 30, 2013 and 2012, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of North County Fire Protection District of Monterey County as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in conformity 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 and budgetary comparison information as listed in the table of contents 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.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
Santa Cruz, California
June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

The District provides fire protection services in Monterey County. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013, with comparative information for June 30, 2012.

Description of the Basic Financial Statements

The financial statements consist of the following parts - management's discussion and analysis, the basic financial statements (government-wide, governmental funds, and notes to the financial statements) and required supplementary information (budgetary comparison table).

The basic government-wide and governmental funds financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position and Statement of Activities. The Statement of Net Position reports all assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the long term financial position of the District is improving or deteriorating. The Statement of Activities presents information on how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is paid or received.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. The required financial statements are: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances report revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

The GASB 45 funds financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Plan Assets and Statement of Changes in Plan Net Position. The Statement of Plan Assets shows all current assets of the Plan. The Statement of Changes in Plan Net Position reports all revenue and expenses during the year and the change in the Plan Net Position.

The government-wide and governmental funds financial statements show the results of the following funds:

General Fund - Most of the District's basic services are accounted for in this fund.

Special Revenue Fund - This fund accounts for fire mitigation revenue which is to be used for fire equipment acquisition and maintenance and EMS Tax used for EMS program expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

Condensed Government-Wide Financial Data

	2013	2012
Current Assets	\$ 2,468,479	\$ 2,524,001
Station and Equipment, Net of Accumulated Depreciation	2,568,783	2,860,013
Noncurrent Assets	3,027,162	3,243,518
Total Assets	<u>\$ 8,064,424</u>	<u>\$ 8,627,532</u>
Current Liabilities	\$ 1,522,839	\$ 1,479,394
Noncurrent Liabilities:		
Long Term Debt	2,963,558	3,115,457
Net Position:		
Net Investment in Capital Assets	2,485,054	2,828,928
Unrestricted Net Position	1,092,973	1,203,753
Total Liabilities and Net Position	<u>\$ 8,064,424</u>	<u>\$ 8,627,532</u>
Expenditures Governmental Activities, Net of Program Revenues	\$ 5,629,693	\$ 5,518,891
General Revenues:		
Property Taxes	4,011,482	4,062,648
Use of Money and Property (Interest Income)	4,227	9,807
Aid from Other Government Agencies	626,652	575,516
Other Revenue - Miscellaneous	309,266	90,505
Capital Equipment Grants		
LSP Moss Landing, LLC	208,000	416,000
Fire Capital Facilities Fees	15,412	37,621
Change in Net Position	<u>\$ (454,654)</u>	<u>\$ (326,794)</u>

Financial Analysis of the District as a Whole

Net Position. The District's Net Position decreased by \$454,654 for the fiscal year ended June 30, 2013, or approximately 11.3 percent, to a total of \$3,578,027. Of the \$3,578,027 in Net Position, \$2,485,054 are invested in capital assets and other noncurrent assets (net of accumulated depreciation and related debt).

Financial Analysis of the District's Funds

Governmental fund balances increased by \$53,898 or approximately 2.5 percent. The main reason for the difference between the \$454,654 decrease in District Net Position and the \$53,898 increase in fund balances is purchases of fixed assets which are deductions in the governmental funds financial statements, timing of payments for compensated absences which are deductions only when paid in the governmental funds financial statements, and the issuance of long term debt. See Statement F for a complete reconciliation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

Budgetary Highlights

The District is required, pursuant to the Health and Safety Code Section 13895, to adopt its final budget on or before October 1 of each year. The District adopted a final budget at its regular meeting in June 2013. Modifications to the budget normally occur throughout the fiscal year taking into consideration unanticipated expenses utilizing unanticipated revenues or transfers from contingency or reserves. For this audit period, no budget modifications were made.

In 2010, the District recognized the need to implement strategies to weather the ongoing financial crisis. The board convened a committee composed of two Directors, two Chief Officers, union officials, and reserve firefighters to identify cuts that could be made that would not have a substantial impact on service levels.

In January 2011, the District laid off one administrative employee, borrowed money at a low interest rate to pay off an 8.5% CalPERS financing of the so-called "Side Fund," reverted retirement age to 2% at 55 for all new employees, and implemented a federal grant that will pay two additional line firefighters for two years. The cumulative effect of these changes will eventually result in savings of up to one million dollars per year by 2025.

Capital Assets

As of June 30, 2013, the District had invested \$6,598,373 in a broad range of capital assets including land, structures and improvements and equipment. Major capital asset additions for the last two years are as follows:

This year's major capital asset additions included:

	2013
New Window Installation Station 1 Main Building	\$ 14,025
	2012
Engine E512 New Motor	\$ 51,017

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013 and 2012

Long-Term Liabilities

In accordance with GASB 45 requirements, the District is required to disclose its postemployment benefits (OPEB) expense and liabilities on annual financial statements. As of the fiscal year ending June 30, 2013, the District has an accrued liability of \$20,891.

During the fiscal year ended June 30, 2011, the District paid off the CalPERS Side Fund Liability and obtained funding for the payment from Santa Cruz County Bank. The outstanding loan balance was \$3,110,891 as of June 30, 2013. The loan balance decreased by \$163,712 during the year ended June 30, 2013, due to payment of scheduled principal payments.

Economic Factors and Next Year's Budget

The District's main source of revenue is property taxes. The global economic crisis underway at state and national levels is expected to continue to adversely impact counties, cities, and special districts. Decreases in interest rates and increases in workers' compensation costs will require increased funding from the District. Proposition 172 revenues are anticipated to stabilize and will be paid quarterly rather than in arrears by Monterey County. Election, dispatch, and workers' compensation costs continue to escalate.

Fire Mitigation Fees ("FMF"), which are collected when new construction occurs in the District. FMF are new construction's "buy-in" to the capital infrastructure and can only be used for capital enhancements to the fire district. FMF are down substantially due to the sagging housing market and lack of construction. In fiscal year 2008/2009 FMF revenue drastically decreased by 82% and has remained at the reduced level.

The County Assessor projects that the property tax revenues will stabilize in fiscal year 2013/2014.

The District was successful in renegotiating the agreement with the Moss Landing Power Plant that will provides for an additional \$416,000 in 2012 and \$208,000 in 2013, at which time the agreement ceases. The power plant has been ordered to cease drawing water directly from the ocean by 2020. It is unclear what impact this will have on their business and thus the future tax revenue for the District.

Despite eliminating the "Side Fund" payment to CalPERS, the District's employer contribution rate for retirement benefits with the Public Employee's Retirement System continue to be above long term expectations. The rate for 2013 was 22.744% (for safety) and will be 23.297% for 2014 (for safety).

