

**CITY OF COACHELLA
COACHELLA, CALIFORNIA**

**COACHELLA FIRE PROTECTION DISTRICT
COMPONENT UNIT FINANCIAL REPORT**

JUNE 30, 2014



**Sonnenberg & Company CPAs
A Professional Corporation**



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

Coachella Fire Protection District Component Unit Financial Report Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coachella Fire Protection District
Coachella, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Coachella Fire Protection District (the "District"), a component unit of the City of Coachella, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

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 the Coachella Fire Protection District, as of June 30, 2014, 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 management's discussion and analysis and budgetary comparison be presented to supplement the basic financial statements. The budgetary comparison is presented on pages 18 and 19. The Coachella Fire Protection District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of the basic financial statements. Such missing 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. Our opinion is not affected by this missing information. 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.

December 3, 2014


Sonnenberg & Company, CPAs

Coachella Fire Protection District
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash and Investments	\$ 1,137,809
Due from City of Coachella	21,724
Capital Assets:	
Non-depreciable	17,000
Depreciable, Net of Accumulated Depreciation	510,943
Total Assets	1,687,476
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	-
LIABILITIES	
Accounts Payable	669,480
Total Liabilities	669,480
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	-
NET POSITION	
Net Investment in Capital Assets	527,943
Restricted for Fire Protection	490,053
Total Net Position	\$ 1,017,996

The accompanying notes are an integral part of this statement.

Coachella Fire Protection District
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Public Safety Fire Protection	\$ 2,747,965	\$ 540,125	\$ 1,200,000	\$	\$ (1,007,840)
Total Governmental Activities	\$ 2,747,965	\$ 540,125	\$ 1,200,000	\$ -	(1,007,840)
General Revenues:					
Property Taxes					445,929
Investment Income					6,064
Total General Revenues					451,993
Change in Net Position					(555,847)
Net Position, Beginning of Year					1,573,843
Net Position - End of Year					\$ 1,017,996

The accompanying notes are an integral part of this statement.

Coachella Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund
ASSETS	
Cash and Investments	\$ 1,137,809
Due from City of Coachella	21,724
Total Assets	1,159,533
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows or Resources	-
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 669,480
Total Liabilities	669,480
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows or Resources	-
Fund Balances:	
Restricted for Fire Protection	490,053
Total Fund Balances	490,053
Total Liabilities and Fund Balances	\$ 1,159,533

The accompanying notes are an integral part of this statement.

Coachella Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Fund balances of governmental funds	\$	490,053
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p style="padding-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Capital Assets		2,088,449
Less Accumulated Depreciation		(1,560,506)
		(1,560,506)
Net position of governmental activities	\$	1,017,996

The accompanying notes are an integral part of this statement.

Coachella Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2014

	General Fund
REVENUES	
Property Taxes	\$ 445,929
Special Assessments	509,052
Charges for Services	31,073
Investment Income	6,064
Total Revenues	992,118
EXPENDITURES	
Current:	
Administration	10,442
Professional Services	2,579,074
Repairs and Maintenance	18,584
Miscellaneous	73,036
Total Expenditures	2,681,136
Excess of Revenues Over (Under) Expenditures	(1,689,018)
OTHER FINANCING SOURCES (USES)	
Contribution from the City of Coachella	1,200,000
Total Other Financing Sources (Uses)	1,200,000
Net Change in Fund Balance	(489,018)
Fund Balance, Beginning of Year	979,071
Fund Balance, End of Year	\$ 490,053

The accompanying notes are an integral part of this statement.

Coachella Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net change in fund balances-total governmental funds \$ (489,018)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Depreciation expense (66,829)

Change in Net Position of Governmental Activities \$ (555,847)

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The Coachella Fire Protection District (District) is a component unit of a reporting entity which consists of the following primary government and component units:

Reporting Entity:

Primary Government: City of Coachella

Component Units:

- The Coachella Fire Protection District
- The Coachella Sanitary District
- The Coachella Water Authority

The District is an integral part of the reporting entity of the City of Coachella. The Funds of the District have been blended within the financial statements of the City of Coachella because the City Council is the governing board of the District and exercises control over the operations of the District. Only the funds of the District are included herein; therefore, these financial statements do not purport to represent the financial position or results of operations of the City of Coachella, California.

The District's office and records are located at 1515 Sixth Street, Coachella, California 92236.

The Board of Directors are as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Eduardo Garcia	President	November 2014
Emmanuel Martinez	Vice President	November 2016
Steven Hernandez	Director	November 2014
Arturo Aviles	Director	November 2014
Magdalena M. Zepeda	Director	November 2016

B) Government-wide and Fund Financial Statements

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the District overall. Eliminations have been made to minimize double counting of internal activities. These statements display the governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and nonexchange transactions.

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

B) Government-wide and Fund Financial Statements – Continued

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, including all taxes.

