



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Carpinteria-Summerland Fire Protection District
Carpinteria, California

We have audited the accompanying financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of the Carpinteria-Summerland Fire Protection District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Board of Directors
Carpinteria-Summerland Fire Protection District

Opinions

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 Carpinteria-Summerland Fire Protection District as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the post-employment benefits and budgetary comparison information on pages 27-28 respectively, 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.

The Carpinteria-Summerland Fire Protection District has not presented the Management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Fechter & Company, Certified Public Accountants

A large, stylized handwritten signature in black ink that reads "Fechter & Company" followed by initials "AFB".

Sacramento, California
March 15, 2014

CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Cash and investments	\$	3,670,129
Accounts receivable, net		241,838
Interest receivable		2,717
Deposits with others		1,513
Capital assets, net		<u>1,529,205</u>
Total Assets		<u>5,445,402</u>

LIABILITIES

Accounts payable		450,796
Deferred revenues		413,682
Compensated absences		376,000
Current portion of capital leases		<u>102,800</u>
Total Current Liabilities		1,343,278
Long-term liabilities:		
Compensated absences		158,339
Other post-employment benefits		80,465
Capital leases - long-term		<u>216,170</u>
Total Liabilities		<u>1,798,252</u>

NET POSITION

Invested in capital assets, net of related debt		1,210,235
Restricted		96,585
Unrestricted		<u>2,340,330</u>
Total Net Position	\$	<u>3,647,150</u>

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Public Protection	\$ 7,264,247	\$ 284,039	\$ -	\$ -	\$ (6,980,208)
Total Governmental Activities	<u>\$ 7,264,247</u>	<u>\$ 284,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,980,208)</u>

General Revenues

Taxes and assessments	6,981,710
Licenses, permits, and fees	48,754
Interest income	(9,955)
Rental income	44,496
Intergovernmental	319,168
Miscellaneous	<u>50,984</u>
Total general revenues	7,435,157
Change in net assets	<u>454,949</u>
Net position at beginning of fiscal year	<u>3,229,329</u>
Prior period adjustment	<u>(37,128)</u>
Net position at end of fiscal year	<u>\$ 3,647,150</u>

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
BALANCE SHEET
JUNE 30, 2013**

	General Fund	Capital Project Fund	Capital Replacement Fund	Combined Total
ASSETS				
Cash and investments	\$ 3,225,529	\$ 96,496	\$ 348,104	\$ 3,670,129
Accounts receivable, net	199,534	89	42,215	241,838
Interest receivable	2,442	-	275	2,717
Deposits with others	1,513	-	-	1,513
Total Assets	\$ 3,429,018	\$ 96,585	\$ 390,594	\$ 3,916,197
LIABILITIES				
Accounts payable	\$ 450,796	\$ -	\$ -	\$ 450,796
Deferred revenues	413,682	-	-	413,682
Total Liabilities	864,478	-	-	864,478
FUND BALANCES				
Fund Balances				
Assigned fund balance	-	96,585	390,594	487,179
Committed fund balance	440,300	-	-	440,300
Unassigned	2,124,240	-	-	2,124,240
Total Fund Balances	2,564,540	96,585	390,594	3,051,719
Total, Liabilities and Fund Balances	\$ 3,429,018	\$ 96,585	\$ 390,594	\$ 3,916,197

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total fund balances - governmental funds	\$ 3,051,719
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In governmental funds, only current assets are reported.
In the statement of net assets, all assets are reported,
including capital assets and accumulated depreciation.

Capital assets at historical cost, net	1,529,205
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Long-term liabilities are not due and payable in the current period and, therefore
are not reported in the funds. Those liabilities consist of:

Accrued compensated absences	(534,339)
Other post-employment benefits	(80,465)
Capital leases	(318,970)
	(933,774)