Contacting the District's Financial Management

This financial statement is designed to provide a general overview of the District's finances. If you have questions about this financial statement or need additional financial information, contact the District's office at 11200 Speegle Street, Castroville, California 95012.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

STATEMENTS OF NET POSITION

STATEMENT A

June 30, 2013 and 2012

ASSETS		
	2013	2012
CURRENT ASSETS:		
Cash in County Treasury	\$ 1,794,011	\$ 2,294,336
Cash Held in Bank	443,629	75,516
Accounts Receivable	81,740	43,318
Accounts Receivable - Grant Programs	94,556	-
Accounts Receivable - Strike Team	31,572	-
Prepaid Expense	22,971	23,997
Prepaid Other Postemployment Benefits Obligation	-	86,834
Total Current Assets	<u>2,468,479</u>	<u>2,524,001</u>
CAPITAL ASSETS - STATION AND EQUIPMENT:		
Net of Accumulated Depreciation -		
Land	126,200	126,200
Structures and Improvements	1,211,652	1,197,627
Equipment	<u>5,260,521</u>	<u>5,260,521</u>
Total Station and Equipment	6,598,373	6,584,348
Less: Accumulated Depreciation	<u>(4,029,590)</u>	<u>(3,724,335)</u>
Station and Equipment, Net of Accumulated Depreciation	<u>2,568,783</u>	<u>2,860,013</u>
NONCURRENT ASSETS:		
Net Pension Asset (Prepaid PERS Side Fund)	3,003,341	3,217,865
Loan Origination Fees	23,821	25,653
Total Noncurrent Assets	<u>3,027,162</u>	<u>3,243,518</u>
TOTAL ASSETS	<u>\$ 8,064,424</u>	<u>\$ 8,627,532</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts Payable	\$ 2,479	\$ 17,789
Accounts Payable - CalCard	-	1,151
Accrued Salaries Payable	130,568	131,878
Payroll and Retirement Contributions Payable	103,510	107,299
Accrued Compensated Absences	1,118,058	1,062,131
Current Portion of Long Term Debt	168,224	159,146
Total Current Liabilities	<u>1,522,839</u>	<u>1,479,394</u>
NONCURRENT LIABILITIES:		
Long Term Debt - Net of Current Portion	2,942,667	3,115,457
Net Other Postemployment Benefits Obligation	20,891	-
Total Noncurrent Liabilities	<u>2,963,558</u>	<u>3,115,457</u>
NET POSITION:		
Net Investment in Capital Assets	2,485,054	2,828,928
Unrestricted Net Position:		
General Fund	<u>1,092,973</u>	<u>1,203,753</u>
Total Net Position	<u>3,578,027</u>	<u>4,032,681</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,064,424</u>	<u>\$ 8,627,532</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

STATEMENT OF ACTIVITIES

STATEMENT B

For the Year Ended June 30, 2013

	Program Revenues				Total
	Expenditures	Charges for Services	Strike Team Reimbursements	Grant Reimbursements	
EXPENDITURES:					
Fire Protection -					
Salaries and Benefits	\$ 4,891,914	\$ 59,281	\$ 326,611		\$ 4,506,022
Services and Supplies	873,000		30,350	\$ 203,502	639,148
Interest Expense	177,436				177,436
Depreciation and Amortization	307,087				307,087
Total Governmental Activities	<u>6,249,437</u>	<u>59,281</u>	<u>356,961</u>	<u>203,502</u>	<u>5,629,693</u>
GENERAL REVENUES:					
Property Tax					4,011,482
Use of Money and Property					4,227
Aid From Other Government Agencies:					
Homeowners Property Tax Relief					24,147
CSA 74 - Zone C/EMS Tax					32,425
EMS Tax					59,892
Proposition 172 Funds					510,188
Other Revenue:					
LSP Moss Landing, LLC Agreement					208,000
Miscellaneous					309,266
Fire Capital Facilities fees					15,412
Total General Revenues					<u>5,175,039</u>
CHANGES IN NET POSITION					(454,654)
NET POSITION:					
Beginning of the Year					<u>4,032,681</u>
End of the Year					<u>\$ 3,578,027</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

STATEMENT OF ACTIVITIES

STATEMENT B

For the Year Ended June 30, 2012

	Program Revenues				Total
	Expenditures	Charges for Services	Strike Team Reimbursements	Grant Reimbursements	
EXPENDITURES:					
Fire Protection -					
Salaries and Benefits	\$ 4,673,799	\$ 79,088	\$ 51,908		\$ 4,542,803
Services and Supplies	780,778		12,528	\$ 282,611	485,639
Interest Expense	183,362				183,362
Depreciation and Amortization	307,087				307,087
Total Governmental Activities	<u>5,945,026</u>	<u>79,088</u>	<u>64,436</u>	<u>282,611</u>	<u>5,518,891</u>
GENERAL REVENUES:					
Property Tax					4,062,648
Use of Money and Property					9,807
Aid From Other Government Agencies:					
Homeowners Property Tax Relief					24,894
CSA 74 - Zone C/EMS Tax					32,450
EMS Tax					58,729
Proposition 172 Funds					459,443
Other Revenue:					
LSP Moss Landing, LLC Agreement					416,000
Miscellaneous					90,505
Fire Capital Facilities fees					<u>37,621</u>
Total General Revenues					<u>5,192,097</u>
CHANGES IN NET POSITION					(326,794)
NET POSITION:					
Beginning of the Year					<u>4,359,475</u>
End of the Year					<u>\$ 4,032,681</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

BALANCE SHEETS - GOVERNMENTAL FUNDS

STATEMENT C

June 30, 2013 and 2012

	2013		2012		Total Memorandum Only	Special Revenue	Total Memorandum Only
	Governmental		Governmental				
	General	Special Revenue	General	Special Revenue			
ASSETS AND OTHER DEBITS -							
ASSETS:							
Cash	\$ 2,151,567	\$ 86,073	\$ 2,237,640	\$ 86,073	\$ 2,323,710	\$ 86,073	\$ 2,369,852
Accounts Receivable	81,740		81,740		81,740		43,318
Accounts Receivable - Grant Programs	94,556		94,556		94,556		
Accounts Receivable - Strike Team	31,572		31,572		31,572		
TOTAL ASSETS	\$ 2,359,435	\$ 86,073	\$ 2,445,508	\$ 86,073	\$ 2,531,580	\$ 86,073	\$ 2,413,170
LIABILITIES AND FUND EQUITY -							
LIABILITIES:							
Accounts Payable	\$ 2,479		\$ 2,479		\$ 2,479		\$ 17,789
Accounts Payable - CalCard	-		-		-		1,151
Accrued Salaries Payable	130,568		130,568		130,568		131,878
PERS and Payroll Taxes Payable	103,510		103,510		103,510		107,299
TOTAL LIABILITIES	236,557		236,557		236,557		258,117
FUND BALANCE:							
Restricted Fund Balance:							
Reserved		\$ 86,073	\$ 86,073		\$ 86,073		\$ 86,073
Assigned Fund Balance:							
Building Fund	419,000		419,000		419,000		419,000
Capital Equipment Fund	410,000		410,000		410,000		10,000
Land	410,000		410,000		410,000		10,000
NGEN	45,000		45,000		45,000		45,000
Incident Software	7,436		7,436		7,436		7,436
Election	55,000		55,000		55,000		55,000
Post Retirement Benefits	246,000		246,000		246,000		246,000
Unassigned Fund Balance:							
Unreserved, Undesignated	530,442		530,442		530,442		1,276,544
TOTAL FUND BALANCES AND OTHER CREDITS	2,122,878	86,073	2,208,951	86,073	2,295,024	86,073	2,155,053
TOTAL LIABILITIES, FUND BALANCES AND OTHER CREDITS	\$ 2,359,435	\$ 86,073	\$ 2,445,508	\$ 86,073	\$ 2,531,580	\$ 86,073	\$ 2,413,170