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Currently, the District has only one fund – the General Fund.

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – While the fund is considered a Special Revenue Fund in the City's financial statements, it is considered to be Coachella Fire Protection District's General Fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D) Capital Assets and Depreciation

Capital assets are recorded in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District had no infrastructure assets at year end.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	35 years
Improvements Other Than Buildings	35 years
Machinery and Equipment	5 -10 years

E) Budgetary Reporting

The District adopts an annual budget prepared on the modified accrual basis. The Executive Director and Director of Finance prepare and submit the annual budget to the governing board and administrator after adoption. The Executive Director is authorized to adjust appropriations within each department or activity, provided that the total appropriations for each department or activity do not exceed the amounts approved in the budget or any amending resolutions. Transfers of cash or unappropriated fund balance from one fund to another can only be made with approval from the Board of Directors. Unexpended appropriations for authorized, but uncompleted projects in the District's budget can be carried forward to the next succeeding budget upon recommendation of the Director of Finance and approval of the Executive Director. For each fund, total expenditures may not legally exceed total appropriations.

F) Investments

Investments are stated at fair value (quoted market price or the best available estimate thereof), as applicable.

G) Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1 to June 30
Due Date	1 st Installment – November 1
	2 nd Installment – March 1
Delinquent Date	1 st Installment – December 10
	2 nd Installment – April 10

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

G) Property Tax Calendar – Continued

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool, and are allocated to agencies based on complex formulas prescribed by state statutes.

H) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I) Net Position

In the fund financial statements, governmental fund types report fund balances based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the District’s highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned fund balance – the residual classification for the District’s general fund that includes amounts not contained in the other classifications. The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

2) **CASH AND INVESTMENTS**

Cash and investments reported in the accompanying financial statements consisted of the following at June 30, 2014:

Statement of Net Position	
Unrestricted:	
Cash and Investments	<u>\$ 1,137,809</u>
Total Cash and Investments	<u>\$ 1,137,809</u>

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Cash and investments as of June 30, 2014 consist of the following:

Deposits Pooled with City	\$ 983,099
Deposits Pooled with County of Riverside	<u>154,710</u>
Total Cash and Investments	<u>\$1,137,809</u>

See the City of Coachella's financial statement and investments policy for investment types that are authorized for the District.

Disclosure Relating to 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 District manages its exposure to interest rate risk is by purchasing a combination of shorter 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.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			
	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Investment Pool	<u>\$1,137,809</u>	<u>\$ 1,137,809</u>	\$ _____	\$ _____
Total	<u>\$ 1,137,809</u>	<u>\$ 1,137,809</u>	<u>\$ -</u>	<u>\$ -</u>

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 organization.

Presented below is the minimum rating required by (where applicable) the California Government Code of the City's investment policy, or debt agreements, and the actual ratings as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Investment Pool	<u>\$ 1,137,809</u>	N/A	\$ _____	<u>\$ 1,137,809</u>	\$ _____	\$ _____
Total	<u>\$ 1,137,809</u>		<u>\$ -</u>	<u>\$ 1,137,809</u>	<u>\$ -</u>	<u>\$ -</u>

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

The investment policy of the City of Coachella contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under that law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2014, the District had no investments held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

Collateral for Deposits

Under the provisions of the California Government Code, California banks and savings and loan associations are required to secure a District's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of a District's deposits. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes have a value of 150% of a District's total deposits.

The collateral for certificates of deposit is generally held in safekeeping by the Federal Home Loan Bank in San Francisco as the third-party trustee. The securities are physically held in an undivided pool for all California public agency depositors. The State Public Administrative Office for public agencies and the Federal Home Loan Bank maintain records of the security pool which are coordinated and updated weekly.

The District Treasurer, at his/her discretion, may waive the 100% collateral requirement for deposits which are insured up to \$250,000 by the FDIC.

County of Riverside Treasurer's Pooled Investment

The District holds investments in the County Pool that are subject to being adjusted to "fair value". The District is required to disclose its methods and assumptions used to estimate the fair value of its holdings in the County Pool. The District relied upon information provided by the County Treasurer in estimating the District's fair value position of its holdings in the County Pool. The District had a contractual withdrawal value of \$1,137,809 at June 30, 2014.

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

2) CASH AND INVESTMENTS - Continued

County of Riverside Treasurer's Pooled Investment - Continued

The County Riverside Investment Pool is a governmental investment pool managed and directed by the elected Riverside County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of the Pool fall under the auspices of the County Treasurer's office. The District is a voluntary participant in the investment pool.

3) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, Not Depreciated				
Land	\$ 17,000	\$ _____	\$ _____	\$ 17,000
Capital Assets, Being Depreciated				
Structures and Improvements	628,827	_____	_____	628,827
Equipment	1,442,622	_____	_____	1,442,622
Total Capital Assets Being Depreciated	<u>2,071,449</u>	_____	_____	<u>2,071,449</u>
Accumulated Depreciation				
Structures and Improvements	(515,110)	(19,929)	_____	(535,039)
Equipment	(978,567)	(46,900)	_____	(1,025,467)
Total Accumulated Depreciation	<u>(1,493,677)</u>	<u>(66,829)</u>	_____	<u>(1,560,506)</u>
Total Capital Assets Being Depreciated, Net	<u>577,772</u>	<u>(66,829)</u>	_____	<u>510,943</u>
Capital Assets, Net	<u>\$ 594,772</u>	<u>\$ (66,829)</u>	\$ _____	<u>\$ 527,943</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Public Safety Fire Protection	\$ 66,829
Total Depreciation Expense – Governmental Activities	\$ 66,829

Coachella Fire Protection District
Notes to Financial Statements
Year Ended June 30, 2014

4) RISK MANAGEMENT

The District through the City, is a member of the Public Entity Risk Management Authority (PERMA) formerly Coachella Valley Joint Powers Insurance Authority (CVPIA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. The Authority is currently comprised of thirty-four participating agencies.

The City participates in the liability, worker's compensation and long-term disability insurance programs of PERMA.

The Liability Program is a risk sharing pool with a deductible option. At June 30, 2014, coverage is provided from \$125,000 to \$10,000,000 per occurrence. This coverage represents a transfer of risk from the members of the Authority for those losses in excess of the member's self insured retention (SIR). The City has a SIR of \$125,000. Covered losses include losses resulting from any one occurrence because of personal injury, property damage or public officials' errors and omissions. Member premiums are subject to retrospective rating adjustments.

For those members choosing to establish deductibles under this liability program, losses in excess of the deductible amounts are paid by the Authority from separate accounts maintained for each participant. The deductible feature of the program acts as claims servicing type of public risk pool and does not represent an additional transfer of risk. The City does not participate in the deductible pool. At June 30, 2014, the City did not have a liability to the Authority for claims losses.

The Worker's Compensation Insurance Program is a claims servicing pool, a banking pool and an insurance purchasing pool. As an insurance purchasing pool, the program allows participating members to benefit from the economies of scale in securing excess worker's compensation coverage. Coverage is provided from \$250,000 to \$10,000,000 for each accident or employee. The program, as a claims servicing pool maintains separate accounts for each program member from which that member's losses are paid. The worker's compensation insurance program does not provide for a transfer of risk and advance funds to pay member losses in excess of member funds on deposit in the manner of a banking pool. Participant premium deposits are subject to retroactive rating adjustments. At June 30, 2014, the City did not have a liability to the Authority for worker's compensation losses.

5) CONTINGENCIES AND COMMITMENTS

At June 30, 2014, in the opinion of the District's management, there are no outstanding matters which could have a significant effect on the financial position of the District.

REQUIRED SUPPLEMENTARY INFORMATION

Coachella Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 481,000	\$ 481,000	\$ 445,929	\$ (35,071)
Special Assessments	450,000	450,000	509,052	59,052
Charges for Services	33,300	33,300	31,073	(2,227)
Investment Income	-	-	6,064	6,064
	<u>964,300</u>	<u>964,300</u>	<u>992,118</u>	<u>27,818</u>
EXPENDITURES				
Current:				
Administration	27,864	27,864	10,442	17,422
Professional Services	2,505,500	2,505,500	2,579,074	(73,574)
Repairs and Maintenance	22,500	22,500	18,584	3,916
Miscellaneous	73,036	73,036	73,036	-
	<u>2,628,900</u>	<u>2,628,900</u>	<u>2,681,136</u>	<u>(52,236)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,664,600)</u>	<u>(1,664,600)</u>	<u>(1,689,018)</u>	<u>(24,418)</u>
OTHER FINANCING SOURCES (USES)				
Contribution from the City of Coachella	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,200,000</u>	<u>(300,000)</u>
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,200,000</u>	<u>(300,000)</u>
Net Change in Fund Balance	<u>\$ (164,600)</u>	<u>\$ (164,600)</u>	<u>(489,018)</u>	<u>\$ (324,418)</u>
Fund Balance, Beginning of Year			<u>979,071</u>	
Fund Balance, End of Year			<u>\$ 490,053</u>	

Coachella Fire Protection District
Notes to Required Supplementary Information
Year Ended June 30, 2014

1. Budget and Budgetary Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental funds. The Executive Director or designee is authorized to transfer budgeted amounts between the accounts of any department. Revisions that alter the total appropriation of any department or fund are approved by the Board of Directors. Prior year appropriations lapse unless they are approved for carryover into the following year. Expenditures may not legally exceed appropriations at the department level. Reserves for encumbrances are not recorded by the District.