Net position of governmental activities	\$ 3,647,150
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**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Capital Project Fund	Capital Replacement Fund	Totals
Revenues:				
Property taxes	\$ 6,981,710	\$ -	\$ -	\$ 6,981,710
Licenses, permits, and fees	48,754	-	-	48,754
Investment income	(9,022)	(166)	(767)	(9,955)
Rental income	44,496	-	-	44,496
Intergovernmental	319,168	-	-	319,168
Charges for services	12,088	106,162	165,789	284,039
Miscellaneous	987	-	49,997	50,984
Total revenues	<u>7,398,181</u>	<u>105,996</u>	<u>215,019</u>	<u>7,719,196</u>
Expenditures:				
Current				
Salaries and benefits	6,240,080	-	-	6,240,080
Services and supplies	784,720	109,152	4,034	897,906
Capital outlay	5,309	-	526,908	532,217
Debt service:				
Principal	15,327	30,583	41,457	87,367
Interest	1,236	1,453	4,464	7,153
Total expenditures	<u>7,046,672</u>	<u>141,188</u>	<u>576,863</u>	<u>7,764,723</u>
Excess of revenues over expenditures	<u>351,509</u>	<u>(35,192)</u>	<u>(361,844)</u>	<u>(45,527)</u>
Other financial sources:				
Proceeds from capital leases	-	-	266,908	266,908
Total other financial sources	<u>-</u>	<u>-</u>	<u>266,908</u>	<u>266,908</u>
Excess of revenue and other sources over expenditures	351,509	(35,192)	(94,936)	221,381
Fund balances - July 1, 2012	<u>2,213,031</u>	<u>131,777</u>	<u>485,530</u>	<u>2,830,338</u>
Fund balances - June 30, 2013	<u>\$ 2,564,540</u>	<u>\$ 96,585</u>	<u>\$ 390,594</u>	<u>\$ 3,051,719</u>

The accompanying notes are an integral part of these financial statements

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$ 221,381
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	532,217
Depreciation expense not reported in governmental funds	(118,604)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in compensated absences	20,880
Long-term debt proceeds	(266,908)
Long-term debt payments	84,603
Increase in other post-employment benefits payable	(18,620)
	(18,620)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 454,949
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**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2: CASH AND INVESTMENTS (continued)

weighted average days to maturity of the investments contained in the County investment pool was approximately 445 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating firm. The Santa Barbara County Treasurer's investment pool currently holds an AAAs/S1 credit rating by Standard and Poor's.

Custodial Credit Risks

Custodial credit risk does not apply to a local government's indirect investment in deposits and securities through the use of government investment pools (such as the Santa Barbara County Treasurer's investment pool).

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 is as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Capital assets, not being depreciated				
Land	\$ 80,288	\$ -	\$ -	\$ 80,288
Construction in progress	-	526,908	-	526,908
Total capital assets, not being depreciated	<u>80,288</u>	<u>526,908</u>	<u>-</u>	<u>607,196</u>
Capital assets, being depreciated				
Structures and improvements	617,522	-	-	617,522
Equipment	1,945,551	5,309	-	1,950,860
Total capital assets, being depreciated	<u>2,563,073</u>	<u>5,309</u>	<u>-</u>	<u>2,568,382</u>
Less accumulated depreciation for:				
Structures and improvements	(325,855)	(9,304)	-	(335,159)
Equipment	(1,201,914)	(109,300)	-	(1,311,214)
Total accumulated depreciation	<u>(1,527,769)</u>	<u>(118,604)</u>	<u>-</u>	<u>(1,646,373)</u>
Total capital assets, being depreciated, net	<u>1,035,304</u>	<u>(113,295)</u>	<u>-</u>	<u>922,009</u>
Total capital assets, net	<u>\$ 1,115,592</u>	<u>\$413,613</u>	<u>\$ -</u>	<u>\$ 1,529,205</u>

Depreciation expense amounted to \$118,604 for the fiscal year ended June 30, 2013, the entire amount was charged as public protection in the statement of activities.

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4: LEASES

Capital Lease Obligations

The District has entered into certain capital lease arrangements under which the related equipment will become the property of the District when all terms of the lease agreements are met.