See Independent Auditor's Report and Accompanying Notes to Financial Statements

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE GOVERNMENT-WIDE STATEMENTS OF NET POSITION

STATEMENT D

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Total Fund Balances - Governmental Funds (Statement C)	\$ 2,208,951	\$ 2,155,053
Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in the governmental funds.		
Total Historical Cost of Capital Assets	6,598,373	6,584,348
Less: Accumulated Depreciation	(4,029,590)	(3,724,335)
Prepaid Expense, some expenditures not due and payable within the current year were paid as of June 30, those amounts are shown as expended in the governmental	22,971	23,997
Prepaid/Accrued Expense, Net Other Postemployment Obligation, some expenditures not due and payable within the current year were paid as of June 30, those amounts are shown as expended in the governmental funds.	(20,891)	86,834
Accrued Compensated Absences are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Accrued Compensated Absences at June 30 were:	(1,118,058)	(1,062,131)
Net Pension Asset is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds. Net Pension Asset at June 30	3,003,341	3,217,865
Loan Origination Fees are not due and payable in the current period and therefore are not reported as an asset in the government funds. Loan Origination Fees as of June 30 were:	23,821	25,653
Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30 consist of:		
Long-Term Debt:		
CalPERS Side Fund Liability	<u>(3,110,891)</u>	<u>(3,274,603)</u>
Net Position (Statement A)	<u>\$ 3,578,027</u>	<u>\$ 4,032,681</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
 STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

STATEMENT E

For the Years Ended June 30, 2013 and 2012

	2013			2012		
	Governmental Funds			Governmental Funds		
	General	Special Revenue	Total Memorandum Only	General	Special Revenue	Total Memorandum Only
Revenues:						
Property Taxes	\$ 4,011,482		\$ 4,011,482	\$ 4,062,648		\$ 4,062,648
Use of Money and Property	4,227		4,227	9,807		9,807
Aid from Other Government Agencies	566,760		566,760	516,787		516,787
Charges for Current Services	59,281		59,281	79,088		79,088
Other Revenues	1,077,729		1,077,729	853,552		853,552
Fire Capital Facilities Fee		\$ 75,304	75,304	-	\$ 96,350	96,350
Total Revenues	<u>5,719,479</u>	<u>75,304</u>	<u>5,794,783</u>	<u>5,521,882</u>	<u>96,350</u>	<u>5,618,232</u>
Expenditures:						
Salaries and Benefits	4,513,739		4,513,739	4,378,871		4,378,871
Services and Supplies	796,670	75,304	871,974	724,801	58,729	783,530
Capital Assets	14,024	-	14,024	52,516	-	52,516
Other Charges	341,148		341,148	341,148		341,148
Contingency	-		-	-		-
Total Expenditures	<u>5,665,581</u>	<u>75,304</u>	<u>5,740,885</u>	<u>5,497,336</u>	<u>58,729</u>	<u>5,556,065</u>
Excess (Deficiency) of Revenues Over Expenditures	53,898	-	53,898	24,546	37,621	62,167
Other Financing Sources (Uses):	-		-	-		-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures	53,898	-	53,898	24,546	37,621	62,167
Beginning Fund Balance	<u>2,068,980</u>	<u>86,073</u>	<u>2,155,053</u>	<u>2,044,434</u>	<u>48,452</u>	<u>2,092,886</u>
Ending Fund Balance	<u>\$ 2,122,878</u>	<u>\$ 86,073</u>	<u>\$ 2,208,951</u>	<u>\$ 2,068,980</u>	<u>\$ 86,073</u>	<u>\$ 2,155,053</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
 RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENTS OF ACTIVITIES

STATEMENT F

For the Years Ended June 30, 2013 and 2012

	2013	2012
Net Change in Fund Balances - Total Governmental Funds (Statement E)	\$ 53,898	\$ 62,167
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different as follows:		
Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense.		
Current Year Capital Outlays	14,024	52,516
Less: Current Year Depreciation Expense	(305,255)	(305,255)
In the governmental funds Loan Fees are shown as an expenditure and amortized over the life of the loan. In the government wide statement of activities, this expenditure is recorded as an asset.		
	(1,832)	(1,832)
Prepaid Expense - Some expenditures not due and payable within the current year were paid as of June 30. Those amounts are shown as expended in the governmental funds. Change in prepaid expense were as follows:		
	(1,025)	2,753
Accounts Receivable, Strike Team reimbursements collected in the subsequent fiscal year that are not available soon enough to pay for prior year expenditures, and therefore, are not reported as revenue in the governmental funds. The net change in reimbursements is as follows:		
	-	-
Net Other Postemployment Benefits Obligation/Prepaid is not due and payable in the current period and therefore is not reported as a liability in the government funds. Net Other Postemployment Benefits Obligation at June 30 were:		
	(107,725)	(123,436)
Net Other Postemployment Benefits Obligation Transfer Payment to the trust fund is shown as an expenditure in the government funds. In the government wide statement of activities, this expenditure is capitalized.		
	-	-
In the governmental funds the CalPERS Side Fund Liability pay off is shown as an expenditure. In the government wide statements of activities, this expenditure is capitalized and allocated over the remaining amortization period.		
	(214,524)	(214,524)
In the governmental funds the Inception of a Capital Lease is shown as an expenditure. In the government wide statement of activities, this expenditure is recorded as a liability. Current year principal payments are expensed for government fund financial statements.		
	163,712	157,785
In the governmental funds compensated absences (sick pay and vacations) are measured by the amount of financial resources used, which is the amounts actually paid. In the government-wide statement of activities, compensated absences are measured by the amounts earned during the year. Vacation and sick leave earned was (more) or less than paid.		
	(55,927)	43,032
Change in Net Position of Governmental Activities (Statement B)	\$ (454,654)	\$ (326,794)

See Independent Auditor's Report and Accompanying Notes to Financial Statements

GASB 45 TRUST FUND FINANCIAL STATEMENTS

STATEMENT OF PLAN ASSETS AND CHANGES IN PLAN NET POSITION

For the Year Ended June 30, 2013

STATEMENT OF PLAN ASSETS

	<u>2013</u>
ASSETS:	
Cash and Short-Term Investments	<u>\$ 398,365</u>
Net Position Held in Trust For Other Post Employment Benefits	<u>\$ 398,365</u>

STATEMENT OF CHANGES IN PLAN NET POSITION

ADDITIONS:	
Operating Transfers	\$ -
Investment Income	1,597
Total Additions	<u>1,597</u>
DEDUCTIONS:	
Professional Services	940
Total Deductions	<u>940</u>
NET INCREASE	657
Net Position Held in Trust For Other Post Employment Benefits:	
BEGINNING OF YEAR	<u>397,708</u>
END OF YEAR	<u>\$ 398,365</u>

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

1. GENERAL INFORMATION:

Organization – The North County Fire Protection District of Monterey County is a rural district covering approximately 125 square miles. Three fire stations located within the District are staffed on a 24 hour a day basis.

District Officials – The District is governed by a board of five directors. The following were in office at June 30, 2013:

	<u>Term Expires</u> <u>November</u>
Don Chapin, President	2015
Frank Balesteri, Vice President	2013
Steve Tansey, Secretary	2015
Don Champion, Director	2013
Jacqueline C. Simon, Director	2013

Chris Orman was the Fire Chief at June 30, 2013.

Accounting Records – The official accounting records of the District are maintained in the District's headquarters station.

Minutes – Minutes were recorded for meetings and contained approvals for disbursements.

Budgetary Procedure – The District prepares a fiscal year budget in accordance with applicable laws and regulations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting Principles - The District follows Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Statement No. 34 establishes certain reporting requirements that are designed to make governmental annual reports more comprehensive. Statement No. 34 also requires that management's discussion and analysis, an overview to the Group's financial activities, be presented before the financial statements as required supplementary information.

- a. Basis of Accounting and Measurement Focus - The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The District uses a chart of accounts based on the uniform accounting system prescribed by the State Controller.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b. Financial Statement Presentation

For fiscal year ended June 30, 2013, The District implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Implementation of these statements has resulted in a change to the format of the basic financial statements and has been applied retroactively.

Governmental-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for the District.

The basic Government-Wide Financial Statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, and long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities 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 the liability is incurred.

The District's governmental-wide net position is classified in the following categories:

Net Investment in Capital Assets – Includes amount of the net position that is invested in capital assets net of accumulated depreciation and any related debt.

Restricted – Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted – Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b. Financial Statements (Continued) -

Governmental Funds Financial Statement

The District's Government Funds Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all major governmental funds and non-major funds. 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.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, 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. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Reconciliation of the Governmental Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the different measurement focus and basis of accounting.

The District's governmental fund balance is classified in the following categories:

Nonspendable – Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed – Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned – Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b. Financial Statements (Continued) -

Total Columns on Combined Statements - Overview - Total Column on the combined statement is captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in this column does not present financial position or results of operations or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made.

GASB 45 Trust Funds - Postretirement Welfare Benefits - The District provides postretirement welfare benefits to retired employees through a defined benefit healthcare plan. The District had been making contributions into a government fund to be used for future postemployment welfare benefits. During the fiscal year ended June 30, 2012, the District holds those funds in a Trust at ICMA. See Note 9 for further explanations of the plan.

- c. Capital Assets - Capital assets, which include land, buildings, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets at the following:

General Capital Assets	<u>\$ 1,000</u>
------------------------	-----------------

Depreciation is recorded on the straight-line method (with a full year of depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Buildings	18-40 years
Equipment - Mobile	12-20 years
Equipment	5-15 years

- d. Inventory, Materials and Supplies - The inventory on hand at any time is small. Accordingly, purchases are charged directly to maintenance costs, as applicable.
- e. District Special Expense - Because fire hose couplings and nozzles are peculiar to fire districts, the manual of the State Controller provides that purchases of such items be charged to the expense account "District Special Expense."
-

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- f. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- g. Unrealized Gains and Losses - Governmental Accounting Standards Board has established a new accounting and reporting requirement (GASB-31) effective as of June 30, 1998. GASB 31 requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of June 30, 2013 and 2012, the unrealized gains were immaterial to the financial statements taken as a whole and, accordingly, have not been reflected in the financial statements.
- h. Fund Balance Assigned - Fund Balance Assigned includes amounts intended to be used by the District for specific purposes. As of June 30, 2013, assigned (reserved) fund balances consisted of the following:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Building Fund	\$419,000			\$419,000
Election	55,000			55,000
Capital Equipment	10,000	\$400,000		410,000
Land	10,000	400,000		410,000
NGEN	45,000			45,000
Incident Software	7,436			7,436
Post Retirement Benefits	246,000			246,000

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

3. POOLED CASH AND INVESTMENTS:

Cash and investments for most County activities are included in an investment pool. The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority: safety, liquidity, yield, and public trust.

As of June 30, 2012, the County's cash, deposits and investments were as follows:

	Pooled	With Fiscal Agents	Other	Total
Imprest Cash and Cash on Hand	\$ 87,061		\$ 25,828	\$ 112,889
Deposits with Financial Institutions	7,712,484	\$ 1,227,276		12,508,500
Outstanding Warrants and Wires	(22,139,601)		3,568,740	(22,139,601)
Investments	952,479,525	19,741,340		972,220,865
Totals	\$ 938,139,469	\$ 20,968,616	\$ 3,594,568	\$ 962,702,653

Total cash and investments at June 30, 2012 were presented on the County's financial statements as follows:

Primary Government	\$ 357,277,105
Investment Trust Fund	562,245,050
Agency Funds	8,917,114
Private Purpose Trust Fund	14,342,643
Discretely Presented Component Unit	19,920,741
Total Cash and Investments	\$ 962,702,653

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

3. POOLED CASH AND INVESTMENTS (Continued):

Investments

The following table identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, wherever is more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 Years	None	5%
U.S. Treasury Obligations	5 Years	None	None
State of California Obligations	5 Years	None	5%
U.S. Agency Securities	5 Years	None	None
Bankers' Acceptances	180 Days	40%	5%
Commercial Paper	270 Days	40%	5%
Negotiable CDs/CD Placement Service	5 Years	30%	5%
Repurchase Agreements	1 Year	20%	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Notes	5 Years	30%	5%
Mutual/Money Market Funds	N/A	20%	5%
Collateralized Bank Deposits	5 Years	None	5%
Mortgage Pass-Through Securities	5 Years	20%	5%
Time Deposits	2 Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None*	None

* The investment policy limits the pool's investments in LAIF to \$50,000,000 per account, regardless of the percentage this represents.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

3. POOLED CASH AND INVESTMENTS (Continued):

Investments (Continued)

At June 30, 2012, the County had the following investments:

Investments in Investment Pool:

	Interest Rates	Maturities	Par	Carrying Value	Fair Value	WAM (Years)
Federal Agency Obligations	0.125%-3.625%	7/16/2012-6/13/2017	\$ 570,000,000	\$ 571,644,417	\$ 571,241,400	1.45
U.S. Treasury Obligations	0.375%-1.00%	9/30/2012-7/15/2013	20,000,000	20,104,687	20,082,100	0.51
Medium Term Notes	1.00%-2.80%	1/18/2013-4/27/2017	45,000,000	45,287,300	45,325,600	2.95
Negotiable Certificates of Deposit	0.330%-2.25%	3/15/2013-6/25/2015	20,000,000	20,251,700	20,120,300	1.84
Money Market Mutual Funds	Variable	On Demand	110,258,076	110,258,076	110,258,076	-
California Asset Management Program	Variable	On Demand	105,121,345	105,121,345	105,121,345	-
California Local Agency Investment Fund	Variable	On Demand	79,812,000	79,812,000	79,812,000	-
Total Investment Pool Excluding Defaulted Securities			\$ 950,191,421	\$ 952,479,525	\$ 951,960,821	1.06
Weighted Average Maturity for Pool						
Defaulted Securities:						
Lehman Brothers Medium Term Notes	N/A	In Default	10,000,000			N/A
Total Investment Pool			\$ 960,191,421	\$ 952,479,525	\$ 951,960,821	
Investments Outside Investment Pool:						
<i>Cash Held With Fiscal Agent</i>						
Money Market Mutual Funds	Variable	On Demand	\$ 50,027	\$ 50,027	\$ 50,027	
Investment Contract	4.851%-5.171%	7/29/2037-9/1/2038	19,691,313	19,691,313	19,691,313	
Total Outside Investment Pool			\$ 19,741,340	\$ 19,741,340	\$ 19,741,340	

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

3. POOLED CASH AND INVESTMENTS (Continued):

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County limits its exposure to interest rate risk inherent in its portfolio by managing the investment maturities, the weighted average maturity of its portfolio, as well as limiting the weighted average maturity to two years or less.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The adopted investment policy contains specific limitations on investments by credit quality, maturity length and the maximum allocation by asset class. In all instances, the adopted investment policy is equal to or more restrictive than applicable codified statutes.

Commercial paper obligations must be rated a minimum of F1 by Fitch, P1 by Moody's or A1 by Standard & Poor's. Corporate bonds must be rated A or better by one of these three rating agencies. In addition, total exposure of all asset classes to any single issuer shall not exceed 5% of the 12-month projected minimum size of the portfolio, other than securities issued by the U.S. Government, its agencies and sponsored enterprises.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2012.

	Moody's	Standard & Poor's	% of Portfolio
U.S. Treasury Obligations	Not Rated	Not Rated	2.11%
Federal Agency Obligations	AAA	AAA	60.02%
Commercial Paper	P-1	A-1+	0.00%
Negotiable Certificates of Deposits	Aa	AA	2.13%
Medium-Term Notes	Aa	AA	1.06%
Medium-Term Notes	A	AA	3.69%
Money Market Mutual funds	Not Rated	Not Rated	11.58%
California Asset Management Pool	AAA	Not Rated	11.04%
California Local Agency Investment Fund	Not Rated	Not Rated	8.37%
Total			<u>100.00%</u>

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

3. POOLED CASH AND INVESTMENTS (Continued):

Credit Risk and Concentration of Credit Risk (Continued)

As of the year ended June 30, 2012, the following Federal Agency Obligations, individually, were more than 5% of the County's pooled investments.

<u>Issuer</u>	<u>Fair Market Value</u>
Federal Home Loan Bank	\$ 311,070,032
Federal Home Loan Mortgage Corporation	80,365,489
Federal National Mortgage Association	110,202,215

Custodial Credit Risk

Custodial credit risk for investments is the risk that the County will not be able to recover the invested securities that are in the possession of an outside party. The County's investment policy requires the use of a safekeeping agent to mitigate custodial risk. Securities are invested on a "Delivery vs. Payment" basis using the custodian agent. In no case does the County engage in securities purchases that are held in broker or dealer accounts. At June 30, 2012, the County's investment pool had no securities exposed to custodial risk.

Local Agency Investment Fund

The County's Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the State in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

At June 30, 2012, the County's investment position in LAIF was \$79.8 million, which approximates fair value and is the same as value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$60.6 billion. Of that amount, 3.47% was invested in structured notes and asset-backed securities with the remaining 96.53% invested in other non-derivative financial products.

Investment Trust of California Joint Powers Authority Pool

The County Treasurer's Pool maintains an investment in the Investment Trust of California Joint Powers Authority Pool (CalTRUST). CalTRUST is not registered with the Securities and Exchange Commission as an investment company, but is overseen by a Board of Trustees composed of officials of the public agencies that participate in CalTRUST. The fair value of the County's position in the pool is approximately the same as the value of the pool shares.

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2013 and 2012

3. POOLED CASH AND INVESTMENTS (Continued):

California Asset Management Program Joint Powers Authority Pool

The County Treasurer's Pool maintains an investment in the California Asset Management Program Joint Powers Authority Pool (CAMP). CAMP is not registered with the Securities and Exchange Commission as an investment company, but is overseen by a Board of Trustees composed of officials of the public agencies that participate in CAMP. CAMP's investments are limited to those permitted by Government Code Section 53601. The fair value of the County's position in the pool is approximately the same as the value of the pool shares.

County Investment Pool Condensed Financial Statements

The following presents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2012:

Statement of Net Position

Net Position Held for Pool Participants	<u>\$ 938,139,472</u>
Equity of Internal Pool Participants	\$ 357,402,176
Equity of External Pool Participants	<u>580,737,293</u>
Total Net Position	<u>\$ 938,139,469</u>

Statement of Changes in Net Position

Net Investment Earnings	\$ 7,770,179
Investment Expenses	(684,297)
Net Contributions From Pool Participants	<u>(33,683,455)</u>
Change in Net Position	(26,597,573)
Net Position at July 1, 2011	<u>964,737,042</u>
Net Position at June 30, 2012	<u>\$ 938,139,469</u>

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2012 to support the value of shares in the pool.

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

4. CHANGES IN CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended June 30, 2013 and 2012:

	July 1, 2012	Additions	Adjustments/ Deletions	June 30, 2013
Land	\$ 126,200			\$ 126,200
Structures and Improvements	1,197,627	\$ 14,025		1,211,652
Equipment	5,260,521	-		5,260,521
Total	<u>\$ 6,584,348</u>	<u>\$ 14,025</u>	<u>\$ -</u>	<u>\$ 6,598,373</u>
Accumulated Depreciation	<u>\$ (3,724,355)</u>	<u>\$ (305,255)</u>		<u>\$ (4,029,610)</u>

	July 1, 2011	Additions	Adjustments/ Deletions	June 30, 2012
Land	\$ 126,200			\$ 126,200
Structures and Improvements	1,197,627		\$ -	1,197,627
Equipment	5,208,007	\$ 52,514	-	5,260,521
Total	<u>\$ 6,531,834</u>	<u>\$ 52,514</u>	<u>\$ -</u>	<u>\$ 6,584,348</u>
Accumulated Depreciation	<u>\$ (3,419,080)</u>	<u>\$ (305,255)</u>	<u>\$ -</u>	<u>\$ (3,724,335)</u>

5. TEMPORARY TRANSFERS OF FUNDS:

The District requires financial assistance for the period July to April due to the flow of property tax revenue. The Board of Supervisors of the County of Monterey, by resolution, approved its intention to provide needed "Tax Anticipation Funds" to the District. During the fiscal years ended June 30, 2013 and 2012, the District borrowed \$3,400,000 and \$3,400,000, respectively. As of June 30, 2013 and 2012, no amount was outstanding. For the fiscal year ending June 30, 2014, the District has requested \$2,500,000 in Tax Anticipation Funds. The balance will be due and payable by April 30, 2014.