Capital lease obligations:

	Balance July 1, 2012	Additions	Deletions	June 30, 2013	Due in 1 Year
Oshkosh Engine	\$ 30,583	\$ -	\$ 30,583	\$ -	\$ -
Pierce Arrow Fire Truck	85,090	-	41,457	43,633	43,633
2013 Pierce Arrow	-	266,908	-	266,908	50,738
Medtronic LIFEPAKS	23,756	-	15,327	8,429	8,429
Total capital lease obligations	<u>\$139,429</u>	<u>\$ 266,908</u>	<u>\$ 87,367</u>	<u>\$318,970</u>	<u>\$ 102,800</u>

The following is a schedule of aggregate future minimum lease payments, payable from the District's General Fund, Capital Projects Fund, and Capital Replacement Fund as of June 30, 2013.

Year Ending June 30,	<u>Amount</u>
2014	\$ 112,713
2015	57,518
2016	57,517
2017	57,517
2018	57,516
Total minimum lease payments	<u>342,781</u>
Less: amount representing interest	<u>(21,052)</u>
Total present value of minimum lease payments	<u>\$ 321,729</u>

The following is a schedule of capital assets under capital leases by major class at June 30, 2013.

	<u>Balance</u>
Equipment	\$ 1,325,571
Less: Accumulated depreciation	(324,658)
Total capital assets, net	<u>\$ 1,000,913</u>

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4: LEASES (continued)

Operating Lease as Lessee

The District entered into a five year non-cancelable lease agreement for commercial office space located in Carpinteria. The initial term of the lease was from July 1, 2007 to June 30, 2013, with an option to extend the term by sixty months. The lease option was extended for another five years during the June 30, 2013 fiscal year. The lease is contingent upon a monthly base rent of \$2,744, payable on the first of each month. Base rent is subject to fixed rental adjustments and shall increase at July 1 of each year. The District also leases a copier under a lease agreement expiring in the year 2015 with monthly payments of \$224.

The following is a schedule of future minimum lease payments required as of June 30, 2013:

Fiscal Year Ending June 30,	<u>Total</u>
2014	\$ 42,002
2015	42,509
2016	41,708
2017	42,959
Total future minimum lease payments	<u>\$ 169,178</u>

The total rental expense, including common area operating expenses, for the year ended June 30, 2013 was \$57,785.

NOTE 5: COMPENSATED ABSENCES

The following is a summary of changes to the District's liabilities related to compensated absences due within one year and due after one year:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>	<u>Due in 1 Year</u>
Compensated Absences	\$ 555,218	\$355,070	\$375,948	\$ 534,339	\$ 376,000

**CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7: RETIREMENT PLAN

Plan Description

The Santa Barbara County Employees' Retirement System (Retirement System) was established on January 1, 1944, and is administered by the Board of Retirement to provide service retirement, disability, death and survivor benefits for its employees and contracting districts. It is governed by the California Constitution, California State Government Code Section 31450 (County Employees' Retirement Law of 1937) ("CERL"), and the bylaws, policies and procedures adopted by the Retirement System's Board of Retirement. The Santa Barbara County Board of Supervisors may also adopt resolutions, as permitted by the CERL, which may affect the benefits of the Retirement System members. The Retirement System operates a cost sharing multiple-employer defined benefit plan. Members include all permanent employees working full time, or at least 50% part time for Santa Barbara County, and the following independent special districts: Carpinteria-Summerland Fire Protection District, Mosquito and Vector Control District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Air Pollution Control District, the Santa Barbara County Association of Governments (SBCAG), and the Santa Barbara County Superior Court.

The Retirement System has four County retirement plans of which three plans (consisting of five rate tiers) are currently available for new employees. All plans provide benefits as defined by the CERL upon retirement, death, or disability of members. Benefits are based on age, years of service, final average salary, and the benefit options selected. Cost-of-living adjustments after retirement are provided in all plans except General Plan 2.

Fiduciary Responsibility

The Retirement System, controlled by the Board of Retirement, is a fiduciary for the accounting and control of member and employer contributions, investment income and member benefits. The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan and managing the investment of the Retirement System's assets under authority granted by Article XVI of the Constitution of the State of California. Article XVI, Section 17(a) provides the Retirement Board has the "sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries." Section 17(b) further provides that "Members of the Retirement Board of a public retirement system shall discharge their duties...solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A Retirement Board's duty to its participants and their beneficiaries shall take precedence over any other duty."