6. PUBLIC EMPLOYEES' RETIREMENT PLAN:

Plan Description: The North County Fire Protection District of Monterey County's defined benefit pension plan, Safety Plan of North County Fire Protection of Monterey County, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Plan of North County Fire Protection District of Monterey County is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS) an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The North County Fire Protection District of Monterey County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, California 95814.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

6. PUBLIC EMPLOYEES' RETIREMENT PLAN (Continued):

Funding Policy: The District participates in two plans in CalPERS. Active plan members in the Safety Plan of North County Fire Protection District of Monterey County are required to contribute 9% of their annual covered salary. The North County Fire Protection District of Monterey County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal 2012/2013 and 2011/2012 was 23.006% and 22.744%, respectively, for Tier 1 safety personnel. The required employer contribution for fiscal 2012/2013 and 2011/2012 was 19.204% and 19.169% for Tier 2 safety personnel. The contribution requirements for the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost: For fiscal years 2012/2013 and 2011/2012, the North County Fire Protection District of Monterey County's annual pension cost was \$649,456 and \$656,428, respectively, for PERS and was equal to the District's required and actual contributions. The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for safety members and (c) 3.25% payroll growth. Both (a) and (b) include an inflation component of 3.00%. The actuarial value of Safety Plan of North County Fire Protection District of Monterey County's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. Safety Plan of North County Fire Protection District of Monterey County's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for Safety Plan of North County Fire Protection District of Monterey County

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$696,334	100%	N/A
6/30/12	\$656,428	100%	N/A
6/30/13	\$649,456	100%	N/A

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

6. PUBLIC EMPLOYEES' RETIREMENT PLAN (Continued):

Required Supplementary Information

Funded Status of the Plan:

Because the District had less than 100 active members as of June 30, 2003, it is required to participate in a risk pool for PERS. At the time of joining the risk pool, a side fund was created to account for the differences between the funded status of the risk pool and the funded status of the District's plan. The Side Fund represents unfunded liabilities to be amortized on an annual basis over a closed period. The table below displays the Scheduled Funding Progress for the recent history of the risk pool's accrued liability, actuarial value of assets, and the relationship of the unfunded liability.

Tier 1 – 3% at 55 Risk Pool

Funded Status of the Risk Pool Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/10	\$1,915,095,826	\$1,628,915,283	\$286,180,543	85.1%	\$224,562,008	127.4%
6/30/11	\$2,061,923,933	\$1,759,286,797	\$302,637,136	85.3%	\$225,026,216	134.5%
6/30/12	\$2,183,549,942	\$1,896,139,291	\$287,410,651	86.8%	\$232,078,083	123.8%

Tier 2 – 2% at 50 Risk Pool

Funded Status of the Risk Pool Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/10	\$469,525,634	\$396,740,091	\$72,785,543	84.5%	\$61,878,177	117.6%
6/30/11	\$503,491,275	\$421,374,728	\$82,116,547	83.7%	\$63,392,685	129.5%
6/30/12	\$475,963,729	\$407,411,936	\$68,551,793	85.6%	\$59,986,230	114.3%

7. DEFERRED COMPENSATION PLAN:

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until death, retirement, termination, disability, or certain unforeseeable emergencies.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

7. DEFERRED COMPENSATION PLAN (Continued):

All amounts of compensation deferred under the Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights remain (until paid or made available to the employee or other beneficiary) solely the property and rights of the District, without being restricted to the provisions of benefits under the Plan, subject only to the claims of the District's general creditors. Each participant's rights under the Plan are equivalent to those of general creditors of the District, in an amount equal to the fair market value of their individual deferred account.

In accordance with Plan's governing ordinance, neither the District nor the Plan's administrator shall be liable for any losses resulting from investments or funding under the Plan, but they do have the duty of due care that would be required of an ordinary prudent investor.

As of June 30, 1999, the District is no longer required to report its deferred compensation plan assets and liabilities under a separate agency fund on the face of the financial statements.

8. RISK MANAGEMENT:

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Workers' Compensation:

The District has entered into a Joint Exercise of Powers Agreement pursuant to the provisions of the California Government Code, Section 989, 990, 990.4, 990.8, 6500.6515, and Labor Code, Section 3700 (b).

The local agencies under the agreement have formed the Monterey County Local Agencies Insurance Authority, as an Administrator, to establish, operate, and maintain insurance programs for workers' compensation, group insurance programs, including property and casualty benefits, and risk management programs.

The purpose of these joint protection programs is to reduce the amount and frequency of losses, pool self-insured losses, and jointly purchase general liability insurance.

For the years ended June 30, 2013 and 2012, the District has contributed \$45,942 and \$45,239, respectively, to the program for the purpose of maintaining general liability and \$332,080 and \$189,937, respectively, for workers' compensation programs. For the year ended June 30, 2013 workers compensation included a special assessment of \$124,775.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

8. RISK MANAGEMENT (Continued):

Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through a commercial insurer.

Coverage was in effect for specific occurrences exceeding \$250,000 and aggregate retention of \$2,000,000.

Insurance coverage as of June 30, 2013 is as follows:

	<u>Limits</u>	<u>Deductible</u>
General Liability:		
General Liability – Per Occurrence	\$1,000,000	
Per Location – Aggregate	\$3,000,000	
Auto Liability:		
Combined Single Limit	\$1,000,000	\$250
Physical Damage	Value Per Policy Schedule	\$250
Other Coverage –		
Uninsured Motorist/Bodily Injury	\$1,000,000	\$250
Commercial Umbrella Liability Coverage –		
Per Occurrence/Aggregate	\$5,000,000	
Errors and Omissions Coverage		
Emergency Service Management Liability:		
Per Claim	\$1,000,000	
Aggregate	\$2,000,000	

	<u>Building Contents</u>	<u>Building Replacement Cost</u>	<u>Value</u>
<u>Deductible - \$1,000</u>			
Firehouse – 11200 Speegle Street	\$110,000	\$1,620,000	\$ 250
Firehouse – 11200 Speegle Street	75,000	918,750	250
Firehouse – 17639 Pesante Road	75,000	922,950	250
Firehouse – 310 Elkhorn Road	75,000	1,687,500	250
Storage – 9 Miller Road	15,000	125,000	250
Electronic Data Processing	33,955		250

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

8. RISK MANAGEMENT (Continued):

	<u>Limits</u>	<u>Deductible</u>
Equipment Floater – Miscellaneous Portable Equipment	\$3,000,000	\$ 1,000
Personnel – Workers' Compensation (Self-Insured through the Monterey County Local Agencies Insurance Authority)	Statutory	

9. POST RETIREMENT BENEFITS:

In addition to the pension benefits described in Note 6, Public Employees' Retirement Plan, the District provides medical insurance to retired employees. The scope of the benefits provided depends on the memorandum of understanding between the District and the various employee groups.

Plan Description: The District provides post-retirement health care benefits, in accordance with the District's Memorandum of Understanding, to all employees who retire from the District on or after attaining age 50 with at least 20 years of service. Monthly benefits are not to exceed \$600 per retiree, and shall continue for a maximum period of 15 years or until attaining age 65, whichever comes first. Currently, ten retirees meet the eligibility requirements. The District pays for vision and dental care directly, and reimburses each retiree for medical premiums withheld from the retiree's retirement paycheck.

Current Accounting and Funding Policy of the Plan: The District finances the plan on a pay-as-you-go basis. For the years ended June 30, 2013 and 2012, the District expended \$74,575 and \$77,729, respectively, for post-retirement health care.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. The actuarial assumptions included (a) Demographic assumptions affected by mortality, turnover, disability, and retirement based on the June 30, 2010 CalPERS pension valuation, and (b) 4.00% investment rate of return.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by the employers in comparison to the Annual Required Contribution (ARC) an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

9. POST RETIREMENT BENEFITS (Continued):

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit 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, consistent with the long term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

	<u>District Service Benefit</u>
Valuation Date	June 30, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	N/A (no dedicated assets)
Actuarial Assumptions:	
Investment Rate of Return	4.00%

Required Supplementary Information

Annual Required Contribution	\$ 180,700
Add: Interest on Net OPEB Obligation	(3,500)
Less: Amortization of Net OPEB Obligation	5,100
Annual OPEB Cost	<u>182,300</u>
Less: Benefit Payments	(74,575)
Less: Trust Contributions	-
Net OPEB Obligation at Beginning of Year	(86,834)
Net OPEB Obligation at End of Year	<u>\$ 20,891</u>

Schedules of Funding Progress

Funded Status of the District Service Benefit

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of of Payroll
6/30/10	-	\$ 2,222,000	\$ 2,222,000	0%	\$ 2,790,500	80.0%

Schedules of Employer Contributions

Employer Contributions District Service Benefit

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation at End of Year
6/30/2011	\$ 179,400	\$ 454,141	253%	\$ (193,305)
6/30/2012	184,200	77,729	42%	(86,834)
6/30/2013	182,300	74,575	41%	20,891

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

10. NET PENSION ASSET:

During the fiscal year ended June 30, 2013, the District prepaid the unfunded CalPERS Side Fund in the amount of \$3,003,341. This prepayment has been recorded on the Statement of Net Position as a Pension Net Asset. The prepaid CalPERS Side Fund is amortized over 16 years.

A summary of the changes in the Net Pension Asset for the year ended June 30, 2013 is as follows:

	<u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Net Pension Asset	\$3,432,389		\$ 214,524	\$3,217,865
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Net Pension Asset	\$3,217,865		\$ 214,524	\$3,003,341

11. GASB 45 CASH AND INVESTMENTS:

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Fiduciary Funds:	
Cash and investments	<u>\$ 398,365</u>
Total Cash and investments	<u>\$ 398,365</u>

Investments Authorized by the District's Investment Policy: The District's investment policy only authorizes the investment in an ICMA trust. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentrations of credit risk.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. ICMA does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2013, the District's funds are held in four funds each representing more than 5% or more of total District investments.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

11. GASB 45 CASH AND INVESTMENTS (Continued):

Plan assets were held in the following as of June 30, 2013:

<u>Investment Type</u>	<u>Fair Market Value</u>
Bond Funds	\$ 296,142
Asset Allocation Fund	<u>102,223</u>
Total June 30, 2013	<u>\$ 398,365</u>

12. LSP MOSS LANDING – LLC AGREEMENT:

The District entered into an agreement with LSP Moss Landing, LLC on March 2, 2007, in which LSP Moss Landing, LLC has agreed to make supplemental payments to the District. The agreed upon payments are made to cover shortfalls in projected tax revenue based on the assessed value of the Moss Landing Power Plant. The intent of the agreement is to allow the District to cover salaries of firefighters so that service levels are maintained by the District; service levels within the District are important to LSP Moss Landing, LLC as it provides worker safety at the Moss Landing Power Plant.

As of June 30, 2013, the agreement with LSP Moss Landing, LLC was modified and payments are expected to terminate in 2014. A summary of the expected supplemental payments are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2012	\$ 416,000
June 30, 2013	208,000
June 30, 2014	-

13. BUDGET AUTHORITY:

The excess of the actual expenditure over the final budget capital assets was due to how the related expenditure was characterized for budget versus how it was characterized for reporting purposes. Expenditures in total were under budget.

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

14. CHANGES IN LONG-TERM DEBT:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Adjustments</u> <u>Additions</u>	<u>Adjustments</u> <u>and Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Accumulated Unpaid				
Compensated Absences	\$ 1,062,131	\$ 55,927		\$ 1,118,058
CalPERS' Side Fund Liability				
Related Long Term Debt	3,274,603		\$ 163,712	3,110,891
	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Adjustments</u> <u>and Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Accumulated Unpaid				
Compensated Absences	\$ 1,105,164		\$ 43,033	\$ 1,062,131
CalPERS' Side Fund Liability				
Related Long Term Debt	3,432,389		157,786	3,274,603
			<u>Balance</u> <u>June 30, 2013</u>	<u>Balance</u> <u>June 30, 2012</u>

Long-Term Debt - Notes Payable consist of the following items:

Santa Cruz County Bank - Note payable dated June 29, 2011, under a commercial security agreement, due in twenty (20) semi-annual payments starting December 15, 2011. Initial semi-annual payments \$170,574, including interest at 5.625% per annum. The interest rate will be adjusted for the payments due beginning December 15, 2021 to an interest rate based on the 10-Year Treasury Constant Maturity (nominal), as published weekly in the Federal Reserve Statistical Release plus a margin of 2.750. Final payment due June 15, 2026.