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7: RETIREMENT PLAN (continued)

The Board consists of nine members and two alternates. These positions are filled as follows: The County Board of Supervisors appoints four, members of the Retirement System elect six (including the two alternates) and the County Treasurer-Tax Collector is an ex-officio member. The Retirement System is a legally separate entity and is not a component unit of the County. It publishes its own Comprehensive Annual Financial Report and receives its own independent audit.

Additional detailed information and separately issued financial statements can be obtained from the Retirement System located at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

Funding Policy

Contributions are made by members and employers at rates recommended by an independent actuary, approved by the Board of Retirement, and adopted by the County Board of Supervisors. General employees and firefighters are members of General Plan 5A and Safety Plan 4A, respectively. The employee contributions of plan members of General Plan 5A range from 2.60% to 5.37%. The employee contributions of plan members of Safety Plan 4A range from 4.83% to 8.5%. The District is required to contribute an actuarially determined employer rate; the employer rate is 18.07% for General Plan 5A and 30.97% for Safety Plan 4A members. Employee contribution rates are based upon each employee's age of entry. Member contributions cannot be withdrawn until separation from employment.

Annual Pension Cost

The annual required contribution for the current year was determined as part of an actuarial valuation performed as of June 30, 2013. The actuarial method was the entry age actuarial cost method. The significant actuarial assumptions include: (1) annual rate of return on investments of 7.75%; (2) inflation element in wage increases of 3.25%; and (3) projected salary increases of varying percentages based on service (duration) for merit and longevity. Under an open/rolling amortization method, the entire unfunded actuarial accrued liability is amortized over a constant period, in this case, 17 years. The amortization factor does not change from year to year unless the discount rate or salary assumption is changed.

Three Year Trend Information

The District's contributions for the fiscal year ended June 30, 2013, were \$1,519,655 which is equal to required contributions for the fiscal year.

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District's agent multiple-employer defined benefit postemployment healthcare plan (OPEB Plan) is administered by the Santa Barbara County Employees' Retirement System (Retirement System). The OPEB Plan provides medical benefits to eligible retired District and other employer plan sponsors' employees, as well as to their eligible dependents, pursuant to California Government Code Section 31694 et. seq. Other employer plan sponsors include Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Santa Barbara County Air Pollution Control District, Santa Barbara County Association of Governments, and the Santa Barbara County Superior Court.

In September 2008, the District and the Retirement System adopted an Internal Revenue Code (IRC) Section 401(h) account that provides for these benefits. Under GASB Statement 43, *Reporting for Post-Employment Benefit Plans Other Than Pension Plans* and GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the liability related to the plan is required to be determined for both retirement systems and employers. GASB Statement 43 and 45 are not limited to the reporting of vested benefits.

Additional detailed information and separately issued financial statements can be obtained from the Retirement System located at 3916 State Street, Suite 210, Santa Barbara, CA 93105.

Plan Benefits

Retirees are offered the same health plans as active District employees, as well as enhanced senior plans for retirees on Medicare. Retiree premiums are rated separately from active District employees; as such, the District does not have a retiree premium implicit rate subsidy.

Pursuant to the OPEB Plan, the District provides a monthly insurance premium subsidy of \$15 (whole dollars) per year of credit service from the 401(h) account for Eligible Retired Participants participating in a District-sponsored health insurance plan. The monthly insurance premium subsidy is applied directly by the Retirement System to pay the premium and is not paid to the retiree or other party. The maximum amount paid in any month does not exceed the premium; any amount in excess of the premium is forfeited.

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)

If an Eligible Retired Participant does not participate in the District-sponsored health insurance plan, then the Retirement System reimburses the Eligible Retired Participant for other medical care expenses. The maximum monthly amount paid is \$4 (whole dollars) per year of credited service.

If a member is eligible for a disability retirement benefit, the member can receive a monthly health plan subsidy of \$187 (whole dollars) per month or a subsidy of \$15 (whole dollar) per month per year of service, whichever is greater. This subsidy is treated as a nontaxable amount to the disabled recipient.

Survivors of Eligible Retired Participants (Spouses and Dependents) continue to receive a subsidy proportionate to their percentage of the retiree's pension benefit (if any).

Funding Policy

The District and other participating employer plan sponsors individually determine their separate contributions to the Retirement System to fund the OPEB Plan. The District has adopted a pay-as-you-go basis for funding retiree medical benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an open/rolling 30 year period.

For fiscal year ended June 30, 2013, the OPEB ARC was \$141,570, or approximately 4% of the District's estimated annual covered payroll. This includes the normal costs for the year for current active employees of \$50,815, and \$90,755 for UAAL amortization. The District's contribution to the OPEB Plan for fiscal year ended June 30, 2013 was \$135,732.

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)

The following are the components of the District’s annual OPEB cost for the fiscal year ended June 30, 2013:

Annual required contribution	\$ 160,190
Contribution made	<u>(141,570)</u>
Increase in net OPEB obligation	18,620
Net OPEB obligation – beginning of year	24,717
Prior period adjustment	<u>37,128</u>
Net OPEB obligation – end of year	<u>\$ 80,465</u>
 Percentage of ARC contributed	 88.38%

Funding Status and Funding Process:

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 trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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 will, in subsequent fiscal years, present multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Using the most recent actuarial valuation dated June 30, 2010, the following is the funded status of the OPEB Plan:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
06/30/2012	\$0	\$2,453,293	\$2,453,293	0%	\$3,303,171	74.3%

Actuarial Methods and Assumptions:

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)

Projections of benefits are based on the types of benefits provided under the substantive plan (the plan as understood by the employer and plan members) at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. Additionally, the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and the plan members in the future.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of investment expenses). The OPEB Plan's AAL is being amortized as a level percentage of projected payroll on a 30 year open/rolling basis.

NOTE 9: RESTRICTED NET POSITION

Restricted net position of \$131,777 at June 30, 2013 represent restrictions imposed by the City of Carpinteria Code Chapter 8.26.100 and County of Santa Barbara Code Chapter 15-65 regarding the purpose and use of mitigation fees. Both codes stipulate that funds collected from fire protection mitigation fees are restricted in use for the costs of purchasing, constructing or improving public facilities necessary in providing fire protection services. Such public facilities may include: equipment, apparatus, buildings, and structures.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Grant Revenues

The District recognizes as revenues grant monies earned for costs incurred in certain Federal and State programs the District participates in. The program may be subject to financial and compliance audits by the reimbursing agency. The amount, if any, of the expenditures which may be disallowed by the granting agency cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

CARPINTERIA –SUMMERLAND FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11: SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the District has evaluated subsequent events through March 15, 2014, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2013 have been incorporated into these financial statements herein.

NOTE 12: PRIOR PERIOD ADJUSTMENT

The District recorded a prior period adjustment in the Statement of Net Position in an amount totaling \$37,128 to agree its unfunded Other Post-Employment Benefits liability to the actual amount according to its actuarial report.

**CARPINTERIA-SUMMERLAND FIRE PROTECTION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 6,948,206	\$ 6,948,206	\$ 6,981,710	\$ 33,504
Licenses, permits, and fees	47,150	47,150	48,754	1,604
Investment income	1,938	1,938	(9,022)	(10,960)
Rental income	46,900	46,900	44,496	(2,404)
Intergovernmental	729,496	729,496	319,168	(410,328)
Charges for services	11,000	11,000	12,088	1,088
Miscellaneous	850	850	987	137
	<u>7,785,540</u>	<u>7,785,540</u>	<u>7,398,182</u>	<u>(387,359)</u>
Total revenues				
Expenditures:				
Current				
Salaries and benefits	6,285,798	6,285,798	6,240,080	45,718
Services and supplies	1,179,626	1,179,626	784,720	394,906
Capital outlay	5,309	5,309	5,309	-
Debt service:				
Principal	15,500	15,500	15,327	173
Interest	1,280	1,280	1,236	44
	<u>\$ 7,487,513</u>	<u>\$ 7,487,513</u>	<u>7,046,672</u>	<u>\$ 440,841</u>
Total expenditures				
Net change in fund balances			<u>351,510</u>	
Fund balances - July 1, 2012			<u>2,213,031</u>	
Fund balances - June 30, 2013			<u>\$ 2,564,541</u>	

See accompanying footnote