Less: Current Portion

Net Long-Term Portion

\$ 3,110,891	\$ 3,274,603
(168,224)	(159,146)
<u>\$ 2,942,667</u>	<u>\$ 3,115,457</u>

Principal payments on the notes payable are due as follows:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2014	\$ 168,224	\$ 172,924	\$ 341,148
June 30, 2015	177,819	163,329	341,148
June 30, 2016	187,550	153,598	341,148
June 30, 2017	198,660	142,488	341,148
June 30, 2018	209,992	131,156	341,148
2019-2023	1,242,850	464,379	1,707,229
2024-2026	925,796	99,880	1,025,676
	<u>\$ 3,110,891</u>	<u>\$ 1,327,754</u>	<u>\$ 4,438,645</u>

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 2013 and 2012

15. SUBSEQUENT EVENTS:

The District's management has evaluated events and transactions subsequent to June 30, 2013 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through June 30, 2014, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after June 30, 2014. The District does not have subsequent events that require recognition or disclosure in the financial statements for the year ended June 30, 2013.

REQUIRED
SUPPLEMENTARY INFORMATION

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
 BUDGETARY COMPARISON SCHEDULE OF REVENUES - BUDGET AND ACTUAL
 GENERAL FUND

For the Year Ended June 30, 2013

	2013			Variance Favorable (Unfavorable)
	Final Budget	Amended Final Budget	Actual	
Revenues:				
Property Taxes:				
Current Secured	\$ 3,713,233	\$ 3,713,233	\$ 3,585,617	\$ (127,616)
In-Lieu Taxes CA Securitization Program				-
Current Supplemental	15,000	15,000	41,966	26,966
Current Unsecured	153,146	153,146	146,311	(6,835)
Prior Supplemental	-	-	158,972	158,972
Prior Redemption				-
Prior Delinquent	100,000	100,000	78,616	(21,384)
Total Property Taxes	<u>3,981,379</u>	<u>3,981,379</u>	<u>4,011,482</u>	<u>30,103</u>
Use of Money and Property:				
Interest	10,000	10,000	4,227	(5,773)
Total Use of Money and Property	<u>10,000</u>	<u>10,000</u>	<u>4,227</u>	<u>(5,773)</u>
Aid from Other Government Agencies:				
Homeowners' Property Tax Relief	14,000	14,000	24,147	10,147
CSA 74	28,000	28,000	32,425	4,425
Proposition 172 Funds	456,000	456,000	510,188	54,188
Total Aid from Other Government Agencies	<u>498,000</u>	<u>498,000</u>	<u>566,760</u>	<u>68,760</u>
Charges for Current Services:				
Inspection, Licenses and Permits	60,000	60,000	59,281	(719)
Total Charges for Current Services	<u>60,000</u>	<u>60,000</u>	<u>59,281</u>	<u>(719)</u>
Other Revenue:				
Other Revenue	5,000	5,000	1,154	(3,846)
LSP Moss Landing, LLC Agreement	208,000	208,000	208,000	-
Grant Revenue:				
RPTTF Pass Through	101,000	101,000	308,112	207,112
Homeland Security Grant	190,000	190,000	178,796	(11,204)
Other Grants	11,000	11,000	24,706	13,706
OES Cooperative - Strike Team	-	-	356,961	356,961
Total Other Revenue	<u>515,000</u>	<u>515,000</u>	<u>1,077,729</u>	<u>562,729</u>
Other Financing Sources:				
Inception of Long Term Debt			-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 5,064,379</u>	<u>\$ 5,064,379</u>	<u>\$ 5,719,479</u>	<u>\$ 655,100</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND

For the Year Ended June 30, 2013

	2013			Variance Favorable (Unfavorable)
	Final Budget	Amended Final Budget	Actual	
Expenditures:				
Salaries and Employee Benefits:				
Salaries	\$ 3,200,644	\$ 3,200,644	\$ 3,338,447	\$ (137,803)
Public Employees Retirement System	1,003,231	1,003,231	649,456	353,775
Employee Insurance and Benefits	479,700	479,700	525,836	(46,136)
Total Salaries and Employee Benefits	<u>4,683,575</u>	<u>4,683,575</u>	<u>4,513,739</u>	<u>169,836</u>
Services and Supplies:				
Safety and Personal Supplies	23,000	23,000	19,670	3,330
Communications	83,693	83,693	11,208	72,485
Household Expenses	11,750	11,750	11,997	(247)
Insurance	380,081	380,081	378,023	2,058
Maintenance - Equipment	150,500	150,500	119,336	31,164
Maintenance - Structure and Grounds	15,000	15,000	11,690	3,310
Medical Supplies	15,000	15,000	14,215	785
Memberships	14,500	14,500	15,384	(884)
Miscellaneous	-	-	2,628	(2,628)
Office Expense	19,000	19,000	22,891	(3,891)
Legal and Accounting	11,000	11,000	4,000	7,000
Other Professional Fees	14,000	14,000	15,350	(1,350)
Property Tax Administration Fee	50,000	50,000	52,707	(2,707)
Publications and Legal Notices	500	500	543	(43)
Rents and Leases	500	500	-	500
Small Tools and Equipment	16,000	16,000	29,733	(13,733)
Fuel and Travel Expense	70,500	70,500	62,321	8,179
Utilities	17,700	17,700	15,704	1,996
Special Fees, Taxes, and Surcharges	4,177	4,177	3,658	519
Special District Expenses	11,500	11,500	5,612	5,888
Total Services and Supplies	<u>908,401</u>	<u>908,401</u>	<u>796,670</u>	<u>111,731</u>
Capital Assets:				
Land	-	-	-	-
Structures	-	-	14,024	(14,024)
Equipment	-	-	-	-
Total Capital Assets	<u>-</u>	<u>-</u>	<u>14,024</u>	<u>(14,024)</u>
Other Charges:				
CalPERS Side Fund Debt Payment - Principal	163,712	163,712	163,712	-
CalPERS Side Fund Debt Payment - Interest	177,436	177,436	177,436	-
Total Other Charges	<u>341,148</u>	<u>341,148</u>	<u>341,148</u>	<u>-</u>
Contingency	-	-	-	-
Total Expenditures	<u>\$ 5,933,124</u>	<u>\$ 5,933,124</u>	<u>\$ 5,665,581</u>	<u>\$ 267,543</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY
 BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND

For the Year Ended June 30, 2013

	2013			Variance Favorable (Unfavorable)
	<u>Final Budget</u>	<u>Amended Final Budget</u>	<u>Actual</u>	
Revenue:				
EMS Tax	\$ 55,000	\$ 55,000	\$ 59,892	\$ 4,892
Fire Capital Facilities Fee	<u>12,000</u>	<u>12,000</u>	<u>15,412</u>	<u>3,412</u>
Total Special Revenues	<u>\$ 67,000</u>	<u>\$ 67,000</u>	<u>\$ 75,304</u>	<u>\$ 8,304</u>
Expenditures:				
Services and Supplies:				
Communications EMS Program	<u>\$ 75,304</u>	<u>\$ 75,304</u>	<u>\$ 75,304</u>	<u>\$ -</u>
Total Services and Supplies	<u>75,304</u>	<u>75,304</u>	<u>75,304</u>	<u>-</u>
Capital Assets:				
Fire Engine Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 75,304</u>	<u>\$ 75,304</u>	<u>\$ 75,304</u>	<u>\$ -</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements