MONTECITO FIRE PROTECTION DISTRICT
AGENDA FOR THE FINANCE COMMITTEE MEETING

Montecito Fire Protection District Headquarters

595 San Ysidro Road

Santa Barbara, California

May 8, 2014 at 3:00 p.m.

Agenda Items May Be Taken Out Of The Order Shown

1. Public comment: Any person may address the Board at this time on any non-agenda matter that is within the subject matter jurisdiction of the Montecito Fire Protection District; 30 minutes total time is allotted for this discussion.
2. Review April 2014 financial statements.
3. Review PARS statement.
4. Review Fechter & Company Annual Financial Report for the Fiscal Year ended June 30, 2013.
5. Review recommendations from the Capital PFG "Financial Analysis Related to Budgeting and Long Term Liabilities" report.
6. Staff report on recommendations for Budget adjustment.
7. Review Draft Preliminary Budget for FY 2014/15.
8. Fire Chief's Report.
9. Requests for items to be included for the next Finance Committee Meeting.

Adjournment

This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of the posting is May 5, 2014.

MONTECITO FIRE PROTECTION DISTRICT

Chip Hickman, Fire Chief

Note: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District office at 969-7762. Notification at least 48 hours prior to the meeting will enable the District to make reasonable arrangements. Materials related to an item on this agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the Montecito Fire Protection District's office located at 595 San Ysidro Road during normal business hours.

NOTES FOR THE FINANCE COMMITTEE MEETING OF THE MONTECITO FIRE PROTECTION DISTRICT

Held at Fire District Headquarters, 595 San Ysidro Road,April 10, 2014 at 2:00 p.m.

The meeting was called to order by Director Venable at 2:00 p.m.

Present: Director Venable and Director Sinser. Chief Hickman was also present.

1. **Public comment: Any person may address the Board at this time on any non-agenda matter that is within the subject matter jurisdiction of the Montecito Fire Protection District; 30 minutes total time is allotted for this discussion.**

   There was no Public comment.

2. **Review March 2014 financial statements.**

   The Committee reviewed the packet contents and will recommend that the Board approve the finances as submitted.

3. **Review Upper Hyde Road Mello-Roos Community Facilities District Expenses.**

   No action taken

4. **Review Draft Preliminary Budget for FY 2014/15.**

   The committee reviewed the proposed draft preliminary budget and recommended that it be brought back to the committee for review after the Capital PFG presentation.

5. **Fire Chief's Report.**

   Chief Hickman reported that the District has received the new squad, and ordered the Chiefs new vehicle.

6. **Requests for items to be included for the next Finance Committee Meeting.**

   None.

Adjournment at 3:35pm

Agenda Item #2

Variance Report
Finance Committee - May 8, 2014

	Report	Line Item	Variance Explanation
1	Financial Status	Taxes	Tax Revenue: Last fiscal year, the District collected tax revenues of approximately $350,000 in May and June.
2	Financial Status	6475	The District has not made a contribution to the PARS account this FY.
3	Financial Status	7200	The District expects to incur an additional $3,500 on structure maintenance. This line item will exceed the budgeted amount at fiscal year end.
4	Financial Status	7400	The District expects to incur additional expenses for medical supplies of approximately $6,000 prior to year end.
5	Financial Status	7440	Fire Prevention has scheduled hazard mitigation projects through June.
6	Financial Status	7460	The District expects to incur additional expenses for professional services of approximately $65,000 prior to year end.
7	Financial Status	7506	Administrative fee paid to the SB County Tax Collector's office.
8	Financial Status	7650	The District expects to incur additional budgeted expenses of approximately $18,000 prior to year end.
9	Financial Status	7671	The District expects to incur additional expenses of approximately $2,800 prior to year end for special projects.
10	Financial Status	7732	The District expects to incur additional training expenses of approximately $16,000 prior to year end.
11	Expenditure Trend	6300	The increase in overtime is largely due to Safety and Battalion Chief shift vacancies. Please see detailed overtime report for additional information.
12	Expenditure Trend	7030	Includes purchase of new turnouts of over $7,000.
13	Expenditure Trend	7324	Includes financial audit service fee of $7,160 and final FIN payment of $4,200.
14	Expenditure Trend	7440	Includes the expenses for the neighborhood hazard mitigation projects.
15	Expenditure Trend	7460	Includes various professional services that are not typically part of regular expenses: Medical exams (9,800), Citygate SOC Study (14,000), Capitol PFG financial services (15,000).

Balance Sheet

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 4/30/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	3,370,550.15	18,004,936.48	11,075,273.49	10,300,213.14
0115 -- Treasury FMV Adjustment	-13,520.80	15,741.28	13,194.24	-10,973.76
0120 -- Imprest Cash	500.00	0.00	0.00	500.00
0130 -- Cash with Fiscal Agents	5,280.00	14,360.28	11,440.45	8,199.83
0230 -- Accounts Receivable	199,369.00	0.00	199,369.00	0.00
0240 -- Interest Receivable	4,203.97	11,815.56	16,019.53	0.00
0550 -- Deposits with Others	63,234.00	4,386.00	0.00	67,620.00
Total Assets	3,629,616.32	18,051,239.60	11,315,296.71	10,365,559.21
Total Assets & Other Debits	3,629,616.32	18,051,239.60	11,315,296.71	10,365,559.21
Liabilities, Equity & Other Credits				
Liabilities				
1010 -- Warrants Payable	0.00	3,900,538.20	3,900,538.20	0.00
1015 -- EFT Payable	3,000.00	617,133.96	621,410.68	7,276.72
1020 -- Salaries & Benefits Payable	280,100.00	280,100.00	0.00	0.00
1210 -- Accounts Payable	0.00	4,518,808.88	4,556,930.08	38,121.20
1240 -- Accrued Expenses	38,819.00	38,819.00	0.00	0.00
1330 -- Due To Other Funds	0.00	0.00	3,000,000.00	3,000,000.00
1400 -- Deposits	3,000.00	0.00	0.00	3,000.00
1730 -- Unidentified Deposits	0.00	850,900.43	850,900.43	0.00
Total Liabilities	324,919.00	10,206,300.47	12,929,779.39	3,048,397.92
Equity				
2110 -- Fund Balance-Nonspendable	63,234.00	0.00	4,386.00	67,620.00
2130 -- Fund Balance-Committed	1,200,500.00	0.00	0.00	1,200,500.00
2200 -- Fund Balance-Residual	2,040,963.32	26,632,339.05	30,640,417.02	6,049,041.29
Total Equity	3,304,697.32	26,632,339.05	30,644,803.02	7,317,161.29

Balance Sheet

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 4/30/2014
Total Liabilities, Equity & Other Credits	3,629,616.32	36,838,639.52	43,574,582.41	10,365,559.21

Balance Sheet

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3651 -- Montecito Fire Pension Oblig

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 4/30/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	2,530.33	741,166.69	743,349.80	347.22
0115 -- Treasury FMV Adjustment	-10.15	9.64	0.16	-0.67
0240 -- Interest Receivable	2.00	4.89	6.89	0.00
Total Assets	2,522.18	741,181.22	743,356.85	346.55
Total Assets & Other Debits	2,522.18	741,181.22	743,356.85	346.55
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	743,349.80	743,349.80	0.00
1210 -- Accounts Payable	0.00	743,349.80	743,349.80	0.00
Total Liabilities	0.00	1,486,699.60	1,486,699.60	0.00
Equity				
2140 -- Fund Balance-Assigned	2,522.18	0.00	0.00	2,522.18
2200 -- Fund Balance-Residual	0.00	1,486,703.96	1,484,528.33	-2,175.63
Total Equity	2,522.18	1,486,703.96	1,484,528.33	346.55
Total Liabilities, Equity & Other Credits	2,522.18	2,973,403.56	2,971,227.93	346.55

Balance Sheet

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3652 -- Montecito Fire Cap Outlay Res

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 4/30/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	2,200,025.49	7,211.52	306,286.36	1,900,950.65
0115 -- Treasury FMV Adjustment	-8,825.30	5,903.42	950.73	-3,872.61
0240 -- Interest Receivable	1,522.78	5,688.74	7,211.52	0.00
Total Assets	2,192,722.97	18,803.68	314,448.61	1,897,078.04
Total Assets & Other Debits	2,192,722.97	18,803.68	314,448.61	1,897,078.04
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	306,286.36	306,286.36	0.00
1210 -- Accounts Payable	0.00	306,286.36	353,116.08	46,829.72
Total Liabilities	0.00	612,572.72	659,402.44	46,829.72
Equity				
2140 -- Fund Balance-Assigned	2,192,722.97	0.00	0.00	2,192,722.97
2200 -- Fund Balance-Residual	0.00	713,671.81	371,197.16	-342,474.65
Total Equity	2,192,722.97	713,671.81	371,197.16	1,850,248.32
Total Liabilities, Equity & Other Credits	2,192,722.97	1,326,244.53	1,030,599.60	1,897,078.04

Balance Sheet

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3653 -- Montecito Fire Land & Building

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 4/30/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	7,840,338.00	20,065.25	3,001,653.29	4,858,749.96
0115 -- Treasury FMV Adjustment	-31,451.15	24,185.05	2,148.82	-9,414.92
0240 -- Interest Receivable	5,057.04	15,008.21	20,065.25	0.00
0260 -- Due From Other Funds	0.00	3,000,000.00	0.00	3,000,000.00
Total Assets	7,813,943.89	3,059,258.51	3,023,867.36	7,849,335.04
Total Assets & Other Debits	7,813,943.89	3,059,258.51	3,023,867.36	7,849,335.04
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	1,328.79	1,328.79	0.00
1210 -- Accounts Payable	0.00	1,328.79	1,328.79	0.00
1240 -- Accrued Expenses	1,034.00	1,034.00	0.00	0.00
Total Liabilities	1,034.00	3,691.58	2,657.58	0.00
Equity				
2140 -- Fund Balance-Assigned	7,812,909.89	0.00	0.00	7,812,909.89
2200 -- Fund Balance-Residual	0.00	203,802.11	240,227.26	36,425.15
Total Equity	7,812,909.89	203,802.11	240,227.26	7,849,335.04
Total Liabilities, Equity & Other Credits	7,813,943.89	207,493.69	242,884.84	7,849,335.04

FIN COM P. 11

Balance Sheet

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund; Page Break At = Fund

Fund 3654 -- Montecito Fire UHR Mello-Roos

	Beginning Balance 7/1/2013	Year-To-Date Debits	Year-To-Date Credits	Ending Balance 4/30/2014
Assets & Other Debits				
Assets				
0110 -- Cash in Treasury	19,570.85	61.31	9,935.50	9,696.66
0115 -- Treasury FMV Adjustment	-78.51	66.79	7.06	-18.78
0240 -- Interest Receivable	15.97	45.34	61.31	0.00
Total Assets	19,508.31	173.44	10,003.87	9,677.88
Total Assets & Other Debits	19,508.31	173.44	10,003.87	9,677.88
Liabilities, Equity & Other Credits				
Liabilities				
1015 -- EFT Payable	0.00	8,903.00	8,903.00	0.00
1210 -- Accounts Payable	0.00	8,903.00	8,903.00	0.00
Total Liabilities	0.00	17,806.00	17,806.00	0.00
Equity				
2140 -- Fund Balance-Assigned	19,508.31	0.00	0.00	19,508.31
2200 -- Fund Balance-Residual	0.00	29,513.56	19,683.13	-9,830.43
Total Equity	19,508.31	29,513.56	19,683.13	9,677.88
Total Liabilities, Equity & Other Credits	19,508.31	47,319.56	37,489.13	9,677.88

FIN COM P. 12

Financial Status

As of: 4/30/2014 (83% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget	
Revenues					
Taxes					
3010 -- Property Tax-Current Secured	13,092,378.00	12,919,302.86	-173,075.14	98.68 %	
3011 -- Property Tax-Unitary	95,036.00	105,867.82	10,831.82	111.40 %	
3020 -- Property Tax-Current Unsecd	560,700.00	594,306.97	33,606.97	105.99 %	
3040 -- Property Tax-Prior Secured	0.00	-61,141.77	-61,141.77	--	
3050 -- Property Tax-Prior Unsecured	0.00	8,334.53	8,334.53	--	
3054 -- Supplemental Pty Tax-Current	126,656.00	177,971.97	51,315.97	140.52 %	
3056 -- Supplemental Pty Tax-Prior	0.00	16,454.14	16,454.14	--	
Taxes	13,874,770.00	13,761,096.52	-113,673.48	99.18 %	1
Use of Money and Property					
3380 -- Interest Income	14,345.00	8,219.87	-6,125.13	57.30 %	
3381 -- Unrealized Gain/Loss Invstmnts	0.00	2,547.04	2,547.04	--	
3409 -- Other Rental of Bldgs and Land	48,864.00	36,648.00	-12,216.00	75.00 %	
Use of Money and Property	63,209.00	47,414.91	-15,794.09	75.01 %	
Intergovernmental Revenue-State					
3750 -- State-Emergency Assistance	0.00	289,301.99	289,301.99	--	
4220 -- Homeowners Property Tax Relief	77,800.00	73,380.60	-4,419.40	94.32 %	
Intergovernmental Revenue-State	77,800.00	362,682.59	284,882.59	466.17 %	
Intergovernmental Revenue-Federal					
4476 -- Federal Emergency Assistance	0.00	84,918.61	84,918.61	--	
Intergovernmental Revenue-Federal	0.00	84,918.61	84,918.61	--	
Miscellaneous Revenue					
5909 -- Other Miscellaneous Revenue	182,038.00	160,875.37	-21,162.63	88.37 %	
Miscellaneous Revenue	182,038.00	160,875.37	-21,162.63	88.37 %	

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget	
Revenues	14,197,817.00	14,416,988.00	219,171.00	101.54 %	
Expenditures					
Salaries and Employee Benefits					
6100 -- Regular Salaries	6,364,335.00	4,917,843.80	1,446,491.20	77.27 %	
6300 -- Overtime	850,000.00	693,369.01	156,630.99	81.57 %	
6400 -- Retirement Contribution	1,793,563.00	1,369,456.81	424,106.19	76.35 %	
6475 -- Retiree Medical OPEB	786,540.00	0.00	786,540.00	0.00 %	2
6550 -- FICA/Medicare	97,358.00	72,165.60	25,192.40	74.12 %	
6600 -- Health Insurance Contrib	1,216,410.00	1,099,605.68	116,804.32	90.40 %	
6700 -- Unemployment Ins Contribution	9,715.00	8,493.67	1,221.33	87.43 %	
6900 -- Workers Compensation	759,407.00	576,487.71	182,919.29	75.91 %	
Salaries and Employee Benefits	11,877,328.00	8,737,422.28	3,139,905.72	73.56 %	
Services and Supplies					
7030 -- Clothing and Personal	20,036.00	18,044.87	1,991.13	90.06 %	
7050 -- Communications	74,115.00	62,054.79	12,060.21	83.73 %	
7060 -- Food	2,600.00	1,130.48	1,469.52	43.48 %	
7070 -- Household Expense	22,550.00	19,534.84	3,015.16	86.63 %	
7090 -- Insurance	29,867.00	29,867.10	-0.10	100.00 %	
7120 -- Maintenance - Equipment	95,880.00	90,937.42	4,942.58	94.85 %	
7200 -- MTC-Struct/Impr & Grounds	20,500.00	24,134.29	-3,634.29	117.73 %	3
7322 -- Consulting & Mgmt Fees	3,100.00	2,198.88	901.12	70.93 %	
7324 -- Audit and Accounting Fees	25,305.00	23,965.00	1,340.00	94.70 %	
7400 -- Medical, Dental and Lab	20,564.00	7,222.99	13,341.01	35.12 %	4
7430 -- Memberships	2,500.00	2,252.00	248.00	90.08 %	
7440 -- Miscellaneous Expense	90,000.00	29,515.00	60,485.00	32.79 %	5
7450 -- Office Expense	25,851.00	21,793.74	4,057.26	84.31 %	
7460 -- Professional & Special Service	336,500.00	214,581.73	121,918.27	63.77 %	6

Financial Status

As of: 4/30/2014 (83% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget	
7506 -- Administrative Expense (SBC)	173,000.00	150,687.00	22,313.00	87.10 %	7
7507 -- ADP Payroll Fees	6,000.00	5,251.26	748.74	87.52 %	
7530 -- Publications & Legal Notices	2,000.00	1,188.08	811.92	59.40 %	
7580 -- Rents/Leases-Structure	5,535.00	2,828.60	2,706.40	51.10 %	
7630 -- Small Tools & Instruments	38,016.00	37,460.49	555.51	98.54 %	
7650 -- Special Departmental Expense	48,223.00	14,858.35	33,364.65	30.81 %	8
7653 -- Training Fees & Supplies	2,000.00	825.60	1,174.40	41.28 %	
7671 -- Special Projects	27,000.00	4,160.55	22,839.45	15.41 %	9
7730 -- Transportation and Travel	17,000.00	8,877.12	8,122.88	52.22 %	
7731 -- Gasoline-Oil-Fuel	50,000.00	43,495.71	6,504.29	86.99 %	
7732 -- Training and Travel	71,000.00	36,726.83	34,273.17	51.73 %	10
7760 -- Utilities	45,000.00	39,924.11	5,075.89	88.72 %	
Services and Supplies	1,254,142.00	893,516.83	360,625.17	71.25 %	
Capital Assets					
8300 -- Equipment	29,690.00	32,425.12	-2,735.12	109.21 %	
Capital Assets	29,690.00	32,425.12	-2,735.12	109.21 %	
Expenditures	13,161,160.00	9,663,364.23	3,497,795.77	73.42 %	
Other Financing Sources & Uses					
Other Financing Uses					
7901 -- Oper Trf (Out)	959,445.00	741,159.80	218,285.20	77.25 %	
Other Financing Uses	959,445.00	741,159.80	218,285.20	77.25 %	
Other Financing Sources & Uses	-959,445.00	-741,159.80	218,285.20	77.25 %	
Changes to Fund Balances					
Increase to Nonspendables					
9605 -- Prepaids/Deposits	4,386.00	4,386.00	0.00	100.00 %	

Financial Status

As of: 4/30/2014 (83% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Increase to Nonspendables	4,386.00	4,386.00	0.00	100.00 %
Changes to Fund Balances	-4,386.00	-4,386.00	0.00	100.00 %
Montecito Fire Protection Dist	72,826.00	4,008,077.97	3,935,251.97	5,503.64 %

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3651 -- Montecito Fire Pension Oblig

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	4.89	4.89	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	9.48	9.48	--
Use of Money and Property	0.00	14.37	14.37	--
Revenues	0.00	14.37	14.37	--
Expenditures				
Services and Supplies				
7460 -- Professional & Special Service	2,190.00	2,190.00	0.00	100.00 %
Services and Supplies	2,190.00	2,190.00	0.00	100.00 %
Other Charges				
7830 -- Interest Expense	112,164.00	112,163.80	0.20	100.00 %
Other Charges	112,164.00	112,163.80	0.20	100.00 %
Expenditures	114,354.00	114,353.80	0.20	100.00 %
Other Financing Sources & Uses				
Other Financing Sources				
5910 -- Oper Trf (In)-General Fund	741,164.00	741,159.80	-4.20	100.00 %
Other Financing Sources	741,164.00	741,159.80	-4.20	100.00 %
Other Financing Uses				
7910 -- Long Term Debt Princ Repayment	629,000.00	628,996.00	4.00	100.00 %
Other Financing Uses	629,000.00	628,996.00	4.00	100.00 %
Other Financing Sources & Uses	112,164.00	112,163.80	-0.20	100.00 %
Montecito Fire Pension Oblig	-2,190.00	-2,175.63	14.37	99.34 %

Financial Status

As of: 4/30/2014 (83% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3652 -- Montecito Fire Cap Outlay Res

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	5,688.74	5,688.74	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	4,952.69	4,952.69	--
Use of Money and Property	0.00	10,641.43	10,641.43	--
Revenues	0.00	10,641.43	10,641.43	--
Expenditures				
Capital Assets				
8300 -- Equipment	359,605.00	353,116.08	6,488.92	98.20 %
Capital Assets	359,605.00	353,116.08	6,488.92	98.20 %
Expenditures	359,605.00	353,116.08	6,488.92	98.20 %
Other Financing Sources & Uses				
Other Financing Sources				
5910 -- Oper Trf (In)-General Fund	218,281.00	0.00	-218,281.00	0.00 %
Other Financing Sources	218,281.00	0.00	-218,281.00	0.00 %
Other Financing Sources & Uses	218,281.00	0.00	-218,281.00	0.00 %
Montecito Fire Cap Outlay Res	-141,324.00	-342,474.65	-201,150.65	242.33 %

Financial Status

As of: 4/30/2014 (83% Elapsed)
Accounting Period: CLOSED

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3653 -- Montecito Fire Land & Building

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	15,008.21	15,008.21	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	22,036.23	22,036.23	--
Use of Money and Property	0.00	37,044.44	37,044.44	--
Revenues	0.00	37,044.44	37,044.44	--
Expenditures				
Services and Supplies				
7460 -- Professional & Special Service	0.00	472.00	-472.00	--
Services and Supplies	0.00	472.00	-472.00	--
Capital Assets				
8100 -- Land	100,000.00	0.00	100,000.00	0.00 %
8700 -- Construction in Progress	100,000.00	147.29	99,852.71	0.15 %
Capital Assets	200,000.00	147.29	199,852.71	0.07 %
Expenditures	200,000.00	619.29	199,380.71	0.31 %
Montecito Fire Land & Building	-200,000.00	36,425.15	236,425.15	-18.21 %

Financial Status

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund

Fund 3654 -- Montecito Fire UHR Mello-Roos

Line Item Account	6/30/2014 Fiscal Year Adjusted Budget	4/30/2014 Year-To-Date Actual	6/30/2014 Fiscal Year Variance	6/30/2014 Fiscal Year Pct of Budget
Revenues				
Use of Money and Property				
3380 -- Interest Income	0.00	45.34	45.34	--
3381 -- Unrealized Gain/Loss Invstmnts	0.00	59.73	59.73	--
Use of Money and Property	0.00	105.07	105.07	--
Revenues	0.00	105.07	105.07	--
Expenditures				
Services and Supplies				
7460 -- Professional & Special Service	19,571.00	9,935.50	9,635.50	50.77 %
Services and Supplies	19,571.00	9,935.50	9,635.50	50.77 %
Expenditures	19,571.00	9,935.50	9,635.50	50.77 %
Montecito Fire UHR Mello-Roos	-19,571.00	-9,830.43	9,740.57	50.23 %
Net Financial Impact	-290,259.00	3,690,022.41	3,980,281.41	-1,271.29 %

Revenue Transactions

From 4/1/2014 to 4/30/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount

Document	Post On	Dept	Description	Amount
Fund 3650 -- Montecito Fire Protection Dist				
Line Item Account 3010 -- Property Tax-Current Secured				
AUT - PT02853	4/21/2014		Secured 1% Collections 12/14/13-4/16/14 (3010)	5,665,650.91
AUT - PT02856	4/21/2014		Pipeline R/W Collections 12/14-4/16/2014 (3010)	44.81
JE - 0099611	4/21/2014		Sec 1/4% Admin Fee 13/14 per Gov't Code29142(3010)	-33,102.57
			Total Property Tax-Current Secured	5,632,593.15
Line Item Account 3011 -- Property Tax-Unitary				
AUT - PT02855	4/21/2014		Unitary 1% Tax Collection 12/14-4/16/14 (3011)	56,437.83
AUT - PT02857	4/21/2014		Unitary1% Railroad Tax Collect 12/14-4/16/14(3011)	1,398.95
JE - 0099617	4/21/2014		Unitary1/4%AdminFee 13/14 perGov't Code29142(3011)	-287.24
			Total Property Tax-Unitary	57,549.54
Line Item Account 3040 -- Property Tax-Prior Secured				
AUT - PT02835	4/11/2014		RED PY REFUNDS 1% - 4th Qtr 13/14 (3040)	-17,065.64
			Total Property Tax-Prior Secured	-17,065.64
Line Item Account 3054 -- Supplemental Pty Tax-Current				
AUT - PT02850	4/17/2014		SUPPL CY 1% APPMT 3/14 (3054)	27,609.74
AUT - PT02851	4/17/2014		SUPPL PY 1% APPMT 3/14 (3054)	3,819.24
			Total Supplemental Pty Tax-Current	31,428.98
Line Item Account 3380 -- Interest Income				
AUT - PT02836	4/11/2014		INTEREST PY REFUNDS 1% - 4th Qtr 13/14 (3380)	-971.20
AUT - PT02861	4/28/2014		SOB CY 1% Interest - Q2 12/13 thru Q2 13/14 (3380)	61.44
AUT - PT02862	4/28/2014		SOB PY 1% Interest - Q2 12/13 thru Q2 13/14 (3380)	33.97
			Total Interest Income	-875.79
Line Item Account 3409 -- Other Rental of Bldgs and Land				
JE - 0100262	4/30/2014		Rental income, Feb/March	8,144.00
			Total Other Rental of Bldgs and Land	8,144.00
Line Item Account 3750 -- State-Emergency Assistance				
JE - 0100264	4/30/2014		Reclass Cal-EMA fire revenue to proper account	289,301.88

Revenue Transactions

From 4/1/2014 to 4/30/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount

Document	Post On	Dept	Description	Amount
			Total State-Emergency Assistance	289,301.88
Line Item Account 4220 -- Homeowners Property Tax Relief				
AUT - PT02865	4/30/2014		2013/14 HOE 1pct and Bond Appmt - 35pct (4220)	30,215.54
			Total Homeowners Property Tax Relief	30,215.54
Line Item Account 4476 -- Federal Emergency Assistance				
DJE - 0056710	4/10/2014		Pfeiffer Fire, 12/16-12/22/13	23,511.23
DJE - 0056711	4/18/2014		Hough Complex, 8/19-8/28/13 - Duplicate pmt	37,607.18
CLM - 0283617	4/30/2014		Hough Complex overpayment	-38,121.20
JE - 0100264	4/30/2014		Reclass Cal-EMA fire revenue to proper account	-289,301.88
			Total Federal Emergency Assistance	-266,304.67
Line Item Account 5909 -- Other Miscellaneous Revenue				
JE - 0099248	4/14/2014		INVOICE# 2014-03 DISPATCH SERVICES	21,202.00
			Total Other Miscellaneous Revenue	21,202.00
			Total Montecito Fire Protection Dist	5,786,188.99

Expenditure Transactions

From 4/1/2014 to 4/30/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
Fund 3650 -- Montecito Fire Protection Dist						
Line Item Account 6100 -- Regular Salaries						
CLM - 0279776	4/1/2014		Survivor benefit & employee contribution, 4/1/14	12,313.52	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
CLM - 0279780	4/1/2014		Employer & employee contributions, 4/1/14	16,761.00	356600	MASSMUTUAL
EFC - 0009980	4/1/2014		Montecito Fire PR Dir Dept 4/1/14	272,672.56	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
JE - 0098749	4/1/2014		PR for MFD, OT adj. 4/1/14	-47,356.52		
CLM - 0279782	4/4/2014		Employee paid insurance, March	1,472.62	244645	AFLAC
CLM - 0281679	4/16/2014		Survivor benefit & employee contribution, 4/16/14	12,398.03	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
EFC - 0010066	4/16/2014		Montecito Fire PR Dir Dept 4/16/14	263,073.81	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
JE - 0099503	4/16/2014		PR for MFD, OT adj. 4/16/14	-40,322.52		
CLM - 0281680	4/18/2014		Dues & insurance, 4/16/14	7,434.50	556913	Montecito Firemens Assoc
CLM - 0281681	4/18/2014		Employer & employee contributions, 4/16/14	16,861.00	356600	MASSMUTUAL
CLM - 0282117	4/18/2014		Health Benefits, May	1,603.85	648390	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
			Total Regular Salaries	516,911.85		
Line Item Account 6300 -- Overtime						
JE - 0098749	4/1/2014		PR for MFD, OT adj. 4/1/14	47,799.80		
JE - 0099503	4/16/2014		PR for MFD, OT adj. 4/16/14	46,050.79		
			Total Overtime	93,850.59		
Line Item Account 6400 -- Retirement Contribution						
CLM - 0279776	4/1/2014		Retirement contributions, 4/1/14	72,458.65	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
CLM - 0281679	4/16/2014		Retirement contributions, 4/16/14	73,599.91	648385	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
			Total Retirement Contribution	146,058.56		
Line Item Account 6550 -- FICA/Medicare						
EFC - 0009980	4/1/2014		Montecito Fire PR Dir Dept 4/1/14	3,941.74	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
EFC - 0010066	4/16/2014		Montecito Fire PR Dir Dept 4/16/14	3,832.44	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
			Total FICA/Medicare	7,774.18		
Line Item Account 6600 -- Health Insurance Contrib						
MIC - 0053030	4/3/2014		Vision insurance - active, April	1,468.80	855111	Vision Service Plan-CA
MIC - 0053030	4/3/2014		Vision insurance - retirees, April	1,109.76	855111	Vision Service Plan-CA
CLM - 0279781	4/4/2014		Dental insurance, April	12,590.03	711633	DELTA DENTAL
CLM - 0282117	4/18/2014		Health Benefits, May	86,132.19	648390	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
			Total Health Insurance Contrib	101,300.78		
Line Item Account 6700 -- Unemployment Ins Contribution						
EFC - 0009980	4/1/2014		Montecito Fire PR Dir Dept 4/1/14	81.76	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
EFC - 0010066	4/16/2014		Montecito Fire PR Dir Dept 4/16/14	218.09	710175	STATE/FEDERAL TAXES & DIRECT DEPOSITS
			Total Unemployment Ins Contribution	299.85		
Line Item Account 6900 -- Workers Compensation						
CLM - 0283628	4/30/2014		Worker's comp insurance, May	56,349.75	051689	STATE COMPENSATION INSURANCE FUND
			Total Workers Compensation	56,349.75		
Line Item Account 7030 -- Clothing and Personal						
CLM - 0280925	4/11/2014		Employee name tags	29.70	717447	SANTA BARBARA TROPHY & AMERICAN NAMEPLATE
CLM - 0282098	4/18/2014		New turnouts (budgeted)	7,467.23	015519	Allstar Fire Equipment Inc
			Total Clothing and Personal	7,496.93		
Line Item Account 7050 -- Communications						
MIC - 0053033	4/4/2014		805-181-0808, March	43.78	308867	VERIZON CALIFORNIA
MIC - 0053033	4/4/2014		805-565-9618, March	52.60	308867	VERIZON CALIFORNIA
MIC - 0053033	4/4/2014		805-969-0318, March	54.96	308867	VERIZON CALIFORNIA
MIC - 0053033	4/4/2014		805-UH0-4248, March	632.92	308867	VERIZON CALIFORNIA
MIC - 0053033	4/4/2014		805-AC2-2189, March	48.91	308867	VERIZON CALIFORNIA

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
MIC - 0053033	4/4/2014		805-RT5-5839, March	138.17	308867	VERIZON CALIFORNIA
CLM - 0280720	4/11/2014		805-RT0-2320, March	43.78	308867	VERIZON CALIFORNIA
CLM - 0280832	4/11/2014		E92 Sim card for MDC, March	37.99	009266	SPRINT
CLM - 0282124	4/18/2014		CAD connectivity & Internet	2,669.59	776537	COX COMMUNICATIONS
CLM - 0282170	4/18/2014		Satellite phone charges, March	149.24	005120	SATCOM GLOBAL INC
CLM - 0283656	4/30/2014		Service call for setup review	125.00	549223	Compuvision
			Total Communications	3,996.94		
Line Item Account 7060 -- Food						
CLM - 0282243	4/18/2014		Food: Training class refreshments	43.94	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0278913	4/21/2014		Petty cash - Food	113.96	556518	Montecito Fire Protection District
CLM - 0282190	4/21/2014		S. Chapman Reimb: Disaster supplies	72.84	005288	SCOTT CHAPMAN
			Total Food	230.74		
Line Item Account 7070 -- Household Expense						
CLM - 0280721	4/11/2014		Turnouts cleaned	256.35	789085	Suds-Duds Launderette
CLM - 0280773	4/11/2014		Refuse disposal, Sta. 1	358.26	509950	Marborg Industries
CLM - 0280775	4/11/2014		Household supplies	893.17	579739	Unisource
MIC - 0053305	4/11/2014		Shop towels, Sta. 1	202.72	285433	Mission Uniform Service Inc
MIC - 0053305	4/11/2014		Shop towels, Sta. 2	142.32	285433	Mission Uniform Service Inc
CLM - 0282243	4/18/2014		Household: Light bulbs and toaster	143.13	006215	US BANK CORPORATE PAYMENT SYSTEM
MIC - 0053589	4/18/2014		Bottled water, Sta. 1	138.41	032539	NESTLE PURE LIFE DIRECT
MIC - 0053589	4/18/2014		Bottled water, Sta. 2	48.57	032539	NESTLE PURE LIFE DIRECT
JE - 0100262	4/30/2014		Trash/recycling for rental prop, Feb/March	177.68		
			Total Household Expense	2,360.61		
Line Item Account 7120 -- Maintenance - Equipment						
CLM - 0280717	4/11/2014		Batteries for OES 317 repair (reimbursable)	399.38	288138	INTERSTATE BATTERIES OF SIERRA MADRE
CLM - 0280729	4/11/2014		Qtrly solven tank maint	318.64	691500	SAFETY KLEEN CORP
CLM - 0280846	4/11/2014		Ground ladders testing	648.95	652470	Fail Safe Testing

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
MIC - 0053306	4/11/2014		SCBA repair parts	256.58	015519	Allstar Fire Equipment Inc
MIC - 0053306	4/11/2014		SCBA repair parts	13.80	015519	Allstar Fire Equipment Inc
MIC - 0053306	4/11/2014		SCBA repair parts	140.24	015519	Allstar Fire Equipment Inc
CLM - 0282101	4/18/2014		Projector and equipment service call	516.25	815226	Jensen Audio Visual
CLM - 0282166	4/18/2014		New Squad 91 lettering	483.00	293280	Freedom Signs
CLM - 0282243	4/18/2014		Antifreeze/engine coolan cases	1,073.65	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0282243	4/18/2014		Shop supplies: ladder part, new UPS battery, other	430.72	006215	US BANK CORPORATE PAYMENT SYSTEM
MIC - 0053584	4/18/2014		Car wash service, Jan.	240.00	175045	HUGO'S AUTO DETAILING
MIC - 0053584	4/18/2014		Car wash service, Feb.	200.00	175045	HUGO'S AUTO DETAILING
MIC - 0053584	4/18/2014		Car wash service, March	180.00	175045	HUGO'S AUTO DETAILING
MIC - 0053598	4/18/2014		MTR 2000 set-up	1,128.00	733744	Sterling Communications
MIC - 0053598	4/18/2014		MTR 3000 set-up	636.00	733744	Sterling Communications
CLM - 0278913	4/21/2014		Petty cash - Batteries	14.99	556518	Montecito Fire Protection District
CLM - 0282196	4/30/2014		Chain saw repairs	67.70	000250	A-OK MOWER SHOP INC
			Total Maintenance - Equipment	6,747.90		
Line Item Account 7200 -- MTC-Struct/Impr & Grounds						
CLM - 0280726	4/11/2014		Plumbing supplies	69.57	756692	Smardan Hatcher Company
CLM - 0280782	4/11/2014		Landscape maint., March	500.00	639830	Peyton Scapes
CLM - 0282201	4/18/2014		Plumbing repairs, Sta. 1	587.72	054802	United Drain
JE - 0100262	4/30/2014		Pest control service for rental prop, Feb/March	184.00		
JE - 0100262	4/30/2014		Landscaping for rental prop, Feb/March	930.00		
JE - 0100262	4/30/2014		Soft water service for rental prop, Feb/March	685.50		
			Total MTC-Struct/Impr & Grounds	2,956.79		
Line Item Account 7322 -- Consulting & Mgmt Fees						
JE - 0100262	4/30/2014		Rental property mgmt. fees, Feb/March	488.64		
			Total Consulting & Mgmt Fees	488.64		
Line Item Account 7324 -- Audit and Accounting Fees						
JE - 0099651	4/18/2014		Reclass audit fees to budgeted account CLM 0275563	7,160.00		

Expenditure Transactions

From 4/1/2014 to 4/30/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
JE - 0099650	4/22/2014		Auditor FIN; Quarterly Billing Q4 FY 2013-14	4,201.25		
			Total Audit and Accounting Fees	11,361.25		
Line Item Account 7400 -- Medical, Dental and Lab						
CLM - 0280921	4/11/2014		CPR/AED certification supplies	239.45	456657	LAERDAL MEDICAL CORP
CLM - 0280926	4/11/2014		Medical oxygen refills	78.08	070918	Airgas West
			Total Medical, Dental and Lab	317.53		
Line Item Account 7440 -- Miscellaneous Expense						
CLM - 0282161	4/18/2014		Chipping Projects: W Mtn Dr/Arcady/Cowles/Barker	8,500.00	004948	BRANCH OUT TREE CARE LLC
			Total Miscellaneous Expense	8,500.00		
Line Item Account 7450 -- Office Expense						
CLM - 0278968	4/1/2014		Shipping/packaging charges, Jan/Feb	451.22	505305	The UPS Store
CLM - 0280912	4/11/2014		Office copier usage fee, Feb.	192.10	067712	PRECISION IMAGING DBA STREAMLINE OFFICE SOLUTIONS
CLM - 0280912	4/11/2014		Printer cartridges and toners	1,123.20	067712	PRECISION IMAGING DBA STREAMLINE OFFICE SOLUTIONS
CLM - 0281032	4/11/2014		Office supplies	358.88	778083	STAPLES CREDIT PLAN
CLM - 0282243	4/18/2014		Office supplies: binders and organizational equip.	701.67	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0282243	4/18/2014		Printing service: Hazard mitigation map	93.96	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0282243	4/18/2014		Communications and sample policy guides	381.71	006215	US BANK CORPORATE PAYMENT SYSTEM
MIC - 0053289	4/18/2014		Financial analysis services, Feb.	7,309.00	052981	CAPITOL PUBLIC FINANCE GROUP LLC
MIC - 0053289	4/18/2014		Financial analysis services, March	7,517.52	052981	CAPITOL PUBLIC FINANCE GROUP LLC
CLM - 0278913	4/21/2014		Petty cash - Postage and new router	185.83	556518	Montecito Fire Protection District
CLM - 0283675	4/30/2014		Shipping charges	49.02	505305	The UPS Store
JE - 0100262	4/30/2014		Admin. fee for rental prop, Feb/March	10.00		
JE - 0100263	4/30/2014		Reclass Capitol PFG to Prof account MIC 0053289	-14,826.52		
			Total Office Expense	3,547.59		

Expenditure Transactions

From 4/1/2014 to 4/30/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
Line Item Account 7460 -- Professional & Special Service						
CLM - 0280731	4/11/2014		Trip to Diablo Peak, 3/17/14	2,200.00	581770	ASPEN HELICOPTERS INC
CLM - 0280785	4/11/2014		New website design - 2nd installment	2,625.00	008973	AMERAVANT
MIC - 0053304	4/11/2014		Temporary accounting support, 3/10-3/14	1,831.31	090749	ACCOUNTEMPS
MIC - 0053304	4/11/2014		Temporary accounting support, 3/17-3/21	561.75	090749	ACCOUNTEMPS
MIC - 0053304	4/11/2014		Temporary accounting support, 3/24-3/28	1,797.60	090749	ACCOUNTEMPS
MIC - 0053342	4/11/2014		Employee medical exams	2,736.50	712657	SANSUM CLINIC, OCCUPATIONAL MEDICINE
MIC - 0053342	4/11/2014		Employee medical exams	1,034.00	712657	SANSUM CLINIC, OCCUPATIONAL MEDICINE
MIC - 0053342	4/11/2014		Employee medical exams	5,371.50	712657	SANSUM CLINIC, OCCUPATIONAL MEDICINE
MIC - 0053342	4/11/2014		Employee medical exams	270.00	712657	SANSUM CLINIC, OCCUPATIONAL MEDICINE
CLM - 0282194	4/18/2014		SOC Study thru 3/31/14	13,900.67	026576	CITYGATE ASSOCIATES LLC
JE - 0099651	4/18/2014		Reclass audit fees to budgeted account CLM 0275563	-7,160.00		
MIC - 0053593	4/18/2014		Employee medical exams	198.00	009432	SANSUM CLINIC - SANTA BARBARA
MIC - 0053593	4/18/2014		Employee medical exams	150.00	009432	SANSUM CLINIC - SANTA BARBARA
CLM - 0283631	4/30/2014		Legal services, March	1,563.50	645665	Price Postel & Parma
CLM - 0283654	4/30/2014		Labor attorney fees, March	2,056.10	476600	LIEBERT CASSIDY WHITMORE
JE - 0100263	4/30/2014		Reclass Capitol PFG to Prof account MIC 0053289	14,826.52		
MIC - 0053923	4/30/2014		Temporary accounting support, 3/31/14	359.52	090749	ACCOUNTEMPS
MIC - 0053923	4/30/2014		Accountant conversion fee	1,000.00	090749	ACCOUNTEMPS
			Total Professional & Special Service	45,321.97		
Line Item Account 7506 -- Administrative Expense (SBC)						
JE - 0096474	4/21/2014		SB2557 Property Tax Admin Fee 2013/14 (7506)	150,687.00		
			Total Administrative Expense (SBC)	150,687.00		
Line Item Account 7507 -- ADP Payroll Fees						
EFC - 0010031	4/4/2014		ADP fees, 3/31/14	242.16	050379	ADP INC
EFC - 0010172	4/30/2014		ADP fees, 4/15/14	249.23	050379	ADP INC

Expenditure Transactions

From 4/1/2014 to 4/30/2014

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
			Total ADP Payroll Fees	491.39		
Line Item Account 7630 -- Small Tools & Instruments						
MIC - 0053317	4/11/2014		Replacement batteries for thermal imagers	657.18	212380	L N CURTIS & SONS
MIC - 0053317	4/11/2014		Fire axes (3) - Budgeted	609.79	212380	L N CURTIS & SONS
CLM - 0282192	4/18/2014		Hazmat tools (budgeted)	1,251.00	053479	NORTHWEST HAZMAT INC
CLM - 0278913	4/21/2014		Petty cash - small tools	33.51	556518	Montecito Fire Protection District
			Total Small Tools & Instruments	2,551.48		
Line Item Account 7650 -- Special Departmental Expense						
CLM - 0278913	4/21/2014		Petty cash - Live scan fees	50.00	556518	Montecito Fire Protection District
			Total Special Departmental Expense	50.00		
Line Item Account 7730 -- Transportation and Travel						
CLM - 0280791	4/11/2014		FDAC Convention Registration - J.A. Powell	295.00	596356	FDAC FIRE ASSOCIATIONS OF CALIF
CLM - 0280835	4/11/2014		K. Hickman Mileage Reimb: Travel to airport	60.50	113087	KURT HICKMAN
CLM - 0282243	4/18/2014		County Chief and OES lunch meetings	145.56	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0278913	4/21/2014		Petty cash - R. Lauritson travel reimb.	11.85	556518	Montecito Fire Protection District
			Total Transportation and Travel	512.91		
Line Item Account 7731 -- Gasoline-Oil-Fuel						
MIC - 0053295	4/11/2014		Diesel Fuel, 3/13	670.97	636799	DEWITT PINTO PETROLEUM
MIC - 0053295	4/11/2014		Diesel Fuel, 3/27	1,032.38	636799	DEWITT PINTO PETROLEUM
MIC - 0053295	4/11/2014		Diesel Fuel, 4/3	544.50	636799	DEWITT PINTO PETROLEUM
CLM - 0282177	4/18/2014		Gasoline charges, March	1,921.87	005392	THE VILLAGE SERVICE STATION
CLM - 0282243	4/18/2014		Gas charges	477.58	006215	US BANK CORPORATE PAYMENT SYSTEM
			Total Gasoline-Oil-Fuel	4,647.30		
Line Item Account 7732 -- Training and Travel						
CLM - 0280809	4/11/2014		K. Powell Reimb: Tech. Search Specialist	682.00	266918	KEITH POWELL
CLM - 0280811	4/11/2014		J. Villarreal Reimb: Tech. Search Specialist	744.10	755992	Jeff Villarreal
CLM - 0280813	4/11/2014		J. Jenkins Reimb: S403 Information Officer	150.00	403465	JACQUELINE JENKINS

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
CLM - 0280814	4/11/2014		T. Edwards Reimb: Blue Card Train-the-Trainer	1,200.00	252610	LARRY TODD EDWARDS
CLM - 0280829	4/11/2014		S. Davis Reimb: Blue Card Command	385.00	024241	SHAUN P DAVIS
CLM - 0281871	4/18/2014		A. Gil Mileage Reimb: CalPERS Business Rules	120.56	053498	ARACELI GIL
CLM - 0282133	4/18/2014		Blue Card Comm: Briner, Broumand, Bass, Klemowicz	1,540.00	051588	ACROSS THE STREET PRODUCTIONS
CLM - 0282220	4/18/2014		B. Hauser Reimb: Tech. Search Specialist	570.00	010233	BENJAMIN HAUSER
CLM - 0282243	4/18/2014		Ederer/T.Edwards: Fire Studio training	751.33	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0282243	4/18/2014		T.Edwards: Blue Card Training - flight	422.00	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0282243	4/18/2014		Incident response pocket guides	92.91	006215	US BANK CORPORATE PAYMENT SYSTEM
CLM - 0278913	4/21/2014		Petty cash - T. Ederer meal reimb.	24.00	556518	Montecito Fire Protection District
CLM - 0283624	4/30/2014		Laptops for Blue Card Command (7) - Budgeted	5,713.22	734760	Dell Marketing LP
CLM - 0283662	4/30/2014		E. Skei Reimb: Response to Violent Incidents	241.44	027129	EVAN SKEI
CLM - 0283668	4/30/2014		Roof prop training materials	455.53	340893	HAYWARD LUMBER COMPANY SB
			Total Training and Travel	13,092.09		
Line Item Account 7760 -- Utilities						
CLM - 0282175	4/18/2014		Electricity service, Sta. 1 & 2	1,614.12	767200	SOUTHERN CALIFORNIA EDISON
MIC - 0053583	4/18/2014		Gas service, Sta. 1 - March	66.21	767800	THE GAS COMPANY
MIC - 0053583	4/18/2014		Gas service, Sta. 2 - March	80.06	767800	THE GAS COMPANY
MIC - 0053591	4/18/2014		Water service, Sta. 1	185.28	556712	MONTECITO WATER DISTRICT
MIC - 0053591	4/18/2014		Water service, Sta. 2	146.64	556712	MONTECITO WATER DISTRICT
JE - 0100262	4/30/2014		Water/sewer for rental prop, Feb/March	294.42		
			Total Utilities	2,386.73		
			Total Montecito Fire Protection Dist	1,190,291.35		
Fund 3652 -- Montecito Fire Cap Outlay Res						
Line Item Account 8300 -- Equipment						
CLM - 0279785	4/11/2014		SQ 91 Ford F-550 Chassis - Final Balance	97,613.64	047940	ROSENBAUER SOUTH DAKOTA LLC
CLM - 0283643	4/30/2014		900 Vehicle: 2015 Chevy Tahoe	46,829.72	618120	Paradise Chevrolet

Selection Criteria: Fund = 3650-3654

Layout Options: Summarized By = Fund, LineItemAccount; Columns = Vendor

Document	Post On	Dept	Description	Amount	Vendor	Vendor Name
			Total Equipment	144,443.36		
			Total Montecito Fire Cap Outlay Res	144,443.36		

Financial Trend

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	4/30/2012 Year-To-Date Actual	4/30/2013 Year-To-Date Actual	4/30/2014 Year-To-Date Actual
Revenues			
Taxes			
3010 -- Property Tax-Current Secured	11,960,012.48	12,220,416.88	12,919,302.86
3011 -- Property Tax-Unitary	82,220.93	105,596.31	105,867.82
3020 -- Property Tax-Current Unsecd	581,533.97	622,999.96	594,306.97
3040 -- Property Tax-Prior Secured	-54,250.91	-63,838.08	-61,141.77
3050 -- Property Tax-Prior Unsecured	7,754.24	8,182.71	8,334.53
3054 -- Supplemental Pty Tax-Current	82,902.90	111,737.32	177,971.97
3056 -- Supplemental Pty Tax-Prior	6,064.43	8,880.22	16,454.14
Taxes	12,666,238.04	13,013,975.32	13,761,096.52
Use of Money and Property			
3380 -- Interest Income	17,714.51	6,782.96	8,219.87
3381 -- Unrealized Gain/Loss Invstmnts	1,498.50	181.18	2,547.04
3409 -- Other Rental of Bldgs and Land	24,432.00	42,852.65	36,648.00
Use of Money and Property	43,645.01	49,816.79	47,414.91
Intergovernmental Revenue-State			
3750 -- State-Emergency Assistance	0.00	11,322.87	289,301.99
4220 -- Homeowners Property Tax Relief	74,493.00	73,464.06	73,380.60
Intergovernmental Revenue-State	74,493.00	84,786.93	362,682.59
Intergovernmental Revenue-Federal			
4476 -- Federal Emergency Assistance	93,128.79	204,336.02	84,918.61
4789 -- Federal-Other	-24,964.93	0.00	0.00
Intergovernmental Revenue-Federal	68,163.86	204,336.02	84,918.61
Miscellaneous Revenue			
5909 -- Other Miscellaneous Revenue	184,559.06	133,162.35	160,875.37
Miscellaneous Revenue	184,559.06	133,162.35	160,875.37

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	4/30/2012 Year-To-Date Actual	4/30/2013 Year-To-Date Actual	4/30/2014 Year-To-Date Actual
Revenues	13,037,098.97	13,486,077.41	14,416,988.00
Expenditures			
Salaries and Employee Benefits			
6100 -- Regular Salaries	4,673,784.42	4,809,658.00	4,917,843.80
6300 -- Overtime	355,581.49	840,377.53	693,369.01
6400 -- Retirement Contribution	1,511,484.31	1,327,738.46	1,369,456.81
6475 -- Retiree Medical OPEB	425,000.00	0.00	0.00
6550 -- FICA/Medicare	61,201.37	72,458.43	72,165.60
6600 -- Health Insurance Contrib	1,034,464.07	1,087,863.20	1,099,605.68
6700 -- Unemployment Ins Contribution	9,967.09	8,822.29	8,493.67
6900 -- Workers Compensation	411,860.58	471,130.02	576,487.71
Salaries and Employee Benefits	8,483,343.33	8,618,047.93	8,737,422.28
Services and Supplies			
7030 -- Clothing and Personal	6,154.04	2,919.16	18,044.87
7050 -- Communications	58,572.31	62,580.61	62,054.79
7060 -- Food	1,249.04	356.40	1,130.48
7070 -- Household Expense	17,597.85	14,899.29	19,534.84
7090 -- Insurance	33,312.00	29,628.73	29,867.10
7120 -- Maintenance - Equipment	71,837.77	66,535.23	90,937.42
7200 -- MTC-Struct/Impr & Grounds	28,358.45	14,661.25	24,134.29
7322 -- Consulting & Mgmt Fees	1,502.70	0.00	2,198.88
7324 -- Audit and Accounting Fees	15,000.00	15,000.00	23,965.00
7400 -- Medical, Dental and Lab	5,232.85	7,484.05	7,222.99
7430 -- Memberships	2,764.00	2,489.00	2,252.00
7440 -- Miscellaneous Expense	50,062.01	32,366.92	29,515.00
7450 -- Office Expense	7,929.50	16,520.57	21,793.74
7460 -- Professional & Special Service	173,265.90	241,550.76	214,581.73

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	4/30/2012 Year-To-Date Actual	4/30/2013 Year-To-Date Actual	4/30/2014 Year-To-Date Actual
7506 -- Administrative Expense (SBC)	178,322.00	164,500.00	150,687.00
7507 -- ADP Payroll Fees	4,640.32	4,936.78	5,251.26
7530 -- Publications & Legal Notices	471.52	85.28	1,188.08
7580 -- Rents/Leases-Structure	1,101.00	1,155.00	2,828.60
7630 -- Small Tools & Instruments	11,270.21	27,088.60	37,460.49
7650 -- Special Departmental Expense	13,756.56	30,320.42	14,858.35
7653 -- Training Fees & Supplies	2,076.85	1,426.34	825.60
7671 -- Special Projects	4,112.66	2,681.02	4,160.55
7730 -- Transportation and Travel	11,621.63	5,699.64	8,877.12
7731 -- Gasoline-Oil-Fuel	30,740.71	40,979.92	43,495.71
7732 -- Training and Travel	32,927.22	21,331.67	36,726.83
7760 -- Utilities	37,102.40	35,153.69	39,924.11
Services and Supplies	800,981.50	842,350.33	893,516.83
Capital Assets			
8300 -- Equipment	13,730.75	53,179.29	32,425.12
Capital Assets	13,730.75	53,179.29	32,425.12
Expenditures	9,298,055.58	9,513,577.55	9,663,364.23
Other Financing Sources & Uses			
Other Financing Sources			
5919 -- Sale Capital Assets-Prsnl Prop	105.00	0.00	0.00
Other Financing Sources	105.00	0.00	0.00
Other Financing Uses			
7901 -- Oper Trf (Out)	408,450.00	716,856.00	741,159.80
Other Financing Uses	408,450.00	716,856.00	741,159.80
Other Financing Sources & Uses	-408,345.00	-716,856.00	-741,159.80

Financial Trend

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 3yr

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	4/30/2012 Year-To-Date Actual	4/30/2013 Year-To-Date Actual	4/30/2014 Year-To-Date Actual
Changes to Fund Balances			
Decrease to Restricted			
9797 -- Unrealized Gains	7,786.35	4,075.11	0.00
Decrease to Restricted	7,786.35	4,075.11	0.00
Increase to Nonspendables			
9605 -- Prepaids/Deposits	0.00	11,932.00	4,386.00
Increase to Nonspendables	0.00	11,932.00	4,386.00
Increase to Restricted			
9797 -- Unrealized Gains	9,284.85	4,256.29	0.00
Increase to Restricted	9,284.85	4,256.29	0.00
Changes to Fund Balances	-1,498.50	-12,113.18	-4,386.00
Montecito Fire Protection Dist	3,329,199.89	3,243,530.68	4,008,077.97
Net Financial Impact	3,329,199.89	3,243,530.68	4,008,077.97

Expenditure Trend

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 10mo, MTDActual

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	7/31/2013 Month-To-Date Actual	8/31/2013 Month-To-Date Actual	9/30/2013 Month-To-Date Actual	10/31/2013 Month-To-Date Actual	11/30/2013 Month-To-Date Actual	12/31/2013 Month-To-Date Actual	1/31/2014 Month-To-Date Actual	2/28/2014 Month-To-Date Actual	3/31/2014 Month-To-Date Actual	4/30/2014 Month-To-Date Actual	
Expenditures											
Salaries and Employee Benefits											
6100 -- Regular Salaries	230,565.83	520,853.51	517,629.75	546,738.92	492,304.53	797,185.03	287,995.14	504,002.44	503,656.80	516,911.85	
6300 -- Overtime	20,700.16	101,305.89	159,143.62	71,234.04	50,777.36	74,905.63	44,066.37	41,367.90	36,017.45	93,850.59	11
6400 -- Retirement Contribution	71,444.03	145,409.23	144,518.81	216,040.28	73,049.83	144,388.73	142,745.98	142,937.73	142,863.63	146,058.56	
6475 -- Retiree Medical OPEB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6500 -- FICA Contribution	0.00	0.00	0.00	0.00	0.00	11,601.42	0.00	3,364.29	-14,965.71	0.00	
6550 -- FICA/Medicare	3,831.48	8,003.55	8,696.68	7,375.58	7,285.01	0.00	3,703.86	3,613.92	21,881.34	7,774.18	
6600 -- Health Insurance Contrib	188,710.44	112,734.36	88,783.50	113,214.84	85,910.33	103,178.13	101,599.32	102,141.32	102,032.66	101,300.78	
6700 -- Unemployment Ins Contribution	0.00	66.51	82.17	60.16	51.21	7,077.47	735.78	51.16	69.36	299.85	
6900 -- Workers Compensation	89,700.39	56,349.75	44,561.59	50,798.13	83,074.89	54,499.21	-22,343.63	112,699.50	50,798.13	56,349.75	
Total Salaries and Employee Benefits	604,952.33	944,722.80	963,416.12	1,005,461.95	792,453.16	1,192,835.62	558,502.82	910,178.26	842,353.66	922,545.56	
Services and Supplies											
7030 -- Clothing and Personal	151.53	1,281.39	47.56	98.00	6,794.15	1,402.76	-102.68	655.51	219.72	7,496.93	12
7050 -- Communications	6,272.30	6,136.52	8,068.74	6,876.62	4,834.69	6,526.55	6,193.19	6,328.48	6,820.76	3,996.94	
7060 -- Food	80.10	0.00	0.00	0.00	0.00	134.02	524.89	160.73	0.00	230.74	
7070 -- Household Expense	864.71	1,342.22	1,559.68	2,424.91	4,463.65	1,996.72	1,217.32	1,245.99	2,059.03	2,360.61	
7090 -- Insurance	29,867.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7120 -- Maintenance - Equipment	-4,986.11	13,346.42	37,761.13	3,552.83	3,840.56	17,124.55	3,939.82	2,239.14	7,371.18	6,747.90	
7200 -- MTC-Struct/Impr & Grounds	603.00	831.87	1,570.56	802.19	5,120.26	2,670.00	709.00	2,658.17	6,212.45	2,956.79	
7322 -- Consulting & Mgmt Fees	0.00	0.00	0.00	0.00	977.28	0.00	0.00	732.96	0.00	488.64	
7324 -- Audit and Accounting Fees	0.00	0.00	4,201.25	0.00	4,201.25	0.00	4,201.25	0.00	0.00	11,361.25	13
7400 -- Medical, Dental and Lab	0.00	1,621.11	978.45	70.59	1,581.88	0.00	984.38	987.98	681.07	317.53	
7430 -- Memberships	640.00	550.00	0.00	0.00	125.00	137.00	0.00	500.00	300.00	0.00	
7440 -- Miscellaneous Expense	0.00	0.00	5,790.00	-700.00	0.00	1,000.00	0.00	925.00	14,000.00	8,500.00	14
7450 -- Office Expense	374.81	3,108.64	512.99	3,032.20	1,402.65	5,265.68	865.71	885.87	2,797.60	3,547.59	15
7460 -- Professional & Special Service	3,725.50	14,123.95	9,755.50	8,847.00	12,794.48	27,468.84	10,593.64	32,315.43	49,635.42	45,321.97	
7506 -- Administrative Expense (SBC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,687.00	
7507 -- ADP Payroll Fees	434.02	462.91	688.71	199.23	512.91	477.44	571.82	491.39	921.44	491.39	
7530 -- Publications & Legal Notices	0.00	79.04	0.00	0.00	0.00	26.00	0.00	900.00	183.04	0.00	
7580 -- Rents/Leases-Structure	375.00	250.00	250.00	750.00	0.00	0.00	1,203.60	0.00	0.00	0.00	
7630 -- Small Tools & Instruments	0.00	33.66	0.00	227.80	27,146.54	696.45	486.84	261.49	6,056.23	2,551.48	
7650 -- Special Departmental Expense	8,011.46	3,209.90	804.00	1,250.45	23.85	131.90	-7.55	0.00	1,384.34	50.00	

Expenditure Trend

As of: 4/30/2014
Accounting Period: CLOSED

Selection Criteria: Fund = 3650

Layout Options: Summarized By = Fund, LineItemAccount; Page Break At = Fund; Columns = 10mo, MTDActual

Fund 3650 -- Montecito Fire Protection Dist

Line Item Account	7/31/2013 Month-To-Date Actual	8/31/2013 Month-To-Date Actual	9/30/2013 Month-To-Date Actual	10/31/2013 Month-To-Date Actual	11/30/2013 Month-To-Date Actual	12/31/2013 Month-To-Date Actual	1/31/2014 Month-To-Date Actual	2/28/2014 Month-To-Date Actual	3/31/2014 Month-To-Date Actual	4/30/2014 Month-To-Date Actual
7653 -- Training Fees & Supplies	0.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	525.60	0.00
7671 -- Special Projects	0.00	0.00	0.00	0.00	1,920.31	0.00	1,772.80	0.00	467.44	0.00
7730 -- Transportation and Travel	-541.70	3,261.21	1,248.35	944.38	1,667.94	659.21	1,080.02	44.80	0.00	512.91
7731 -- Gasoline-Oil-Fuel	2,723.88	4,994.89	7,007.67	5,106.75	3,198.75	4,618.02	2,991.96	5,050.97	3,155.52	4,647.30
7732 -- Training and Travel	0.00	2,391.58	497.90	778.04	1,320.00	2,293.96	1,015.00	5,090.50	10,247.76	13,092.09
7760 -- Utilities	3,447.83	3,258.42	3,494.08	7,475.68	5,304.63	2,540.75	6,828.92	2,791.01	2,396.06	2,386.73
Total Services and Supplies	52,043.43	60,283.73	84,236.57	42,036.67	87,230.78	75,169.85	45,069.93	64,265.42	115,434.66	267,745.79
Capital Assets										
8300 -- Equipment	-470.00	2,321.74	129.43	8,956.40	5,075.91	9,927.22	6,484.42	0.00	0.00	0.00
Total Capital Assets	-470.00	2,321.74	129.43	8,956.40	5,075.91	9,927.22	6,484.42	0.00	0.00	0.00
Total Expenditures	656,525.76	1,007,328.27	1,047,782.12	1,056,455.02	884,759.85	1,277,932.69	610,057.17	974,443.68	957,788.32	1,190,291.35
Other Financing Sources & Uses										
Other Financing Uses										
7901 -- Oper Trf (Out)	364,525.70	0.00	0.00	0.00	0.00	376,634.10	0.00	0.00	0.00	0.00
Total Other Financing Uses	364,525.70	0.00	0.00	0.00	0.00	376,634.10	0.00	0.00	0.00	0.00
Total Other Financing Sources & Uses	364,525.70	0.00	0.00	0.00	0.00	376,634.10	0.00	0.00	0.00	0.00
Changes to Fund Balances										
Changes to Nonspendable										
9605 -- Prepaids/Deposits	0.00	0.00	4,386.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Changes to Nonspendable	0.00	0.00	4,386.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Changes to Fund Balances	0.00	0.00	4,386.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Montecito Fire Protection Dist	1,021,051.46	1,007,328.27	1,052,168.12	1,056,455.02	884,759.85	1,654,566.79	610,057.17	974,443.68	957,788.32	1,190,291.35
Total Report	1,021,051.46	1,007,328.27	1,052,168.12	1,056,455.02	884,759.85	1,654,566.79	610,057.17	974,443.68	957,788.32	1,190,291.35

MONTECITO FIRE PROTECTION DISTRICT
CASH IN TREASURY - ALL FUNDS
April 30, 2014

	Fund 3650 General	Fund 3651 Pension Obl.	Fund 3652 Capital Outlay	Fund 3653 Land & Bldg	Fund 3654 Mello-Roos	All Funds
Cash Balance at 4/1/14	5,264,465.92	346.92	1,996,800.00	4,854,536.65	9,685.88	12,125,835.37
Income:						
Revenues	5,733,845.78	-	-	-	-	5,733,845.78
Interest	5,984.40	0.30	1,764.29	4,213.31	10.78	11,973.08
Other:						
USFS reimb - Pfeiffer Fire	23,511.23	-	-	-	-	23,511.23
USFS Hough Complex - Refund	(514.02)	-	-	-	-	(514.02)
CSFD Dispatch Services	21,202.00	-	-	-	-	21,202.00
	5,784,029.39	0.30	1,764.29	4,213.31	10.78	5,790,018.07
Expenses:						
Claims Processed	(321,325.30)	-	(144,443.36)	-	-	(465,768.66)
Payroll	(857,037.04)	-	-	-	-	(857,037.04)
Other:						
Reimbursed expenses	-	-	-	-	-	-
	(1,178,362.34)	-	(144,443.36)	-	-	(1,322,805.70)
Cash Balance at 4/30/14	9,870,132.97	347.22	1,854,120.93	4,858,749.96	9,696.66	16,593,047.74

MONTECITO FIRE PROTECTION DISTRICT
PAYROLL EXPENDITURES
April 2014

Regular Salaries	$ 493,309.41		
Directors Fees	800.00		
Auxiliary	382.50		
FLSA Safety	5,879.15		
FLSA Dispatch	3,496.78		
Regular Overtime	60,918.90		
Chief Officers - Extra Duty	21,666.00		
Dispatch Cadre Earnings	2,108.92		
Hartford 457 Contribution	8,600.00		
4850 Time - S. Bumanglag	4,519.07		
Uniform Allowance	1,000.00		
		Gross Wages	$ 602,680.73
District Contributions to Insurance	102,372.10		
District Contributions to Medicare & FICA	7,661.32		
District Contributions to SUI	493.07		
PERS, Employee Contribution paid by District	48,020.73		
PERS, Employer Contribution paid by Employee (4.5%)	(24,213.81)		
PERS, District Contribution	121,495.52		
Due to AFLAC	(1,472.62)		
		Total Benefits	254,356.31
		Grand Total	$ 857,037.04

MONTECITO FIRE PROTECTION DISTRICT
OVERTIME COMPENSATION
April 2014

Name	Date Worked	Comp Time Hrs	OT Hrs	Total Amount	Sick Relief	Reimb.- Fire Assignment	Emergency Callback	Class Cover	Paramedic Con. Ed	Flex Day	Extra Staffing	Shift Vacancy	BC Coverage	Dispatch Coverage	Other	Description
J. Villarreal	03/21/14		19.00	1,389.95											1,389.95	Vice President detail
E. Fuentes	03/22/14		8.50	579.49											579.49	Vice President detail
J. Badaracco	03/24/14		3.00	235.08											235.08	Final Squad 91 inspection
E. Fuentes	03/26/14		24.00	1,636.20	1,636.20											
J. Badaracco	03/26/14		2.50	195.90											195.90	Final Squad 91 inspection
B. Hauser	03/27/14	24.00	-	-												
E. Skei	03/27/14		6.00	428.40											428.40	Academy preparation
G. Lopez	03/27/14		12.00	729.90								729.90				
G. Ventura	03/27/14		2.00	194.16											194.16	Committee packet preparation
R. Galbraith	03/28/14		24.00	1,365.84								1,365.84				
A. Gregson	03/29/14		24.00	1,884.00									1,884.00			
E. Klemowicz	03/29/14		24.00	1,328.40								1,328.40				
G. Lopez	03/29/14		24.00	1,459.80								1,459.80				
R. Lauritson	03/29/14	4.00	20.00	2,304.90								2,304.90				
T. Ederer	03/29/14	8.00	16.00	1,142.40							1,142.40					
R. Walkup	03/30/14		24.00	1,328.40								1,328.40				
K. Hickman	03/31/14		9.50	584.11				584.11								
B. Koepke	04/01/14		24.00	1,883.16								1,883.16				
T. Edwards	04/01/14		14.50	942.00									942.00			
T. Ederer	04/02/14		8.00	571.20											571.20	Academy instruction
J. Villarreal	04/03/14		24.00	1,755.72								1,755.72				
J. Zeitsoff	04/03/14		24.00	1,229.40	1,229.40											
L. Bass	04/03/14		24.00	1,488.60								1,488.60				
R. McCracken	04/03/14		4.00	243.72				243.72								
S. Davis	04/03/14		10.00	569.10											569.10	Academy instruction
T. Edwards	04/03/14		24.00	1,884.00									1,884.00			
T. Poulos	04/03/14		24.00	1,459.80								1,459.80				
S. Davis	04/04/14		10.00	569.10											569.10	Academy instruction
A. Gregson	04/05/14		24.00	942.00									942.00			
L. Bass	04/05/14		24.00	1,488.60								1,488.60				
L. Muller	04/05/14		24.00	1,053.00										1,053.00		
T. Edwards	04/05/14		9.00	942.00									942.00			
G. Blake	04/06/14		24.00	1,425.60								1,425.60				
T. Edwards	04/07/14		24.00	1,884.00									1,884.00			
A. Briner	04/08/14		14.50	798.88			798.88									
A. Broumand	04/08/14		24.00	1,402.56								1,402.56				
B. Koepke	04/08/14		2.00	156.93					156.93							
L. Bass	04/08/14		10.50	651.26								651.26				
E. Fuentes	04/09/14		7.50	511.31				511.31								
G. McLeod	04/09/14		24.00	1,884.00									1,884.00			
K. Hickman	04/09/14	8.00	16.00	983.76								983.76				
J. Villarreal	04/10/14		24.00	1,755.72								1,755.72				
K. Powell	04/10/14		24.00	1,328.40								1,328.40				
E. Fuentes	04/11/14		24.00	1,636.20								1,636.20				
G. McLeod	04/11/14		24.00	1,884.00									1,884.00			
T. Ederer	04/11/14	16.00	8.00	571.20											571.20	Academy coverage
R. Lauritson	04/12/14	4.00	20.00	2,304.90								2,304.90				
S. Davis	04/12/14		24.00	1,365.84								1,365.84				
A. Briner	04/13/14		24.00	1,382.40								1,382.40				
T. Poulos	04/13/14		3.00	182.48			182.48									
D. Holthe	04/14/14		10.00	715.80											715.80	Academy instruction
J. Zeitsoff	04/14/14		24.00	1,229.40								1,229.40				
K. Mann	04/14/14	12.00	12.00	818.10								818.10				
T. Edwards	04/14/14		24.00	1,884.00									1,884.00			
D. Holthe	04/15/14		10.00	715.80											715.80	Academy instruction
E. Klemowicz	04/15/14		9.00	498.15											498.15	Academy coverage
M. Elliott	04/15/14		9.00	572.13								572.13				
P. Purguy	04/15/14		7.50	390.83										390.83		
B. Hauser	04/16/14		10.50	564.17											564.17	Academy coverage
G. McLeod	04/16/14		24.00	1,884.00									1,884.00			
R. Walkup	04/16/14		24.00	1,328.40								1,328.40				
S. Davis	04/17/14		9.00	512.19											512.19	Academy instruction

Name	Date Worked	Comp Time Hrs	OT Hrs	Total Amount	Sick Relief	Reimb.- Fire Assignment	Emergency Callback	Class Cover	Paramedic Con. Ed	Flex Day	Extra Staffing	Shift Vacancy	BC Coverage	Dispatch Coverage	Other	Description
G. McLeod	04/18/14		24.00	1,884.00									1,884.00			
A. Gregson	04/20/14		24.00	1,884.00									1,884.00			
K. Powell	04/20/14		12.00	664.20								664.20				
B. Koepke	04/21/14		24.00	1,883.16								1,883.16				
B. Hauser	04/22/14		9.00	483.57				483.57								
T. Edwards	04/22/14		24.00	1,884.00									1,884.00			
G. Ventura	04/23/14		1.00	97.08											97.08	Board packet preparation
J. Zeitsoff	04/23/14		24.00	1,229.40								1,229.40				
L. Bass	04/23/14		24.00	1,488.60								1,488.60				
S. Davis	04/23/14		9.00	512.19											512.19	Academy instruction
G. Ventura	04/24/14		2.00	194.16											194.16	Board packet preparation
K. Mann	04/25/14		24.00	1,636.20								1,636.20				
E. Skei	04/27/14		24.00	1,713.60								1,713.60				
			Grand Total	**82,584.90**	**2,865.60**	**-**	**981.36**	**1,822.71**	**156.93**	**-**	**1,142.40**	**43,392.95**	**21,666.00**	**1,443.83**	**9,113.12**	
			% of Total	**100.00%**	**3.47%**	**0.00%**	**1.19%**	**2.21%**	**0.19%**	**0.00%**	**1.38%**	**52.54%**	**26.23%**	**1.75%**	**11.03%**	

MONTECITO FIRE PROTECTION DISTRICT
SUMMARY OF OVERTIME EXPENSE BY CATEGORY
FY 2012-13

Month Paid	Sick	Fire Assign & Callback	Pre-build Inspection	Class Cover	Paramedic	Flex Day	Extra Staffing	Shift Vacancy	BC Coverage	Dispatch Coverage	Other	Total OT	Monthly % of Total	Cum. % of Total
JULY	2,934.00	4,381.03	-	429.30	790.68	8,621.64	1,865.16	37,546.02	-	6,284.02	2,941.07	65,792.92	6.1%	6.1%
AUGUST	12,344.15	76,026.26	5,674.27	3,078.82	700.61	14,043.84	1,070.37	50,526.54	1,884.00	6,776.12	2,235.79	174,360.77	16.1%	22.2%
SEPTEMBER	9,619.56	58,014.16	-	5,935.32	773.57	8,749.08	-	58,064.58	16,956.00	3,791.52	5,147.72	167,051.51	15.4%	37.6%
OCTOBER	16,776.96	4,850.59	-	6,517.80	113.82	9,017.88	5,338.47	51,423.70	1,884.00	5,265.05	5,884.17	107,072.44	9.9%	47.5%
NOVEMBER	13,379.80	5,876.93	-	-	628.82	8,289.60	1,218.24	54,593.07	5,652.00	5,481.84	598.47	95,718.77	8.8%	56.4%
DECEMBER	12,630.64	374.96	-	4,403.61	113.82	2,168.82	-	16,157.43	-	5,182.84	4,840.67	45,872.79	4.2%	60.6%
JANUARY	21,726.48	10,232.81	983.28	-	229.54	8,201.91	-	29,201.05	1,884.00	5,432.76	2,571.43	80,463.26	7.4%	68.0%
FEBRUARY	21,023.89	238.61	-	486.60	617.03	-	-	17,724.02	7,536.00	2,478.78	5,317.86	55,422.79	5.1%	73.1%
MARCH	7,806.12	1,154.21	-	1,148.59	605.89	1,462.32	-	4,574.75	5,652.00	-	1,274.42	23,678.30	2.2%	75.3%
APRIL	10,465.20	7,514.47	-	3,085.42	534.34	4,226.40	2,707.52	13,714.44	12,246.00	4,035.24	3,832.02	62,361.05	5.8%	81.1%
MAY	6,058.56	34,924.36	-	179.29	1,766.81	6,840.15	340.88	17,939.55	4,710.00	9,816.22	3,600.35	86,176.17	8.0%	89.1%
JUNE	2,804.36	68,659.48	-	-	1,092.31	2,700.72	11,628.81	20,789.40	5,652.00	3,296.52	1,856.90	118,480.50	10.9%	100.0%
TOTAL	**137,569.72**	**272,247.87**	**6,657.55**	**25,264.75**	**7,967.24**	**74,322.36**	**24,169.45**	**372,254.55**	**64,056.00**	**57,840.91**	**40,100.87**	**1,082,451.27**	**100.0%**	
	12.7%	**25.2%**	**0.6%**	**2.3%**	**0.7%**	**6.9%**	**2.2%**	**34.4%**	**5.9%**	**5.3%**	**3.7%**			

Fire Assignment Reimbursements Received:

Date	Source	Amount
1/25-3/4/13	State of CA	11,322.87
9/28/12-1/25/13	USFS	223,953.02

MONTECITO FIRE PROTECTION DISTRICT
SUMMARY OF OVERTIME EXPENSE BY CATEGORY
FY 2013-14

Month Paid	Sick	Reimb.-Fire Assigment	Emergency Callback	Class Cover	Paramedic	Flex Day	Extra Staffing	Shift Vacancy	BC Coverage	Dispatch Coverage	Other	Total OT	Monthly % of Budget	Cum. % of Budget
JULY	17,047.80	21,550.17	1,005.12	1,475.64	516.83	6,730.92	13,279.82	15,550.45	9,420.00	3,630.96	3,726.19	93,933.90	11.1%	11.1%
AUGUST	15,315.23	60,900.04	-	1,322.28	110.79	10,935.72	-	20,107.22	-	861.96	824.53	110,377.77	13.0%	24.0%
SEPTEMBER	12,665.18	94,071.40	2,211.15	2,691.72	429.27	2,722.32	1,726.31	12,127.25	1,884.00	1,763.10	4,918.40	137,210.10	16.1%	40.2%
OCTOBER	21,165.09	-	1,961.08	1,306.28	470.86	4,835.64	-	18,184.57	9,420.00	1,993.32	7,271.41	66,608.25	7.8%	48.0%
NOVEMBER	3,594.15	-	6,945.40	1,586.97	350.09	1,425.60	-	5,882.79	4,710.00	2,540.88	5,462.78	32,498.66	3.8%	51.8%
DECEMBER	6,826.38	9,239.53	1,316.32	-	-	1,687.95	-	24,260.50	12,879.42	7,330.14	399.42	63,939.66	7.5%	59.4%
JANUARY	9,070.66	-	-	531.59	-	2,919.60	16,384.59	21,701.93	7,536.00	7,897.86	1,171.76	67,213.98	7.9%	67.3%
FEBRUARY	4,363.35	-	1,675.73	254.28	235.40	-	9,011.52	10,115.66	4,710.00	4,724.91	933.33	36,024.18	4.2%	71.5%
MARCH	4,059.13	-	1,259.06	4,929.53	3,421.31	-	1,459.80	24,381.64	17,898.00	2,347.38	6,257.51	66,013.35	7.8%	79.3%
APRIL	2,865.60	-	981.36	1,822.71	156.93	-	1,142.40	43,392.95	21,666.00	1,443.83	9,113.12	82,584.90	9.7%	89.0%
TOTAL	**96,972.56**	**185,761.14**	**17,355.21**	**15,921.00**	**5,691.48**	**31,257.75**	**43,004.44**	**195,704.95**	**90,123.42**	**34,534.34**	**40,078.45**	**756,404.74**	**89.0%**	
	12.8%	**24.6%**	**2.3%**	**2.1%**	**0.8%**	**4.1%**	**5.7%**	**25.9%**	**11.9%**	**4.6%**	**5.3%**	**100.0%**		
													Budget	**$ 850,000**

Fire Assignment Reimbursements Received:

Date	Source	Amount
9/17-1/7/14	State of CA	329,577.99
9/18-4/16/14	USFS	220,955.61

MONTECITO FIRE PROTECTION DISTRICT
FIRE ASSIGNMENTS - BILLING
FY 2013-2014

Fire Name, #	Invoice #	Period Covered	Date Billed/ Inv. Rec'd	Agency	Total Due	Date Rec'd	Amt. Rec'd.
West Fork Complex, CO-SJF-0285	2013-04	7/2-7/11/13	08/07/13	USFS	$ 18,460.49	11/14/13	**$ 18,460.49**
Chariot Fire, CA-MVU-014084		7/8-7/11/13	09/03/13	Cal-EMA	29,226.50	12/04/13	**29,226.50**
Falls Fire, CA-CNF-002512		8/6-8/8/13	09/09/13	Cal-EMA	23,401.17	12/03/13	**23,401.17**
Silver Fire, CA-RRU-079781		8/8-8/10/13	09/03/13	Cal-EMA	29,398.41	12/04/13	**29,398.41**
American Fire, CA-TNF-1562	2013-06	8/12-8/19/13	09/12/13	USFS	12,499.70		**-**
American Fire, CA-TNF-1562		8/15-8/18/13	03/10/14	Cal-EMA	7,935.70		**-**
Shirley Fire, CA-SQF-3228		8/19-8/20/13	10/03/13	Cal-EMA	14,621.27	12/06/13	**14,621.25**
Shirley Complex, CA-SQF-3229		8/20-8/23/13	09/09/13	Cal-EMA	35,955.94	12/09/13	**35,955.95**
Hough Complex, CA-PNF-1324	2013-07	8/19-8/28/13	10/03/13	USFS	37,607.18	04/16/14	**37,607.18**
Rim Fire, CA-STF-2857		8/23-9/3/13		Cal-EMA	156,698.60	01/07/14	**156,698.60**
Pfeiffer Fire, CA-LPF-3810	2013-08	12/16-12/22/13	01/28/13	USFS	23,511.23	04/10/14	**23,511.23**
					$ 389,316.19		**$ 368,880.78**

Financial Status Reconciliation

Cal-EMA State Revenue (Acct 3750)	289,301.88
USFS Revenue	79,578.90
USFS Prior Year Revenue	5,339.71
Total USFS Revenue (Acct 4476)	84,918.61

PRICE, POSTEL & PARMA LLP

COUNSELLORS AT LAW
POST OFFICE BOX 99
SANTA BARBARA, CA 93102-0099

(805) 962-0011 TAX ID # 95-1782877

MONTECITO FIRE PROTECTION DISTRICT
595 SAN YSIDRO ROAD
SANTA BARBARA, CA 93108

April 15, 2014
File #: 12611
Invoice #: 115726
Billing Attorney: MSM

ACCOUNT SUMMARY BALANCE

RE: ATTORNEY OPINIONS Our File Number: 12611-00024	442.50
RE: BOARD MTGS Our File Number: 12611-00061	1,032.50
RE: 2014 PROPOSITION 4 OVERRIDE Our File Number: 12611-00083	88.50
Current Total Charges	1,563.50

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SUMMARY OF CURRENT CHARGES

Current Fees	1,563.50	
Total Current Fees & Costs	1,563.50	
Total Current Due		**$1,563.50**

SUMMARY OF PAST DUE BALANCES

Total Past Due	**$0.00**

Agenda Item #3

PUBLIC AGENCY RETIREMENT SERVICES | PARS

MONTECITO FIRE PROTECTION DISTRICT
PARS GASB 45 Program

Monthly Account Report for the Period
2/1/2014 to 2/28/2014

Stephen Hickman
Fire Chief
Montecito Fire Protection District
595 San Ysidro Rd.
Santa Barbara, CA 93108

Account Summary

Source	Beginning Balance as of 2/1/2014	Contribution	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 2/28/2014
Employer Contribution	$2,894,018.43	$0.00	$77,626.23	$1,279.67	$0.00	$0.00	$2,970,364.99
Totals	**$2,894,018.43**	**$0.00**	**$77,626.23**	**$1,279.67**	**$0.00**	**$0.00**	**$2,970,364.99**

Investment Selection

Balanced HighMark PLUS

Investment Objective

The dual goals of the Balanced Strategy are growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return. The portfolio will be allocated between equity and fixed income investments.

Investment Return

			Annualized Return			
1-Month	**3-Months**	**1-Year**	**3-Years**	**5-Years**	**10-Years**	**Inception Date**
2.68%	2.62%	12.16%	7.89%	N/A	N/A	1/19/2010

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Inception Date: Plans inception date

Agenda Item #4

MONTECITO
FIRE PROTECTION DISTRICT

MANAGEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2013

MONTECITO FIRE PROTECTION DISTRICT

Management Report
For the Year Ended June 30, 2013

Table of Contents

FECHTER
& COMPANY
Certified Public Accountants

Craig R.Fechter, CPA
Scott A. German, CPA

Board of Directors of the
Montecito Fire Protection District
Santa Barbara, California

In planning and performing our audit of the financial statements of the Montecito Fire Protection District for the year ended June 30, 2013, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that errors or irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We thank the District's staff for its cooperation on this audit.

Fechter & Company,
Certified Public Accountants

Fechter & Company, CPAs

March 15, 2014
Sacramento, California

1870 Avondale Avenue Suite 4 | Sacramento CA, 95825 | ph 916-333-5360 | fax 916-333-5370
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and California Society of CPAs

MONTECITO FIRE PROTECTION DISTRICT
Required Communications
For the Year Ended June 30, 2013

The Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 26, 2013, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Internal Control Related Matters

In any smaller entity, whether private enterprise or a governmental agency, the lack of segregation of duties can present potential issues in regards to the perpetuation and concealment of fraud. Even with a perfect segregation of duties frauds can be perpetuated and concealed. The District can perform some specific control procedures to help reduce the risk of fraud, however. Some of the controls would include:

- Having someone independent of the bank reconciliation function review the bank statements on a monthly basis.
- Examining financial statements on a monthly basis at the management and department levels.
- Examining a budget to actual report on a frequent basis.

- Comparing the financial statements on a detailed level to the prior year on a frequent basis.
- Having someone independent of the payroll process review payroll on a bi-weekly basis, checking for accuracy of pay rates, paid time off recorded, etc.
- Verifying that a second person is approving all disbursement activity and that an individual independent of the accounting function is signing checks and asking questions about invoices presented for payment.
- Frequently displaying "professional skepticism" when considering staff responses on District finances.

There is no catch-all for finding all instances of fraud within any entity, whether public or private. One of the key factors in helping prevent fraud is to encourage ethical behavior at all levels of the organization, i.e., "tone at the top". Another key would be to note instances of abnormal behavior of finance or accounting staff when questioned about District financial matters.

The District should remember that they have outside resources available in the case of fraud – they are able to contact District auditor, their attorney, or county auditor-controller should anyone feel there is a chance of fraud or abuse.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Accrual and disclosure of compensated absences
- Capital asset lives and depreciation expense
- Actuarial study to estimate the annual required contribution of pension plan
- Actuarial study to estimate annual required contribution for post-employment benefits

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the District's financial reporting process:

- Posting of all GASB 34 entries on behalf of the District

MONTECITO FIRE PROTECTION DISTRICT
Required Communications
For the Year Ended June 30, 2013

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

MONTECITO FIRE PROTECTION DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

MONTECITO FIRE PROTECTION DISTRICT

Annual Financial Report
For the Fiscal Year Ended June 30, 2013

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Montecito Fire Protection District
Santa Barbara, California

We have audited the accompanying financial statements of the governmental activities of each major fund, and the aggregate remaining fund information of the Montecito 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.

To the Board of Directors
of the Montecito Fire Protection District
Santa Barbara, California

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 Montecito 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 management's discussion & analysis, post-employment benefits and budgetary comparison information on pages 3-9 and 31-33, 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.

Fechter & Company, CPAs

Fechter & Company, CPAs

Sacramento, CA
April 9, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

The purpose of the Management's Discussion and Analysis (MD&A) is to provide an overview of the District's financial condition and to highlight important changes and activities with fiscal implications that occurred during the year ended June 30, 2013. Please read it in conjunction with the District's basic financial statements and required supplementary information, which follow this section.

Discussion of Basic Financial Statements

This discussion and analysis provides an introduction and a brief discussion of the District's basic financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. Special purpose governments engaged in a single government program can combine the fund financial statements and the government-wide statements using a columnar format. This format reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

The District's financial statements include three components:

1. Statement of Net Position and Governmental Funds Balance Sheet
2. Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balances
3. Notes to the Basic Financial Statements

The Statement of Net Position and Governmental Funds Balance Sheet provides the basis for evaluating the District's capital structure, liquidity, and financial flexibility. The Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balances presents information that shows how the District's fund balances and net position changed during the year. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The Notes to the Basic Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements. In addition to the basic financial statements, this report also presents other required supplementary information.

MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

Government-wide Financial Analysis

In accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34), the following is an analysis of the District's net position and changes in net position.

Table 1 – Montecito Fire Protection District Net Position

	2012	2013	Dollar Change	Percent Change
Assets:				
Current and other assets	$ 13,218,247	$ 13,729,030	$ 510,783	3.9%
Capital assets	10,230,528	10,374,201	143,673	1.4%
Total assets	$ 23,448,775	$ 24,103,231	$ 654,456	2.8%
Liabilities:				
Current and other liabilities	$ 296,748	$ 1,009,575	$ (712,827)	-240%
Long-term liabilities	4,326,369	3,507,345	819,024	18.9%
Total liabilities	4,623,117	4,516,920	106,197	2.3%
Net Position:				
Invested in capital assets	10,230,528	10,374,201	143,673	1.4%
Unrestricted	8,595,130	9,212,110	616,980	7.2%
Total net position	$ 18,825,658	$ 19,586,311	$ 760,653	

Total assets increased $654,456, or 3%, when compared to the prior year. This can be attributed to a $510,783, or 4%, increase in current and other assets resulting primarily from an increase in cash and investments of $1,036,506.

Long-term liabilities decreased by $819,024, or 19%. This is primarily attributed to a decrease in the pension obligation bonds of $578,000.

Net position over time is a useful indicator of a government's financial position. For Montecito Fire Protection District, assets exceed liabilities by $19,586,311 at the close of the current fiscal year. The increase of $760,653, or 4%, when compared to the prior year, is the amount by which fund revenues exceed expenditures in the current fiscal year (See Table 2 on page 5).

Investment in capital assets (e.g. land, buildings, vehicles and equipment) amounts to $10,374,200 at June 30, 2013, which is an increase of $143,672, or 1%, when compared to the prior year. The District uses capital assets to provide services to citizens; as such, these assets are not available for future spending. The District does not currently have any outstanding debt related to its capital assets.

Unrestricted net position, in the amount of $9,212,110, is available to meet the District's ongoing obligations to citizens and creditors. Unrestricted net position increased $616,980, or 7%, when compared to prior year due to current year's revenues exceeding expenditures by $827,261.

MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

Table 2 – Montecito Fire Protection District Change in Net Position

	2012	2013	Dollar Change	Percent Change
Revenues:				
Property taxes	$ 13,073,414	$ 13,365,323	$ 291,909	2.2%
Investment income	71,622	(30,906)	(102,528)	-143%
Rental income	48,864	48,864	-	-
Intergovernmental	188,390	478,417	290,027	154%
Miscellaneous	253,136	177,180	(75,956)	-
				30.00%
Total revenues	$ 13,635,426	$ 14,038,878	$ 403,452	3.0%
Expenses:				
Salaries and benefits	10,814,400	11,523,287	(708,887)	-6.6%
Services and supplies	1,080,377	1,083,099	(2,722)	-.25%
Other expenditures	110,949	132,759	(21,810)	-14.3%
Depreciation	431,169	472,472	(41,303)	-9.6%
Total expenses	12,436,895	13,211,617	(774,722)	-1.3%
Change in net position	1,198,531	827,261	(371,270)	
Net Position – Beginning	17,627,127	18,825,658	1,198,531	
Prior Period Adjustment	-	(66,608)	(66,608)	
Net Position – Ending	$ 18,825,658	$ 19,586,311	$ 760,653	

The District's total revenues increased by $403,452, or 3%, in the current fiscal year. The total increase is primarily attributed to the following factors:

- Property tax revenue increased by $291,909, or 2%, primarily due to property value appreciation and increased construction within the District.
- Intergovernmental revenue increased by $290,027, or 154%, due to more reimbursable fire activity than in the prior year.
- The decrease in investment income is primarily due to fair value adjustments that are recorded by the County of Santa Barbara.

The District's total expenses increased by $774,722, or 1%, in the current fiscal year. The total change is primarily due to the following factors:

- An increase in Salaries and Benefits Expense of $708,887, or 7%, resulting from additional pay to employees to cover reimbursable fire activity and shift vacancies.

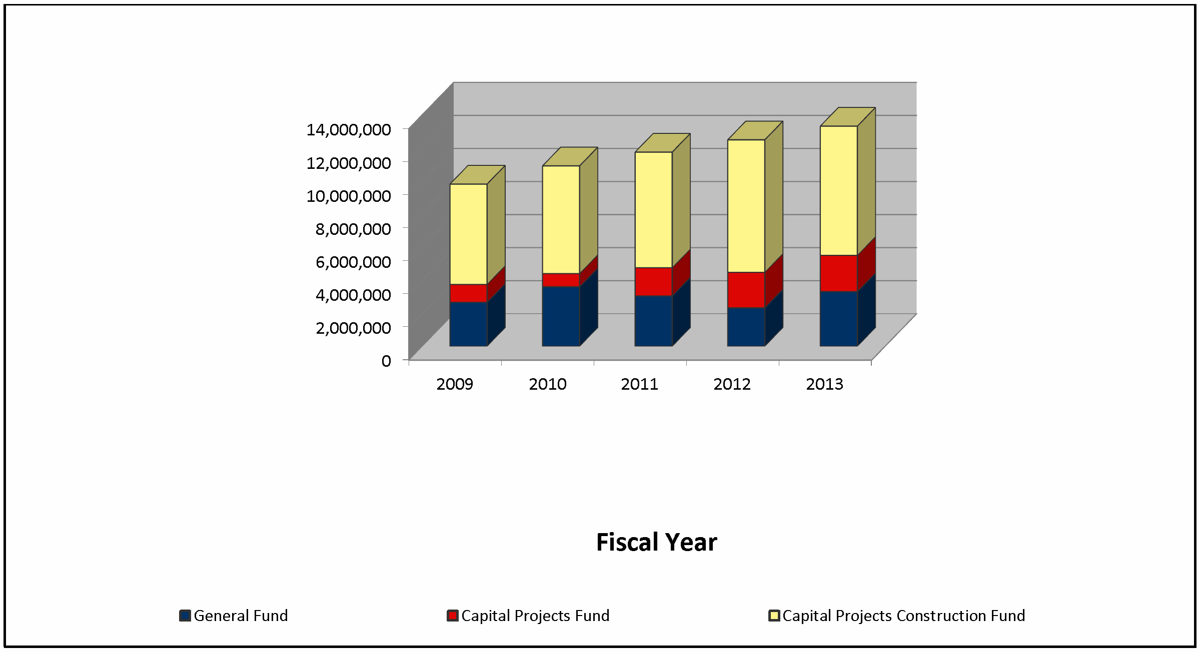
MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

Analysis of Fund Balances of Individual Funds

The chart below displays the fiscal year end (2009 to 2013) fund balances for the District's General Fund, Capital Projects Fund, and Capital Projects Construction Fund.

Fund Balances – 5 Year Trend



Total fund balance has increased each year over the five years from fiscal year 2009 to 2013. The General Fund balance includes $1,200,000 committed to contingencies. The District established the Mello-Roos Fund in FY 2011. The fund balance was $19,508 and $22,228 at June 30, 2013 and June 30, 2012, respectively. The Pension Obligation Fund was established in FY 2012. The fund balance was $2,522 and $2,496 at June 30, 2013 and June 30, 2012, respectively.

Analysis of Revenues, Expenditures, and Fund Balance for Combined Governmental Funds

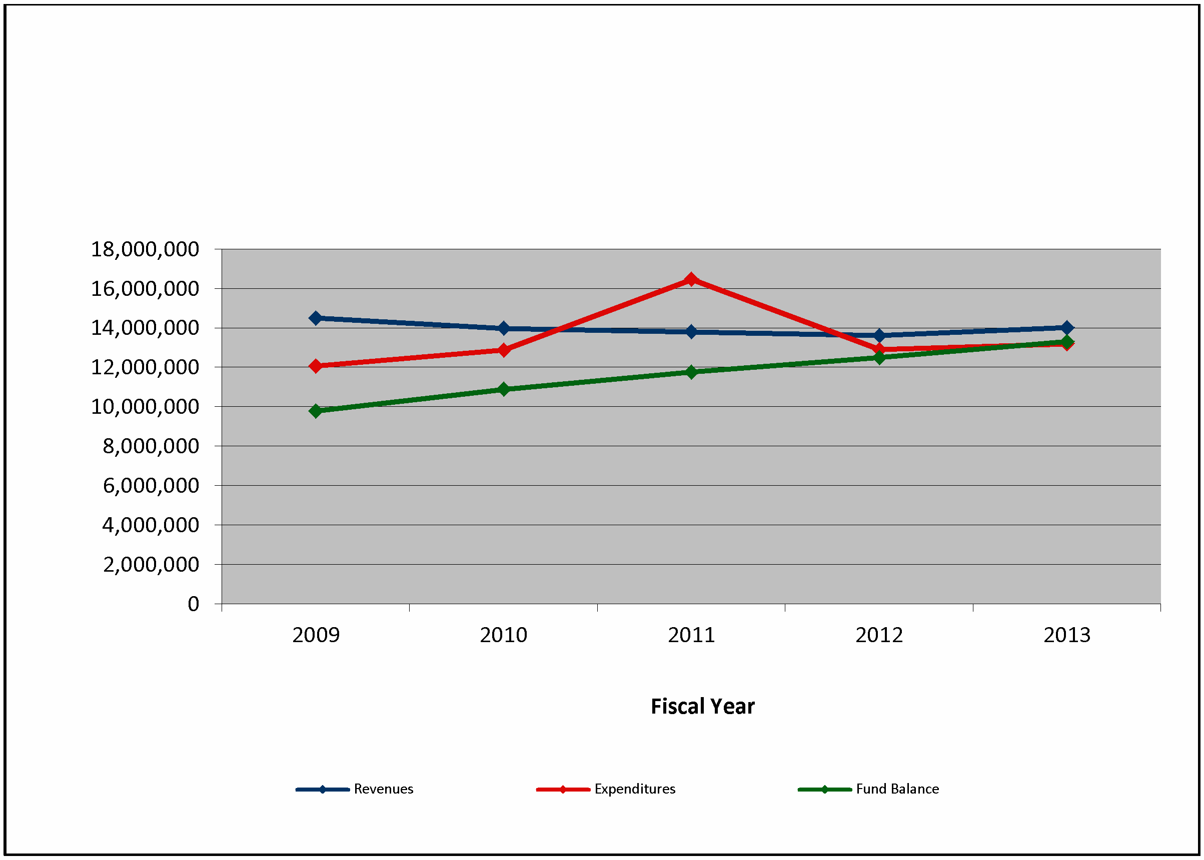
The following chart displays the District's revenues, expenditures, and ending "Memorandum Only" fund balance totals for the same five-year period. With the exception of FY 2011, when the District recorded a one-time expenditure related to the issuance of the Pension Obligation Bonds, revenue has exceeded expenditures and fund balance has steadily increased.

Revenues decreased slightly from $13.9 million in FY 2010 to $13.6 million in FY 2012, then followed by an increase to $14 million this fiscal year. Total combined expenditures have increased each fiscal year.

MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

Revenues, Expenditures & Fund Balance - 5 Year Trend



Analysis of Significant Variations Between Original and Final Budget and Actual Results for the General Fund

The Board of Directors adopted the District's 2012-2013 fiscal year operating budget in September of 2012 on a modified accrual basis. As adopted for the General Fund, budgeted revenues totaled $13,429,221, while projected expenditures totaled $12,301,486 and operating transfers to the Capital Projects Fund and Pension Obligation Fund totaled $1,127,735, resulting in projected balanced spending.

The District formally amended its originally adopted budget in April of 2013. As amended for the General Fund, revised budgeted revenues increased by $215,659 to $13,644,880 while projected expenditures increased by $215,659 to $12,517,145, and operating transfers remained unchanged at $1,127,735. The revised budget had no net effect on fund balance due to the increase in budgeted revenues matching the increase in budgeted expenditures.

Actual revenues for the year were $423,231 higher and actual expenditures were $559,280 lower than the final amended budget on a modified accrual basis. Refer to the required supplementary information on page 31 for the Budget Comparison Schedule.

MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013, amounted to $10,374,200 (net of accumulated depreciation). This investment in capital assets includes land, a land easement, construction in progress, structures, improvements, and equipment.

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

Table 3 – Montecito Fire Protection District Capital Assets

	2012	2013	Dollar Change	Percent Change
Land	$ 2,577,530	$ 2,577,530	$ -	-
Land easement	122,308	122,308	-	-
Construction in progress	286,661	462,185	175,524	61.23%
Structures & improvements	7,408,662	7,408,662	-	
Equipment	3,827,144	4,267,765	440,621	11.51%
Total Cost	14,222,305	14,838,450	616,145	4.33%
Less: accumulated depreciation	(3,991,777)	(4,464,249)	(472,472)	-11.8%
Total capital assets, net	$ 10,230,528	$ 10,374,201	$ 143,673	1.4%

Significant capital asset activity during FY 2013 includes the following:

- Construction in Progress of $175,524 for Station 3 developments. The total invested in the Station 3 Project as of June 30, 2013 is $913,572. The District was a defendant in a lawsuit filed by the Montecito Agricultural Foundation (MAF). The lawsuit challenged the adequacy of the Environmental Impact Report (EIR) filed by the District pursuant to the California Environmental Quality Act (CEQA) in connection with the District's approval of the Station 3 Project. On April 16, 2013, a Santa Barbara Superior Court judge ruled in favor of MAF, stating that the District's final EIR failed to proceed in a manner required by CEQA. The District now must vacate approval of the project and the final EIR, and prepare and circulate a legally adequate EIR before moving forward with the Station 3 Project. Any actions or decisions on how the District proceeds with the Station 3 Project will be determined by the District's Board of Directors.

- The District placed in service a Type 3 Brush Engine purchased for $361,000.

- The District recognized $472,472 in depreciation expense.

MONTECITO FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2013

Long-term debt

In May of 2011, the District authorized the issuance and sale of Taxable Pension Obligation Bonds (POB) with a principal amount of $3,520,000. Proceeds of the sale were used to extinguish an existing "side fund" pension obligation with California Public Employees Retirement System (CalPERS). The bonds were issued at a 4.52% interest rate on the basis of a 360-day year over a seven year period terminating on May 26, 2018. The District made bond principal payments totaling $578,000 and interest payments totaling $126,686 during the year ended June 30, 2013. The total outstanding debt at June 30, 2013 was $2,634,000.

The deferred bond issuance charges are being amortized over the life of the debt. There were no charges recorded in the prior year. The current year amortization of bond issuance cost was $11,786.

Contacting the District Management

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the revenue received. If you have any questions regarding this report or need additional financial information, please contact the District at 595 San Ysidro Road, Santa Barbara, California 93108.

BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Montecito Fire Protection District (the District) is an independent division of local government, authorized by California Health and Safety Code Sections 13800-13970. The District is governed by a five member Board of Directors elected to serve four year terms. These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. There are no component units included in this report that meet the criteria of a blended or discretely presented component unit as set forth by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide – Basis of Presentation, Measurement Focus and Basis of Accounting

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34) was issued to improve governmental financial reporting for citizens, district representatives, and creditors involved in the lending process. GASB 34 requires that a government entity present in its basic external financial statements both government-wide financial statements and fund financial statements, excluding fiduciary funds. Governments engaged in a single government program may combine their fund financial statement with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

GAAP requires that the government-wide financial statements be reported using the economic resources measurement focus and the accrual basis of accounting. In comparison, governmental funds employ the current financial resources measurement focus and the modified accrual basis of accounting. The economic resources measurement focus aims to report all inflows, outflows, and balances affecting or reflecting an entity's net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred for activities related to exchange and exchange-like activities. In addition, long-lived assets (such as buildings and equipment) are capitalized and depreciated over their estimated economic lives.

Funds – Basis of Presentation, Measurement Focus and Basis of Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The District uses the governmental fund category.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Funds – Basis of Presentation, Measurement Focus and Basis of Accounting - continued

Governmental Funds are used to account for the District's general government activities. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Other receipts and taxes are determined to be both measurable and available when cash is received by the District and are recognized as revenue at that time.

Secured property taxes are levied in September of each year based upon the assessed valuation as of the previous January 1 (lien date). They are payable in two equal installments due on November 1 and February 1 and are considered delinquent with penalties after December 10 and April 10, respectively.

Unsecured property taxes are due on the January 1 lien date and become delinquent with penalties after August 31. All property taxes are billed and collected by the County of Santa Barbara (the County) and remitted to the District.

The District maintains the following governmental fund types:

The ***General Fund*** is the District's operating fund. It accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in another fund.

The ***Pension Obligation Fund*** accounts for the accumulation of resources that are committed for the payment of principal and interest on the District's pension obligation bonds (Note 5).

The ***Mello-Roos Fund*** accounts for the monies collected and paid on behalf of the pending formation of a Mello-Roos District located in the area served by the District.

The ***Capital Projects Fund*** accounts for the acquisition of capital assets not being financed by the General Fund.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Funds – Basis of Presentation, Measurement Focus and Basis of Accounting - continued

The ***Capital Projects Construction Fund*** accounts for the construction of major capital projects not being financed by the General Fund, such as the acquisition of land for and the development of a new fire station.

Investments

The District maintains substantially all its cash in the Santa Barbara County Treasurer's cash management investment pool (the pool).

State statutes and the County's investment policy authorize the County Treasurer to invest in U.S. Treasury and U.S. Government agency securities; state and/or local agency bonds, notes, warrants or certificates of indebtedness; bankers' acceptances; commercial paper; corporate bonds and notes; negotiable certificates of deposit; repurchase agreements; reverse repurchase agreements; securities lending; bank deposits; money market mutual funds; State of California Local Agency Investment Fund (LAIF); and the investment pools managed by a Joint Powers Authority. Interest earned on pooled investments is apportioned quarterly into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionately shared by all funds in the pool.

Investments held by the County Treasurer are stated at fair value. The fair value of pooled investments is determined quarterly and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

The pool's disclosures related to cash and investments including those disclosures regarding custodial credit risk are included in the County's Comprehensive Annual Financial Report. A copy may be obtained online from the Auditor-Controller section of the County's website.

Receivables

Receivables are recorded in the District's Statement of Net Position and Governmental Funds Balance Sheet net of any allowance for uncollectibles. All receivables are deemed to be collectible at June 30, 2013, and as such, the District has no allowance for uncollectible accounts for these receivables.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets

Capital assets are recorded in the District's Statement of Net Position and Governmental Funds Balance Sheet in the Statement of Net Position column at cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance that do not add to the value of the asset or materially extend assets' lives are expensed as incurred. The District's capitalization threshold is $1,000. Capital assets are depreciated at cost using the straight-line method over the following estimated useful lives:

• Small equipment, medium equipment, and computers	5 years
• Vehicles, trucks, and large equipment	10 years
• Fire trucks, building and land improvements	20 years
• Buildings	50 years

Compensated Absences

The District's policy permits employees to accumulate earned but unused holiday and vacation leave benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay and holiday pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements prior to year-end and paid by the District subsequent to year-end.

Deferred Compensation Plan

The District offers a deferred compensation plan to its employees. The District has adopted provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 32), which establishes financial accounting and reporting standards based on current amendments to the provisions of Internal Revenue Code (IRC) Section 457. Under IRC 457, plan assets are not owned by the governmental entity, and as a result, governmental entities are required to remove plan assets and plan liabilities from their financial statements.

The District has no administrative involvement, does not perform the investing function, and has no fiduciary accountability for the plan. Thus, in accordance with GASB 32, the plan assets and any related liability to plan participants have been excluded from the District's financial statements.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Other Post Employment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), addresses how governmental entities should account for and report their costs and obligations related to postemployment benefits, or OPEB. The District offers postretirement medical, dental, and vision benefits. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The District has implemented the requirements of GASB 45 on a prospective basis.

GASB 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

Fund Equity

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- *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. The District has a $63,234 insurance deposit in the General Fund that is considered nonspendable.

- *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 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. The committed fund balance in the General Fund of $1,200,000 represents funds committed for contingencies.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Equity - continued

- *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. This is also the classification for residual funds in the District's debt service, special revenue, and capital projects funds.

- *Unassigned fund balance* – the residual classification for the District's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The District's Board establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted fund balance resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, the District considers committed amounts to be used first, then assigned amounts, and then unassigned amounts.

Memorandum Only – Total Columns

Total columns in the Statement of Net Position and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances are captioned as "Memorandum Only" as they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects the financial position or results of operations of the District in conformity with GAAP. Such data is not comparable to a consolidation, as interfund eliminations have not been made in the aggregation of this data.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Implementation of New Accounting Principles

The District adopted the provisions of GASB Statement No. 63 (GASB 63), *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently, the statement of net assets to the statement of net position. The District had no deferred inflows or outflows of resources as of June 30, 2013.

NOTE 2: CASH AND INVESTMENTS

Investment in the Santa Barbara County Investment Pool

The District is a voluntary participant in the Santa Barbara County Treasurer's investment pool that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer. As of June 30, 2013, the District had cash on deposit with the County Treasurer in the amount of $13,384,908.

Investments Authorized by District Policy

The District has not formally adopted a deposit and investment policy that limits the government's allowable deposits or investment and addresses the specific types of risk to which the government is exposed.

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. At fiscal year end, the weighted average days to maturity of the investments contained in the County investment pool was approximately 705 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 is not rated.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH AND INVESTMENTS - continued

Custodial Credit Risk

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:

	July 1, 2012	Additions	Deletions	June 30, 2013
Capital assets, not being depreciated:				
Land	$ 2,577,530	$ -	$ -	$ 2,577,530
Land easements	122,308	-	-	122,308
Construction in progress	286,661	175,524	-	462,185
Total capital assets, not being depreciated	2,986,499	175,524	-	3,162,023
Capital assets, being depreciated:				
Structures and improvements	7,408,662	-	-	7,408,662
Equipment	3,827,144	440,621	-	4,267,765
Total capital assets, being depreciated	11,235,806	440,621	-	11,676,427
Less accumulated depreciation for:				
Structures and improvements	(1,960,049)	(157,602)	-	(2,117,651)
Equipment	(2,031,728)	(314,870)	-	(2,346,598)
Total accumulated depreciation	(3,991,777)	(472,472)	-	(4,464,249)
Total capital assets, being depreciated, net	7,244,029	(31,851)	-	7,212,178
Total capital assets, net	$ 10,230,528	$ 143,673	$ -	$ 10,374,201

Depreciation expense amounted to $472,472 for the fiscal year ended June 30, 2013.

NOTE 4: LONG-TERM LIABILITIES

Changes to the District's long-term liabilities for the year ended June 30, 2013 are as follows:

	July 1, 2012	Additions	Deletions	June 30, 2013	Due in One Year
Compensated absences	$ 1,114,369	$ 115,658	$ -	$ 1,230,027	$ -
Pension obligation bonds	3,212,000	-	578,000	2,634,000	629,000
	$ 4,326,369	$ 115,658	$ 578,000	$ 3,864,027	$ 629,000

The liability for employee compensated absences is liquidated by the General Fund.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 5: PENSION OBLIGATION BONDS

In May of 2011, the District authorized the issuance and sale of Taxable Pension Obligation Bonds (POB) with a principal amount of $3,520,000. Proceeds of the sale were used to extinguish an existing “side fund” pension obligation with California Public Employees Retirement System (CalPERS). The bonds were issued at a 4.52% interest rate on the basis of a 360-day year over a seven year period terminating on May 26, 2018. The District made bond principal payments totaling $578,000 and interest payments totaling $126,866 during the year ended June 30, 2013.

Total POB debt service requirements to maturity as of June 30, 2013, are as follows:

	Pension Obligation Bonds	
Year Ending June 30,	Principal	Interest
2014	$ 629,000	$ 112,163
2015	684,000	83,123
2016	741,000	51,574
2017	435,000	17,402
2018	145,000	5,514
Totals	$ 2,634,000	$ 269,776

NOTE 6: INTERFUND TRANSFERS

Interfund transfers in the District’s fund financial statements made during the year ended June 30, 2013, are as follows:

	Inter-fund	
Funds	Transfers In	Transfers Out
Major Funds:		
General	$ -	$ 1,127,735
Pension Obligation	716,856	-
Capital Projects	410,879	-
Total	$ 1,127,735	$ 1,127,735

During the fiscal year ended June 30, 2013, the District made the following transfers:

A transfer of $716,856 from the General Fund to the Pension Obligation Fund to finance the principal and interest payments for the District’s Pension Obligation Bonds.

A transfer of $410,879 from the General Fund to the Capital Projects Fund to finance the acquisition of a new fire truck.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 7: RISK MANAGEMENT

The District is a participant in a public entity risk pool with the Fire Agencies Insurance Risk Authority (FAIRA). FAIRA is organized pursuant to the provisions of the California Government Code Section 6500 et seq. for the purpose of providing an effective risk management program to local governments by reducing the amount and frequency of losses, pooling self-insured losses, and jointly purchasing excess insurance and administrative services in connection with a joint protection program.

The District pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for information of FAIRA provides that the pool will be self-sustaining through member premiums.

FAIRA provides the District with insurance-like benefits for general liability and excess liability coverage, automobile claims, management liability coverage, and property coverage for buildings, contents, and crime. During the fiscal year, the District contributed an annual premium of $29,629 with limits ranging from $1,000,000 to $2,000,000 for each liability, and excess liability coverage of $10,000,000. The insurance coverage in excess of the $1,000,000, up to $10,000,000, is provided by the American Alternative Insurance Corporation.

NOTE 8: RETIREMENT PLAN

Plan Description

The District contributes to the Public Agency portion of the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

All full-time and less than full time District employees that meet the PERS membership eligibility requirements can participate in PERS. Retirement benefits vest after five (5) years of service with District. Vested District safety members who retire at, or after, age 50 are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to years of credited service multiplied by their highest twelve month period of earnings multiplied by a percentage factor ranging from 2.4% to 3.0%, depending upon age at retirement. Vested District miscellaneous members who retire at, or after, age 50

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 8: RETIREMENT PLAN - continued

Plan Description - continued

are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to years of credited service multiplied by their highest twelve month period earnings multiplied by a percentage factor ranging from 2.0% to 3.0%, depending upon age at retirement. PERS also provides death and disability benefits.

PERS issues a separate comprehensive annual financial report, copies of which may be obtained from the PERS webpage at www.*calpers.ca.gov*.

Funding Policy

The employee contribution level for District miscellaneous members and District safety members is 8% and 9%, respectively, of annual salary. The District makes contributions for the entire amounts required of the employees on their behalf. The District is required to contribute an actuarially determined employer rate. At fiscal year end, the employer rate for non-safety employees and safety employees was 17.698% and 22.744%, respectively, of annual covered payroll. The contribution requirements of plan members are based upon the benefit level adopted by the District's Board. The employer contribution rate is established annually and may be amended by PERS.

Annual Pension Cost

The annual required contribution for the current year was determined as part of the June 30, 2010 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) an investment return of 7.75%, (b) projected salary increases that vary from 3.55% to 14.45% depending on type of service, age, and an assumed inflation rate of 3.00%, (c) a payroll growth of 3.25%, and (d) merit that also varies by duration of service with an assumed annual inflation of 3.00% and production growth of 0.25%. The actuarial method of the District's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15 year period. The District's unfunded actuarial accrued liability is being amortized as a level percent of payroll. The average remaining amortization period at June 30, 2010 was eighteen years for miscellaneous members and seventeen years for safety members.

Regulatory Change

Assembly Bill 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013. This act changes the safety plan from its current 3% at age 50 attributes to a 2.7% at age 57 plan. This will impact employees only hired from January 1, 2013. The initial contribution rate for this plan is 20.742% of reportable compensation.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 8: RETIREMENT PLAN - continued

Three Year Trend Information

The District's required contributions and the percentage contributed for the current fiscal year and each of the two preceding fiscal years are as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2011	$ 2,154,387	100%	$ 0
June 30, 2012	$ 1,912,656	100%	0
June 30, 2013	$ 1,679,002	100%	0

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The District provides retiree healthcare benefits for employees who retire with PERS pension benefits immediately upon termination of employment from the District. The District contracts with PERS for this insured-benefit plan, an agent multiple-employer post-employment healthcare plan, established under the State of California's Public Employees' Medical and Hospital Care Act (PEMHCA). The plan's medical benefits and premium rates are established by PERS and the insurance providers. The District pays for medical, dental, and vision premiums for the lifetime of the retiree and their eligible dependents. The District pays 100% of the retiree medical premiums, up to a maximum of $1,389 per month for 2013, and 100% of the premiums for retiree dental and vision coverage. PERS issues a separate comprehensive annual financial report, copies of which may be obtained from the PERS webpage www.*calpers.ca.gov*.

The District participates in the Public Agency Retirement System (PARS) Public Agencies Post-Retirement Health Care Plan Trust Program (PARS Trust), a single employer irrevocable trust established to fund other postemployment benefits. The PARS Trust is approved by the Internal Revenue Code Section 115 and invests funds in equity, bond, and money market mutual funds. The Fire Chief or designee is the District's Plan Administrator. Copies of PARS Trust annual financial report may be obtained from PARS at 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

Funding Policy

The contributions to the OPEB plan are based on pay-as-you-go financing requirements, with an additional amount contributed to the PARS Trust to prefund benefits from time to time at the sole discretion of the Board. Retiree health benefits may be paid out of the

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB) - continued

Funding Policy - continued

PARS trust, set up for this purpose, to the extent funded. The purpose of this funding policy is to manage the District's OPEB obligations while at the same time maintaining as much flexibility as possible to adjust for changing budgetary considerations. For the fiscal year ended June 30, 2013, the District contributed $368,695 to the plan which is the entire amount of the current premiums. The District did not contribute to the PARS trust like in years past. GASB 45 requires recognition of the current expense of OPEB based on the annual required contribution (ARC), but does not require funding of the related liability.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The District's annual OPEB cost is calculated based on the ARC of the District, an amount actuarially determined in accordance with the parameters of GASB 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 accrued liabilities (UAAL) over a period not to exceed thirty years.

For the fiscal year ended June 30, 2013, the OPEB ARC was $978,507. This includes the normal cost of $368,695 for the year for current active employees, and $609,812 for UAAL amortization. The District's OPEB contribution for the fiscal year ended June 30, 2013 was $368,695.

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

Annual required contribution (ARC)	$ 978,507
Contributions made	(368,695)
Increase in net OPEB asset	609,812
Net OPEB asset - beginning of year	(337,494)
Net OPEB asset - end of year	$ 272,318

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB) - continued

Annual OPEB Cost and Net OPEB Obligation (Asset) - continued

The District's annual OPEB cost, the percentage of annual OPEB cost contribution to the OPEB plan, and the net OPEB obligation (asset), for the current year and two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2011	$ 978,507	117%	$ (110,176)
June 30, 2012	980,420	123%	(337,494)
June 30, 2013	978,507	38%	272,318

Funding Status and Funding Progress

Using the most recent actuarial valuation dated July 1, 2010, the following is the funded status of the OPEB plan:

Annual accrued liability (AAL)	$ 9,452,985
Actuarial value of plan assets	633,471
Unfunded actuarial accrued liability (UAAL)	$ 8,819,514
Funded ratio (actuarial value of plan assets/AAL)	6.7%
Covered payroll (active plan members)	$ 6,621,966
UAAL as percentage of covered payroll	133.2%

Activity in the District's PARS Trust account since the most recent valuation, which will be reflected in the actuarial value of plan assets as of the next, July 1, 2013 valuation date, is as follows:

Fiscal Year Ended	Beginning Balance	Contributions	Net Earnings	Distributions	Ending Balance
6/30/2012	$ 1,559,356	$ 849,899	$ 34,433	$ -	$ 2,443,688
6/30/2013	$ 2,443,688	$ -	$ 247,224	$ -	$ 2,690,912

Actuarial valuations of an ongoing OPEB 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 OPEB plan and the ARC 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

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB) - continued

Funding Status and Funding Progress - continued

Funding Progress is presented as required supplementary information following the Notes to the Financial Statements. This schedule presents 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.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation as well as 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 6.5% investment rate of return and separate annual healthcare cost trend rates for medical, dental and vision. The medical cost trend rate starts at 8% and declines to 5% over a period of four years. The vision and dental trend rates are both a flat 4%. The OPEB Plan’s UAAL is being amortized as a level dollar amount on an open period basis. The remaining amortization period at July 1, 2010 was 30 years.

NOTE 10: WORKFORCE HOUSING

The District has a Housing Committee that researches methods which allow employees to live closer to the District in order to facilitate responses to emergencies. The District approved a plan in the fiscal year ended June 30, 2006 to purchase Workforce Housing and completed the purchase of a parcel consisting of three residences of varying sizes at East Valley Road. The three residences are currently leased and occupied by a frontline employee of the District, a retired captain of the District, and a Santa Barbara City Fire employee. The District has contracted with a property management company to manage the operational activity of the residences. The Housing Committee developed a policy to govern all matters related to the Workforce Housing Program that was adopted by the Board.

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 11: EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS BALANCE SHEETS AND STATEMENT OF NET POSITION

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds	$	10,444,918
Long-term liabilities, including loans and notes payable not due and payable in the current period and therefore are not reported in the funds		(2,688,622)
Other long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore not reported in the funds		(1,502,345)
Combined Adjustment	$	6,253,951

Amounts reported for governmental activities in the Statement of Net Position 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. The difference is the amount by which depreciation exceeded capital outlays in the current period.	$	(137,780)
Repayments of long-term debt are recorded as an expense in the fund financial statements and are adjusted against debt in the statement of net position as an offset to the liability		(589,986)
Changes in the compensated absences and OPEB liabilities are expenditures in the governmental finds, but the repayment reduces long-term liabilities in the statement of net position.		725,470
Combined Adjustment	$	(2,297)

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2013

NOTE 12: COMMITMENTS AND CONTINGENCIES

Litigation

The District is subject to litigation related to employee matters that are incidental to the ordinary course of the District's operations. There is presently no outstanding litigation.

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.

Mello-Roos Community Facilities District

In a special election held on June 17, 2011, property owners in the Upper Hyde Road area approved the formation of a Mello-Roos Community Facilities District (Mello-Roos District) for the purpose of financing street and related improvements for the reconstruction of Upper Hyde Road. Acting as an agent for the property owners, the District is overseeing the formation of the Mello-Roos District in accordance with the Mello-Roos Community Facilities Act of 1982 (the Act). Pending completion of the Act's requirements, the District would have the authority to issue up to $5,000,000 in special tax bonds and levy a special tax to pay annual debt service on the bonds, annual maintenance costs for the improvements, and administrative costs.

NOTE 13: PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $66,608 was recorded in the statement of activities and statement of net position in order to reflect the prior year interest accrual that had not been recorded.

NOTE 14: SUBSEQUENT EVENTS

Subsequent events have been reviewed through March 15, 2014, the date the financial statements were available to be issued. No significant events were found to have happened that materially affected the District's financial position that were outside the scope of normal operations.

REQUIRED SUPPLEMENTARY INFORMATION

MONTECITO FIRE PROTECTION DISTRICT

Notes to the Budgetary Comparison Schedules
Required Supplementary Information (Unaudited)
June 30, 2013

NOTE 1: BUDGETARY AND LEGAL COMPLIANCE

In accordance with California Health and Safety Code Section 13895, on or before October 1, the District must submit a board approved budget to the County Auditor. Annual budgets are adopted for the District's General, Capital Projects and Capital Projects Construction Funds. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP. Annually, the Board of Directors conducts a public hearing for the discussion of proposed budgets. At the conclusion of the hearing, the Board adopts the final budgets. All appropriations lapse at fiscal year-end and are subject to re-appropriation as part of the following year's budget. The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is maintained at the object level. Any changes in the annual budget must be changed by a vote of the Board. The Board amended the originally adopted General Fund budget in April of 2013.

MONTECITO FIRE PROTECTION DISTRICT

Required Supplementary Information
Other Post-Employment Benefits (OPEB) Plan – Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2013

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
7/1/2007	$ 0	$14,752,000	$14,752,000	0.0%	$5,398,000	273.3%
7/1/2010	$633,471	$ 9,452,985	$ 8,819,514	6.7%	$6,621,966	133.2%

Agenda Item #5

Montecito Fire Protection District

Financial Analysis Related to Budgeting and Long-Term Liabilities

April 24, 2014

Prepared by:

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PURPOSE OF THIS REPORT

Capitol PFG has been retained by the Montecito Fire Protection District (the "District") to provide an independent and objective analysis of the District's near term budget projections, capital plan and retirement benefits. Specifically, the following scope of work was requested:

- Assist the District with developing and evaluating a comprehensive plan for prefunding pension and other post-employment options.
    - Evaluate the District's unfunded liabilities for pension and other post-employment benefits, including a review of the assumptions used in the actuarial analysis.
    - Identify any probable changes to the total amount owed over the next three years.

- Evaluate the District's past three year's revenues, expenditures and budgets and provide key observations and recommendations.
    - Provide recommendations regarding best practices in creating annual budgets.

- Assist the District with validating budget assumptions including the sustainability of the budget and make recommendations regarding appropriate levels of unrestricted reserves, capital reserves, catastrophic event reserves and prefunded benefit plans along with other reserves/contingencies built into the budget.

- Analyze and provide recommendations regarding the use of the District's existing reserve funds.

- Provide an analysis of the best course of action for funding the construction of Station 3, evaluating the use of existing funds as compared to borrowing options.

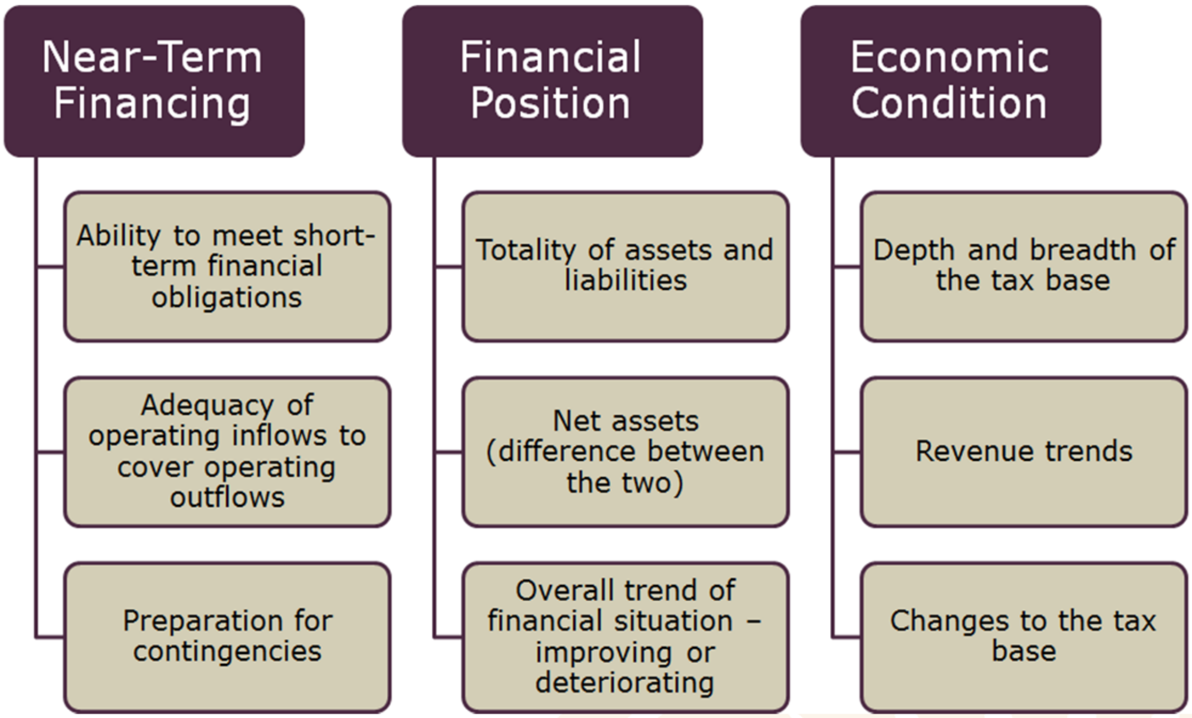
- Assist the District with development of financial policies to help guide the use of funds by the District.

The purpose of this report is to summarize our review, analysis and recommendations related to the above described scope of work.

EVALUATION OF THE DISTRICT'S FINANCIAL HEALTH

An assessment of the financial health of a public agency is based on a complete analysis of three main components, (1) Near-Term Financing, (2) Financial Position, and (3) Economic Condition, as shown in ***Figure 1***. This report will include analysis and detail related to each of these items to help provide the District with an independent assessment of its financial strength.

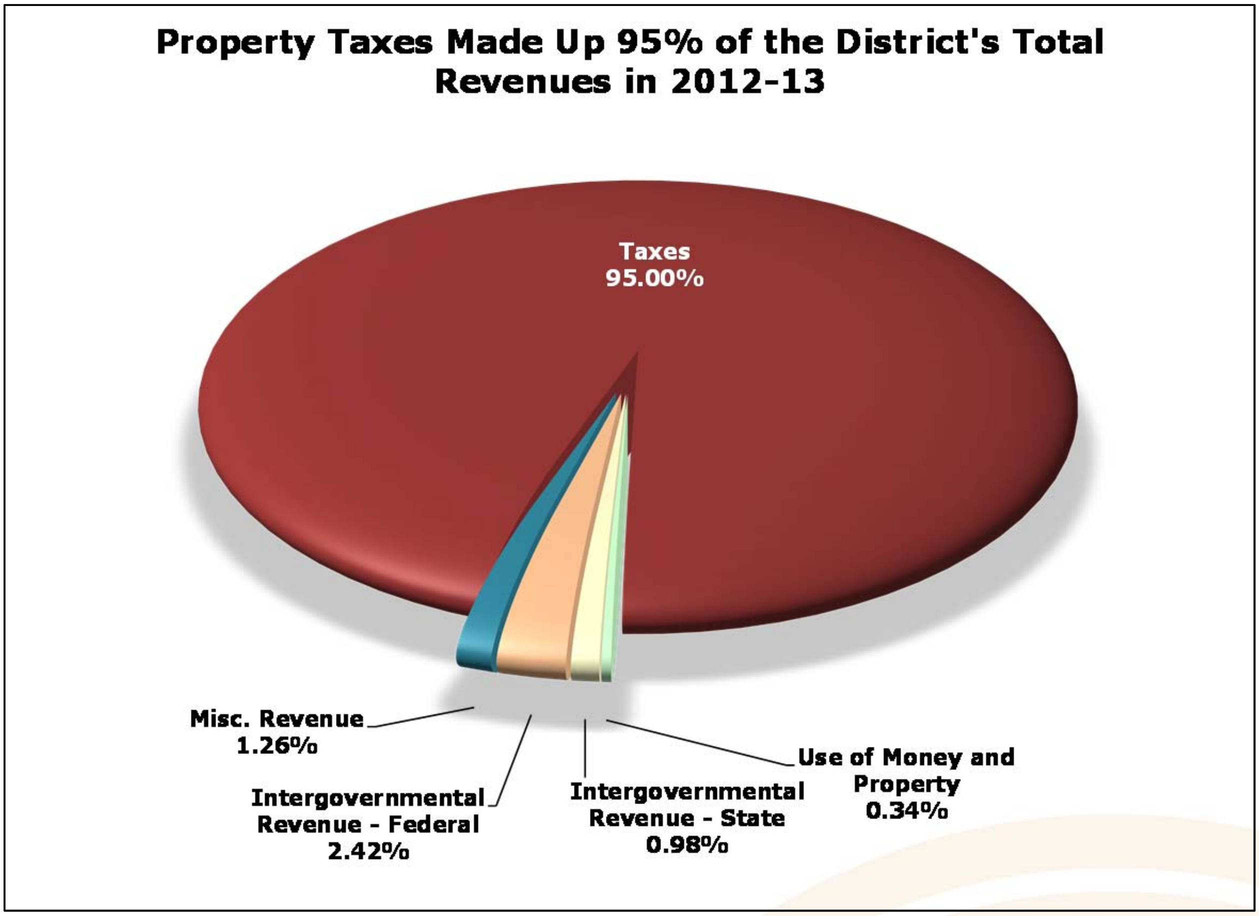
FIGURE 1



<u>Revenues</u>

The District's main source of funding is property taxes, making up 95% of its overall funding, as shown in ***Chart 1***. Since the other revenue sources are relatively limited, for the purposes of evaluating the District's financial health and making recommendations related to budget and funding long-term liabilities, the primary focus of the revenue analysis will be on property taxes.

CHART 1



Proposition 13, from 1978, is the basis for the current tax distribution system in California, which limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds. Assessed value is not necessarily equivalent to the market value of property as it was originally set back in 1978 and is annually adjusted based on:

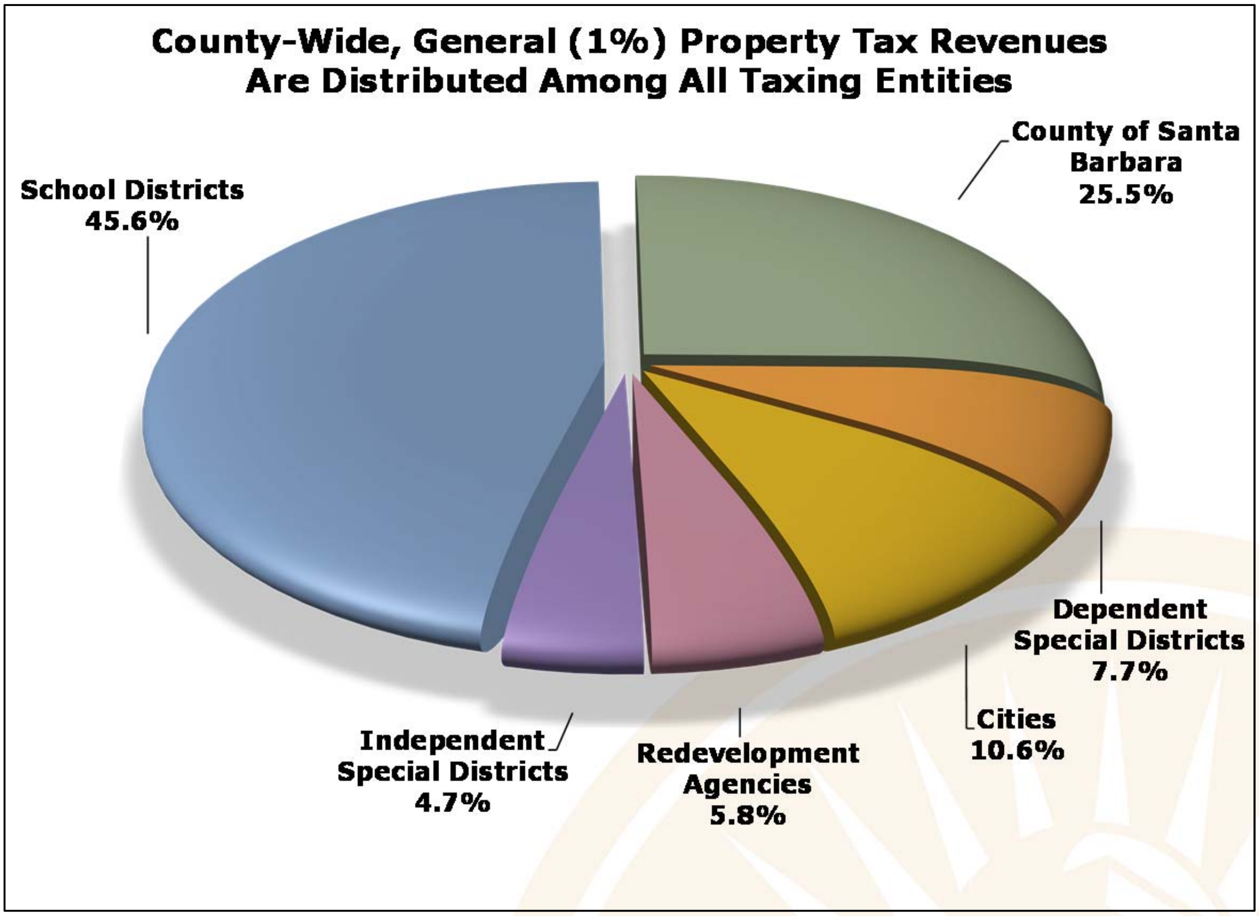
- The lesser of the change in the California Consumer Price Index or 2%
- The value of any new construction or improvements to the property
- The market value, if the property is sold

Assessed value of property is set as of January 1 of each year to generate tax revenue for the fiscal year that begins the ***following*** July 1. Thus, revenue collected in each fiscal year is generated from assessed value set the January 1 of the previous fiscal year resulting in a lag between changes in economic conditions and property tax receipts.

The property tax revenues generated from the general 1% of assessed value is then distributed to all taxing agencies within the property's boundaries based on Assembly Bill 8 (AB8) factors. On average, the District receives approximately 16% of the total general property tax revenue collected within its boundaries.

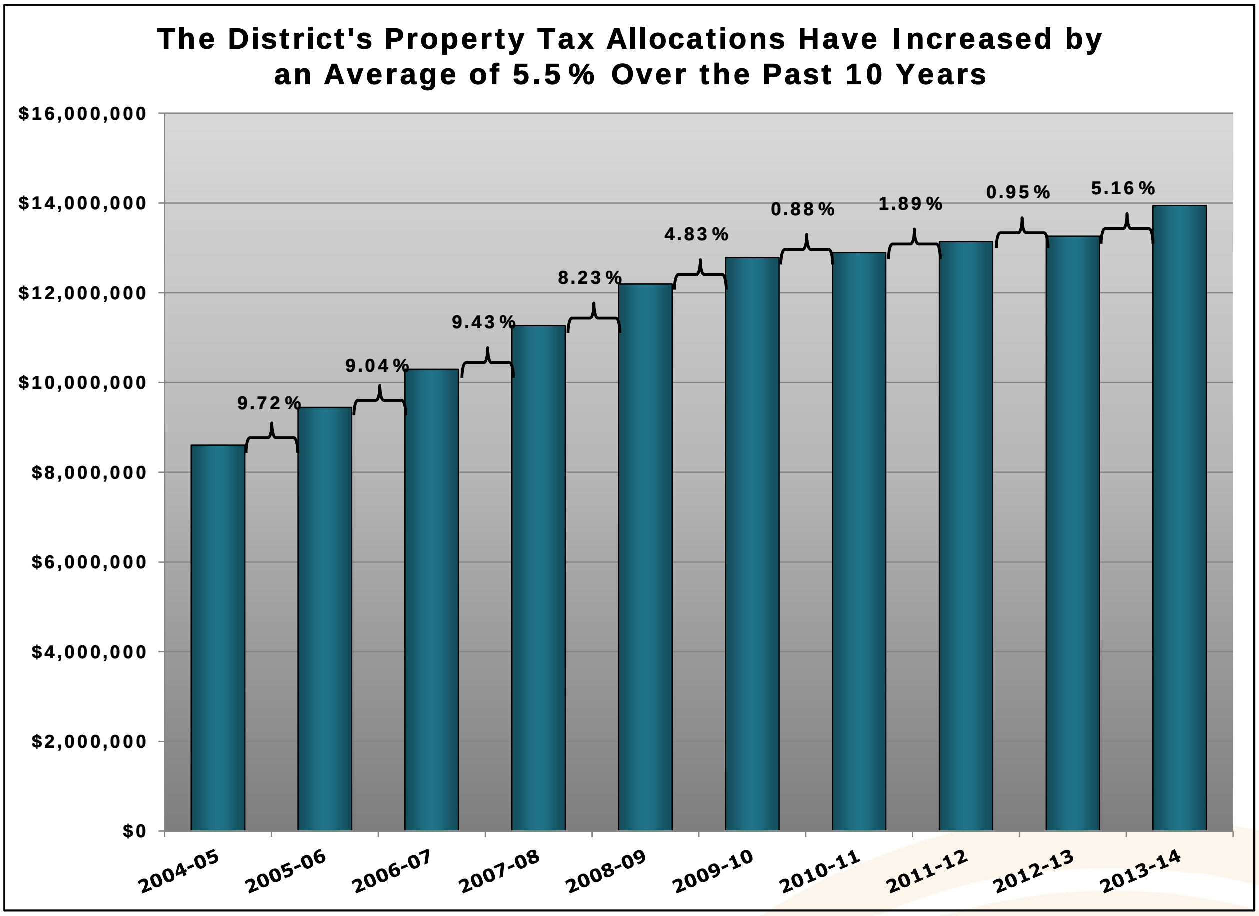
The District has 4,182 parcels within its boundaries, which make up a total assessed value of $8,665,570,500 for 2013-14. This assessed value generated $86.6 million of total tax revenue distributed to all overlapping taxing agencies, including the District, the County of Santa Barbara, Montecito Union School District, Cold Spring Union School District, Santa Barbara Unified School District, and Santa Barbara Community College District, among others. Of this, the District will receive approximately $13.9 million for 2013-14. The specific property tax distribution for each taxing agency is not readily available. However, throughout the County, on average, school districts receive approximately 46% and the County itself receives 26% of the property taxes generated, as shown in ***Chart 2***.

CHART 2



Over the past 10 years, the District's property tax allocations have increased by an average of 5.5%, as shown in ***Chart 3***, demonstrating a healthy tax base during a time when property values were declining in many areas of the State. The average annual percentage increase in property taxes is calculated based on the annual compounded rate of growth.

CHART 3



Property tax revenues are distributed periodically throughout the year, based on when the County receives tax revenues from property owners. Thus, the typical distribution is:

- 55% in December
- 40% in April
- 5% in June

Without a diverse revenue stream, the District needs to be cautious of its cash flow and must be aware of potential changes to the tax base that could greatly impact its main revenue stream.

The average assessed value per parcel in the District is $2,072,111. ***Table 1*** shows the top 10 taxpayers in the District and the 2013-14 assessed value of each property.

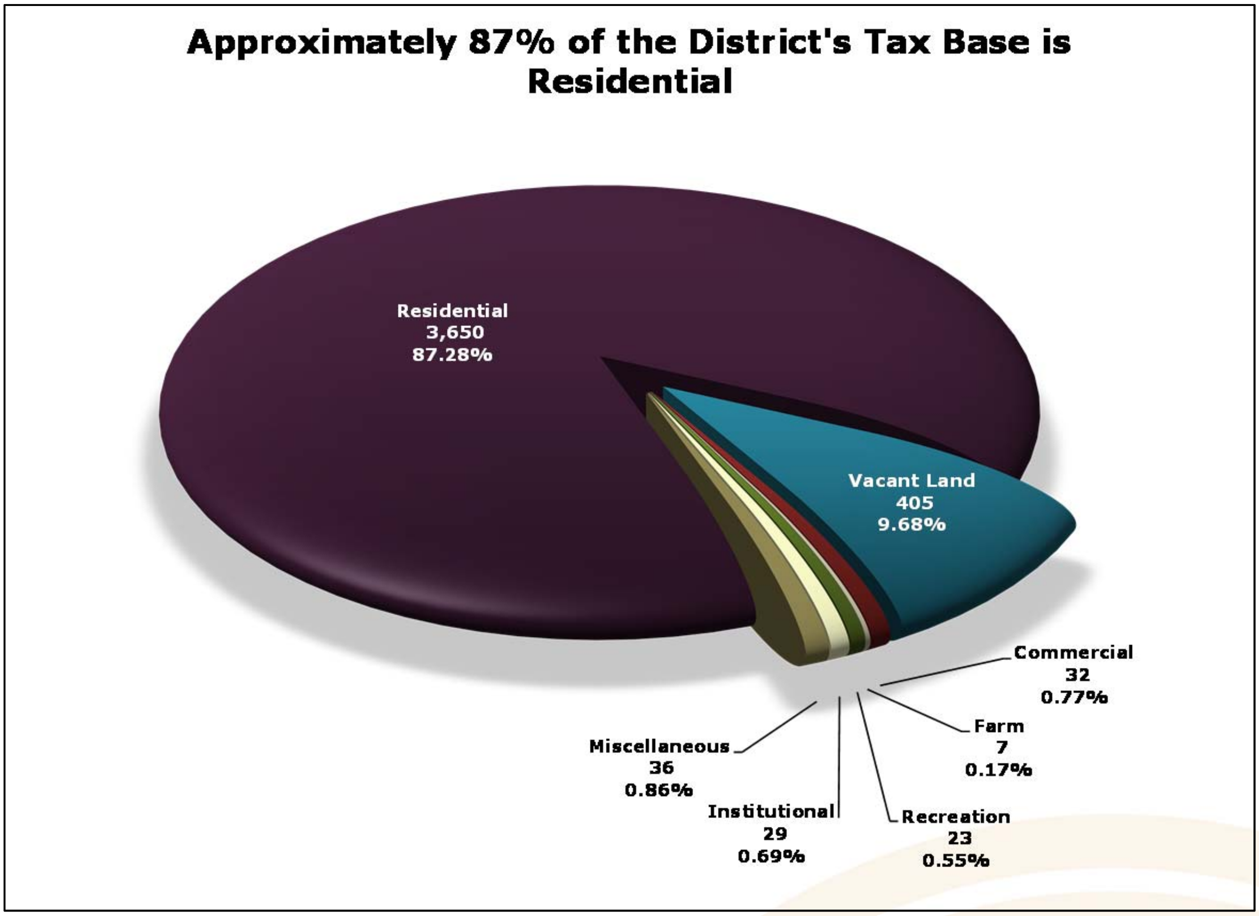
TABLE 1

Top 10 Taxpayers for 2013-14 in Montecito FPD			
Property	**Type of Property**	**Assessed Value**	**% of Total Assessed Value**
009-352-009	Hotel	$152,000,000	1.75%
009-283-021	Residential	$137,232,684	1.58%
007-230-001	Residential	$89,888,038	1.04%
009-640-001	Residential Retirement Community	$54,301,579	0.63%
013-080-007	College	$48,475,998	0.56%
009-021-069	Residential	$29,991,782	0.35%
011-060-040	Residential	$28,381,481	0.33%
007-050-026	Hotel	$27,025,141	0.31%
155-250-030	Residential	$25,667,602	0.30%
011-080-032	Residential	$24,783,253	0.29%

These top ten taxpayers make up 7.14% of the total assessed value in the District and generate just under $1 million of property tax revenue for the District. Significant changes to the value of these parcels will impact the District's property tax revenue stream. With the top 10 taxpayers making up a large portion of the District's tax base, it demonstrates a lack of diversity, which may call for a higher reserve level than other districts with a similar size tax base.

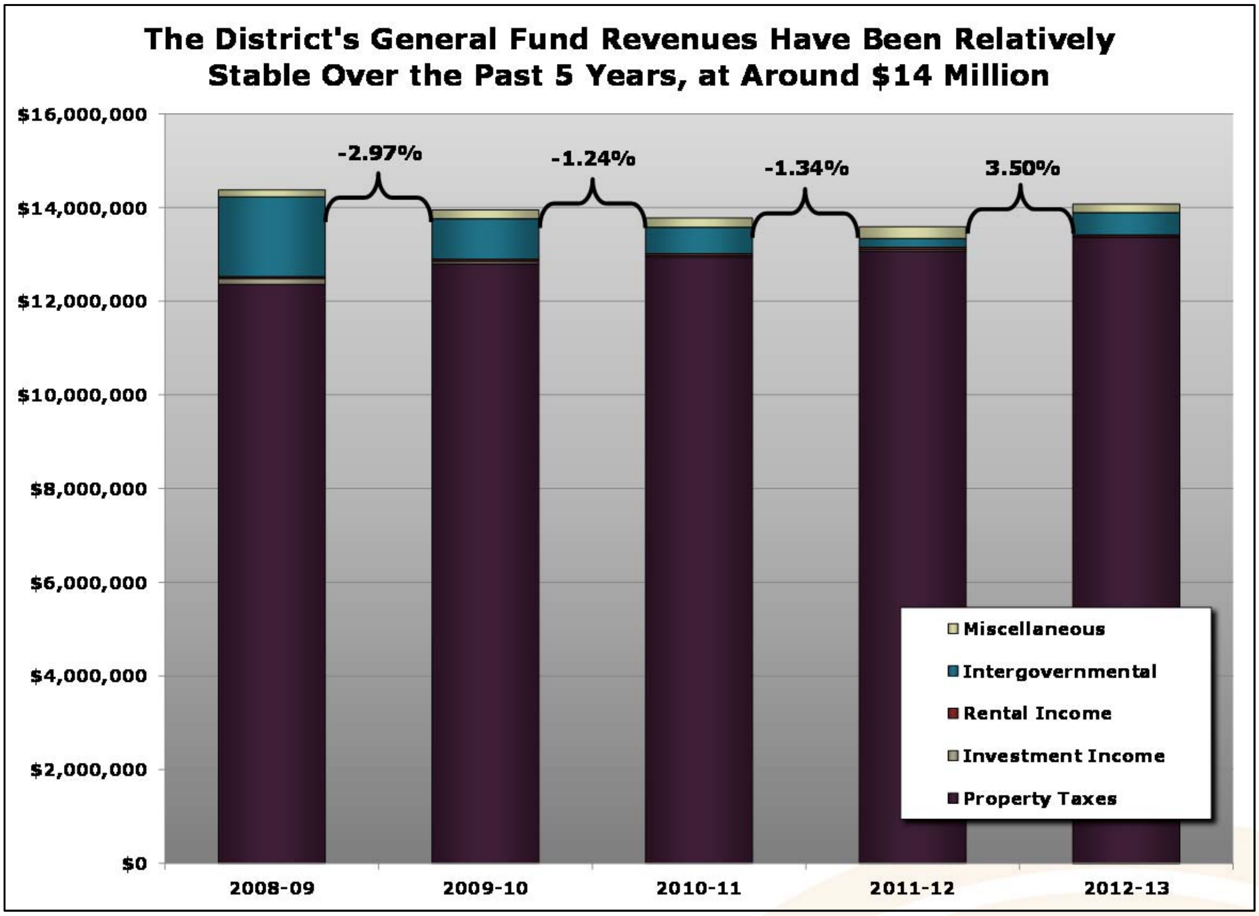
Of the 4,182 parcels in the District, 3,650 are residential, making up 87% of the total tax base, as shown in ***Chart 4***. This further emphasizes the point that the District's tax base lacks diversity, with a large portion of the tax base made up of residential properties.

CHART 4



The District's past revenue trends can also provide valuable information about the condition of the District's finances. Over the past five years, the District's overall revenues have remained relatively level at approximately $14 million, as shown in ***Chart 5***. Although the District saw some minor declines in revenue of less than 3% per year from 2009-10 through 2011-12, the District's overall revenue stream remained very stable and healthy.

CHART 5



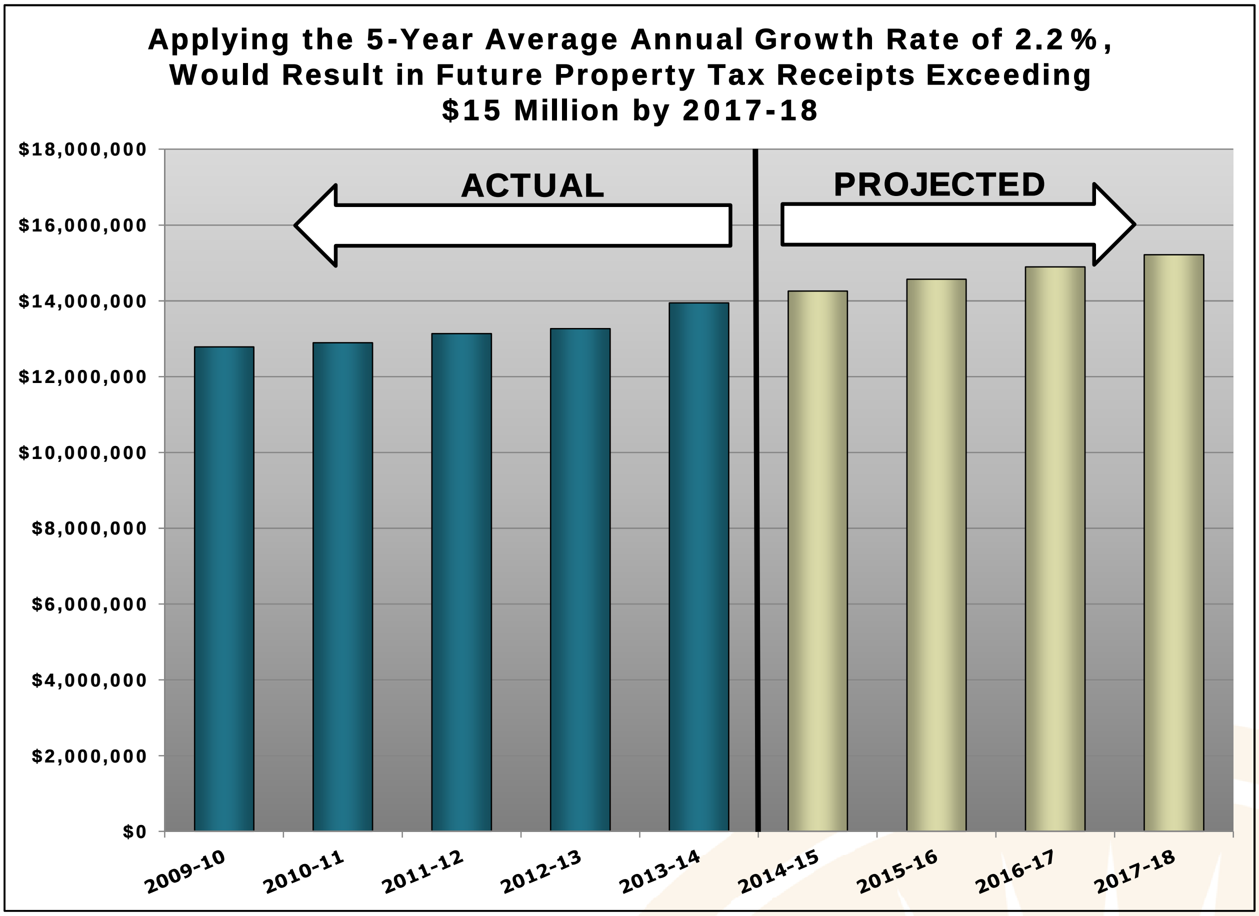
The largest percentage change in revenue from a particular category was from Intergovernmental Revenues, which includes State and Federal Emergency Assistance funds. It is expected that such funding varies as these funds are typically a reimbursement for emergency services performed by the District, which naturally would vary from one year to the next.

When forecasting future revenues, we suggest focusing primarily on property taxes. We can evaluate past trends and make adjustments for anticipated changes to the tax base. As previously shown in ***Chart 3***, property tax revenues have increased by an average of 5.5% per year, calculated based on the average annual compounded growth rate. But, the more recent real estate market trends do not necessarily reflect the rapidly growing pace demonstrated from the early 2000s through 2009. Therefore, the 10-year average annual growth rate is not appropriate for projecting future tax revenues.

The 5-year average annual growth rate of 2.2% may also not be reflective of the future trends as there were several years of limited growth. However, the 5-year average growth rate would result in a more conservative assumption that can be reasonably applied to a multi-year budget projection. Any property tax revenue growth rate should be evaluated annually as multi-year projections are completed.

Chart 6 shows the estimated property tax revenue the District will see based on an annual growth rate of 2.2%.

CHART 6



Other Revenue Sources

One notable revenue source that is typically collected by fire districts in California, but not present with the District, is development impact fees. These specifically are fees charged on new construction projects to mitigate their capital impacts on a fire district. Such fees are justified and charged through a "nexus study" under Government Code 66000 *et. seq.* and are imposed on all new construction projects or expansion projects in excess of 500 square feet.

New construction can cause a detrimental financial impact on fire districts as it can dilute the effectiveness of capital facilities and equipment on a community. As the community grows, additional burdens are placed on a fire district and as a result create a financial impact related to the capital needs of the agency. Development impact fees, or mitigation fees, are a mechanism for new development to pay its share of the capital costs.

Historically, the District has opted to not charge development impact fees in Montecito as such fees are imposed on expansion projects in excess of 500 square feet as well as new construction. We recommend that the District revisit this policy and confirm that this is in line with the current desires of the community.

If the District were interested in considering a mechanism for new development to mitigate its impacts without creating a fee that is imposed on expansion projects for existing residents, the District could consider the creation of a Community Facilities District (CFD). In addition to the common annual taxation methodology, a CFD can be structured to impose a one-time tax, similar to an impact fee, on new construction projects within its boundaries. The boundaries and tax formula are flexible and up to the District's discretion. Capitol PFG is able to provide more detailed information on CFD options if the District is interested in pursuing this type of endeavor.

Comments and Findings Related to Revenues

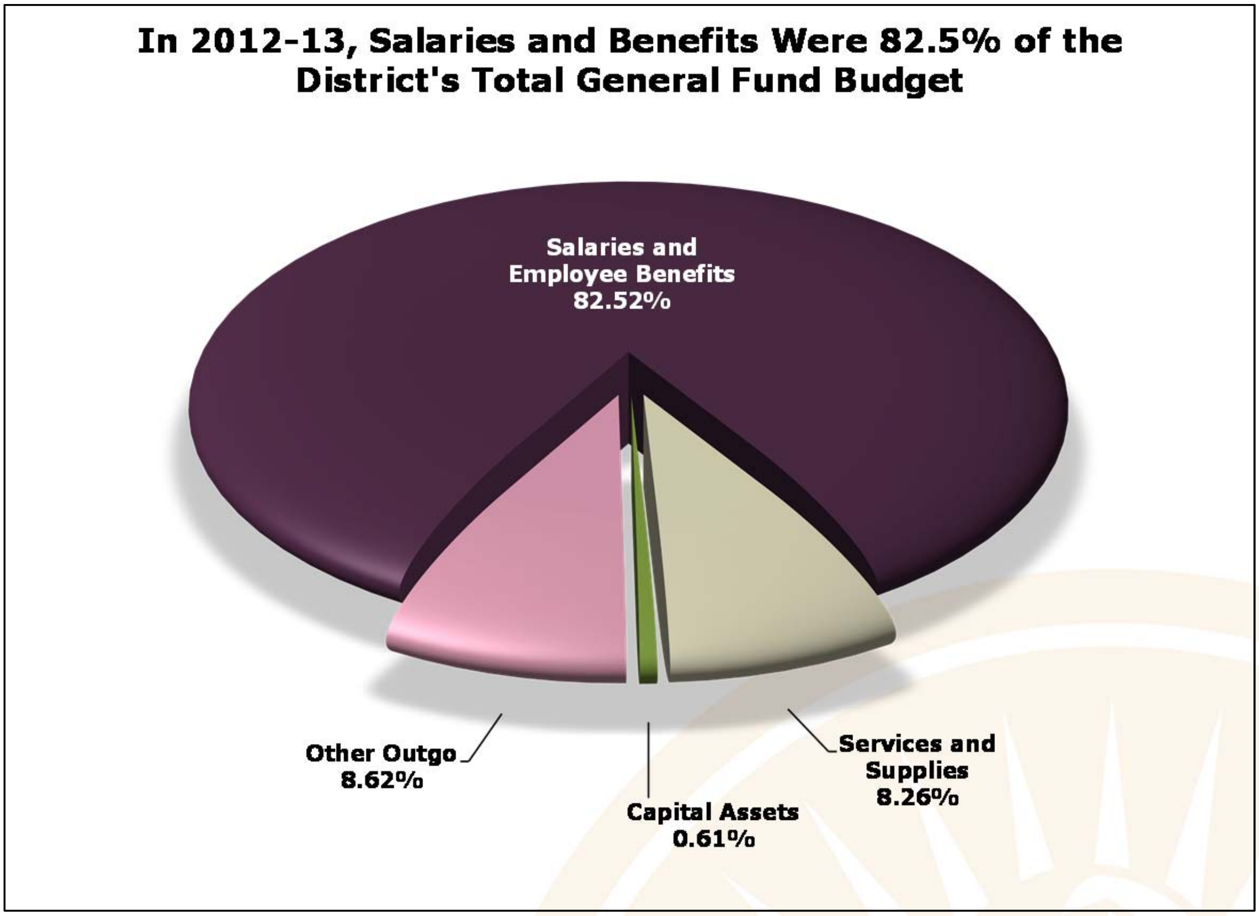
- The District has a wealthy and relatively stable tax base that is mostly comprised of residential property.
    - The lack of diversity in the tax base poses some concerns related to the long-term stability of revenues as the top ten taxpayers make up more than 7% of the total tax base.
    - However, the tax base demonstrated that during a time of substantial declines in the real estate market, property values in the District remained stable as the District never saw a decline in tax revenues.
    - The lack of diversity of the tax base should be considered when considering revenue reserves, but balanced by the demonstrated long-term stability.

- The District is not collecting development impact fees.
    - This policy should be re-evaluated to determine whether this is in line with the current desires of the community.
    - Consider alternative development mitigation measures, such as a CFD.

Expenditures

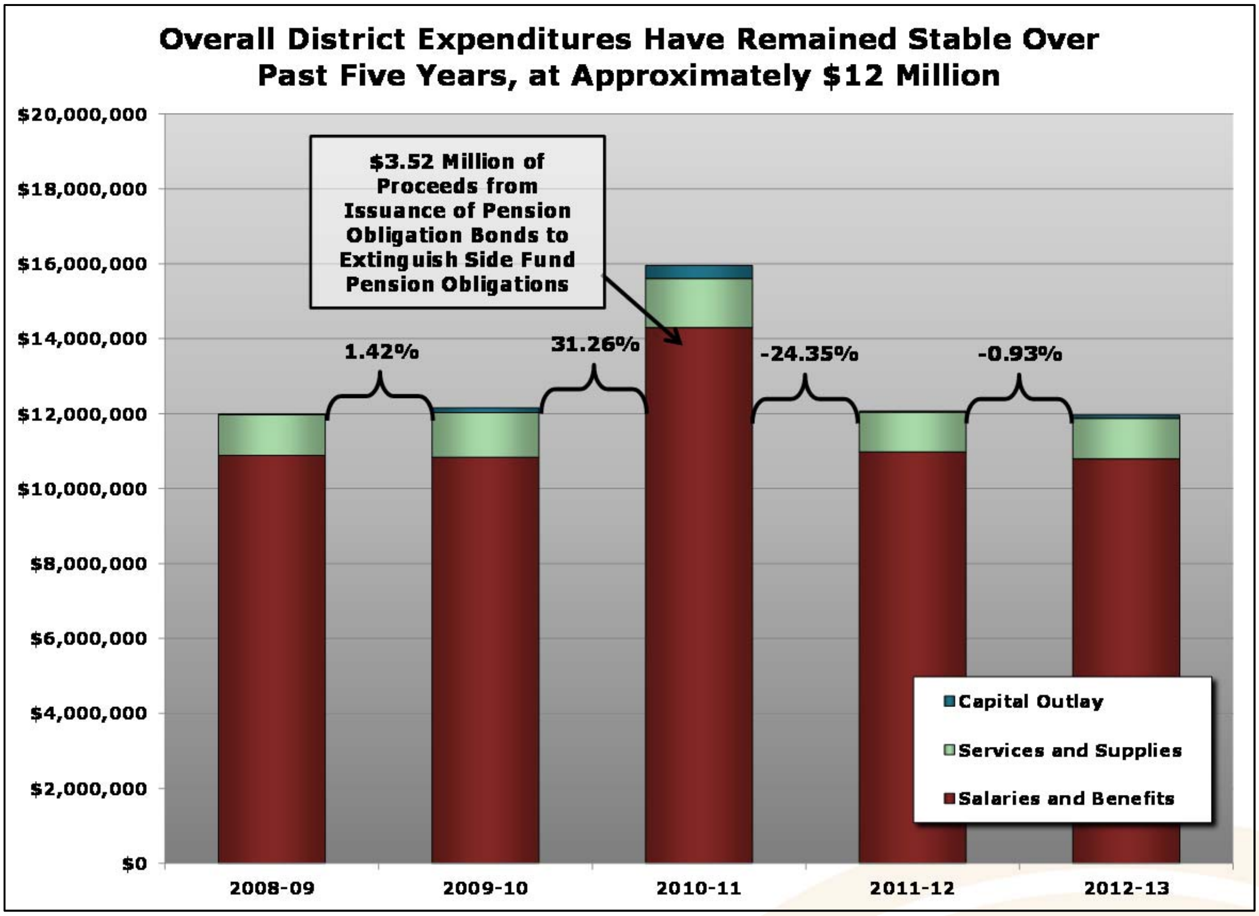
For most public agencies, 80%-85% of the General Fund budget is allocated towards salaries and benefits. As shown in ***Chart 7*** the District's 2012-13 actual salaries and benefits cost was approximately 82.5% of the total General Fund budget, which is in-line with other public agencies.

CHART 7



Annual expenditure trends have remained fairly stable over the past five years, as shown in ***Chart 8***, with the exception of 2010-11, when the District spent approximately $3.52 million from proceeds of a Pension Obligation Bond (POB) to extinguish side fund pension obligations. More detail related to the POB is described later in this report, which will explain how this POB lowered the District's annual side fund obligation by approximately $162,000. When removing this expenditure, the District's overall expenditures have remained stable.

CHART 8



This expenditure trend is in-line with the stable revenue trend over the past five years. Even though the cost of living and resulting operational costs have increased over this timeframe, it appears as though the District has made expenditure cuts to ensure that the amount of expenditures does not exceed the annual revenues received. This is further evaluated below.

Measuring and evaluating the expenditure levels of local government requires as much artistry as it does science. Essentially, no general framework can be used effectively without practical judgment and specific knowledge of a jurisdiction. Assessing financial components cannot be determined in a vacuum. Economic, political, legislative, and factors, combined with each jurisdiction's specific response to these external forces, determines the appropriate expenditures levels.

Expenditure levels for fire districts can vary drastically from one agency and jurisdiction to another. Several factors impact the expenditure levels for a fire district including:

- Community demographics
- Community demand for service
- Response time goals
- Response time challenges

- Terrain
- Accessibility of roads and properties
- Fire hazard risk
- Number of fire stations
- Ability to share resources with other agencies or departments (e.g., maintenance service, business function, etc.)

Essentially, District policy and community demands dictate the priorities for adequate staffing levels and necessary other operational expenditures. A district's financial condition is ultimately evaluated based on the ability of the agency to meet its expenditure obligations through its available revenue sources. The District has consistently demonstrated an ability to do this, as described in more detail later in this report.

Comments and Findings Related to Expenditures

- The proportion of expenditures for Salaries and Benefits is in-line with proportionate expenditures of most public agencies.

- The District's five year expenditures have remained relatively stable, with no unusual spikes in spending.

- Expenditure levels should reflect the service demands of the Montecito community.
    - Board policy should reflect these community service demands, which are then reflected in expenditure levels.
        - With careful consideration to ensure that expenditures are within revenue limitations.

Comparison of Revenues to Expenditures

There are three different revenue and expenditure comparisons to evaluate related to the District's finances:

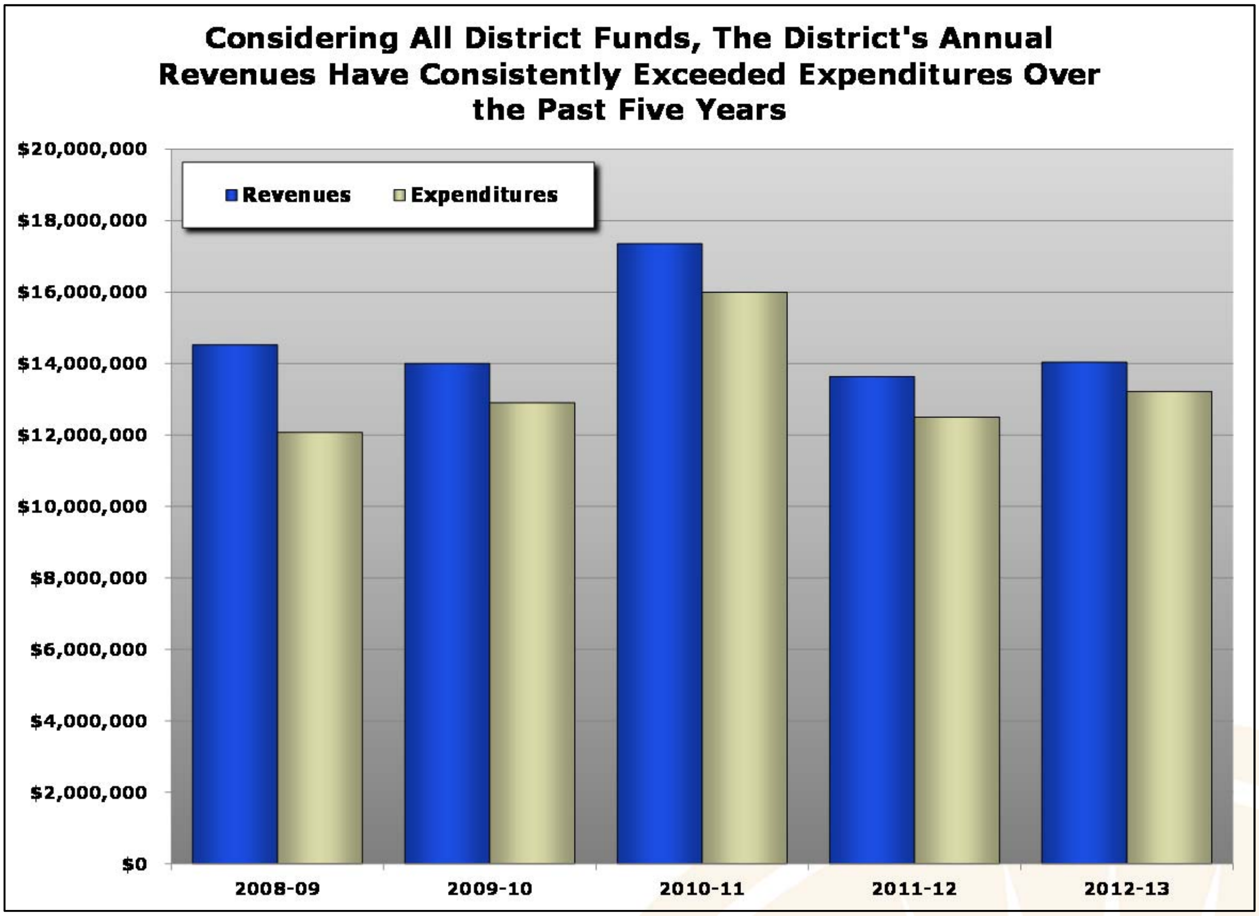
- Annual Revenues Over Expenditures
- Cash Flow
- Fund Balance

Annual Revenues Over Expenditures

Over time, in order to demonstrate a strong financial position, the District must show that annual expenditures are set at a level to be funded through annual revenues. No deficit spending was identified throughout the course of our analysis, but in the event that deficit spending occurs, it should be limited in nature and a plan for reducing future deficit spending should be put in place. With property tax revenues in particular, it is important to demonstrate that the use of the tax revenue is being used to fund the services the revenue is generated for in the period the revenue is generated. This ensures that current property owners are not paying for the services of the past.

The District's annual revenues have consistently exceeded expenditures over the past five years, as shown in ***Chart 9*** enabling the District to build up fund balances.

CHART 9

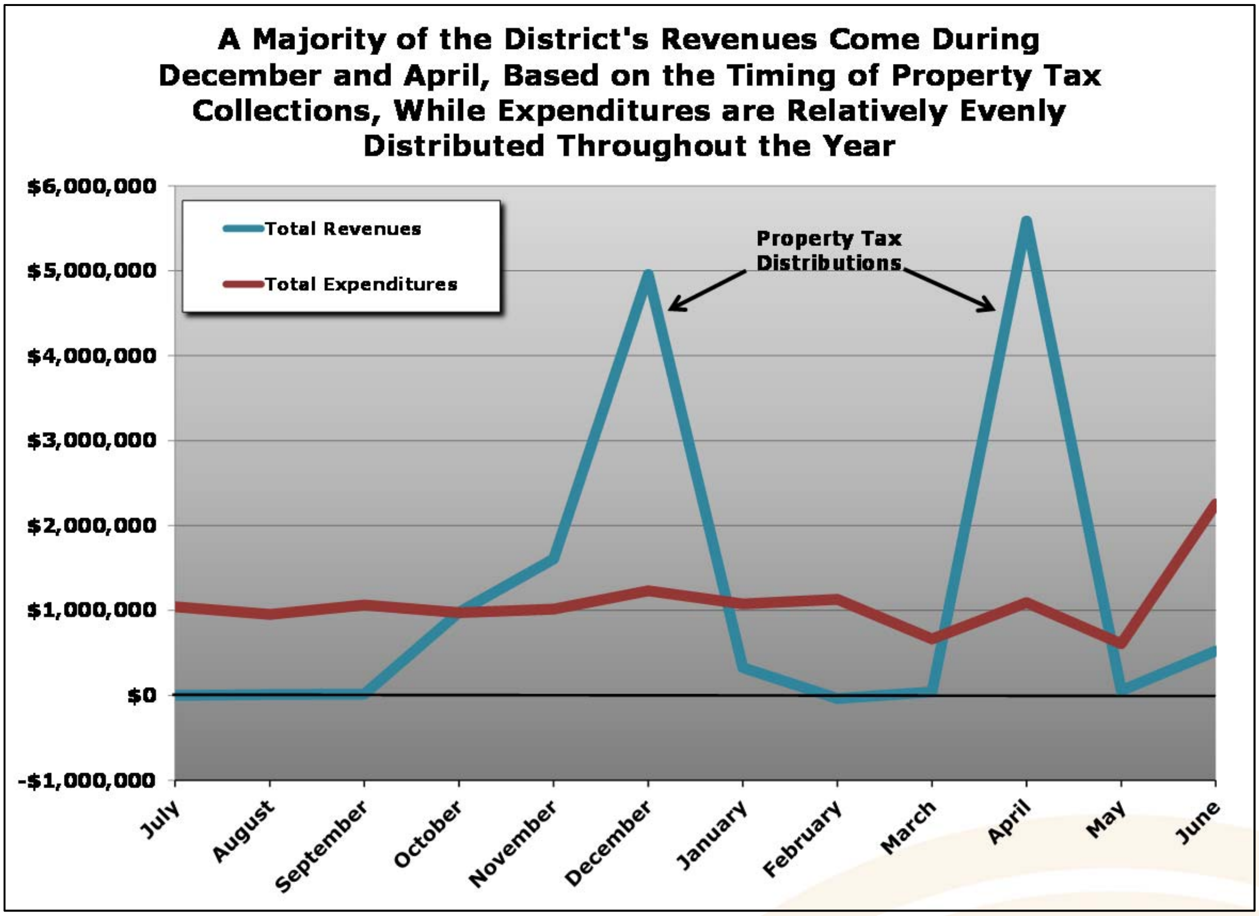


Cash Flow

In addition to considering the overall fiscal year sufficiency of revenues and expenditures, it is important to understand the annual cash flow. Since the District's primary revenue source is property taxes which come in predominantly three times per year – December, April and June – the District must ensure adequate cash flow to fund operational expenditures during the fiscal year before property taxes are received. As with most public agencies that are dependent primarily on property taxes, the District's cash is lowest in November, right before property taxes are received, as shown in ***Chart 10***. This provides complications for making November and perhaps early December payroll obligations.

The District has historically utilized internal borrowings to fund cash shortfalls. This is an appropriate use of available cash and typically the most cost-effective cash flow option.

CHART 10



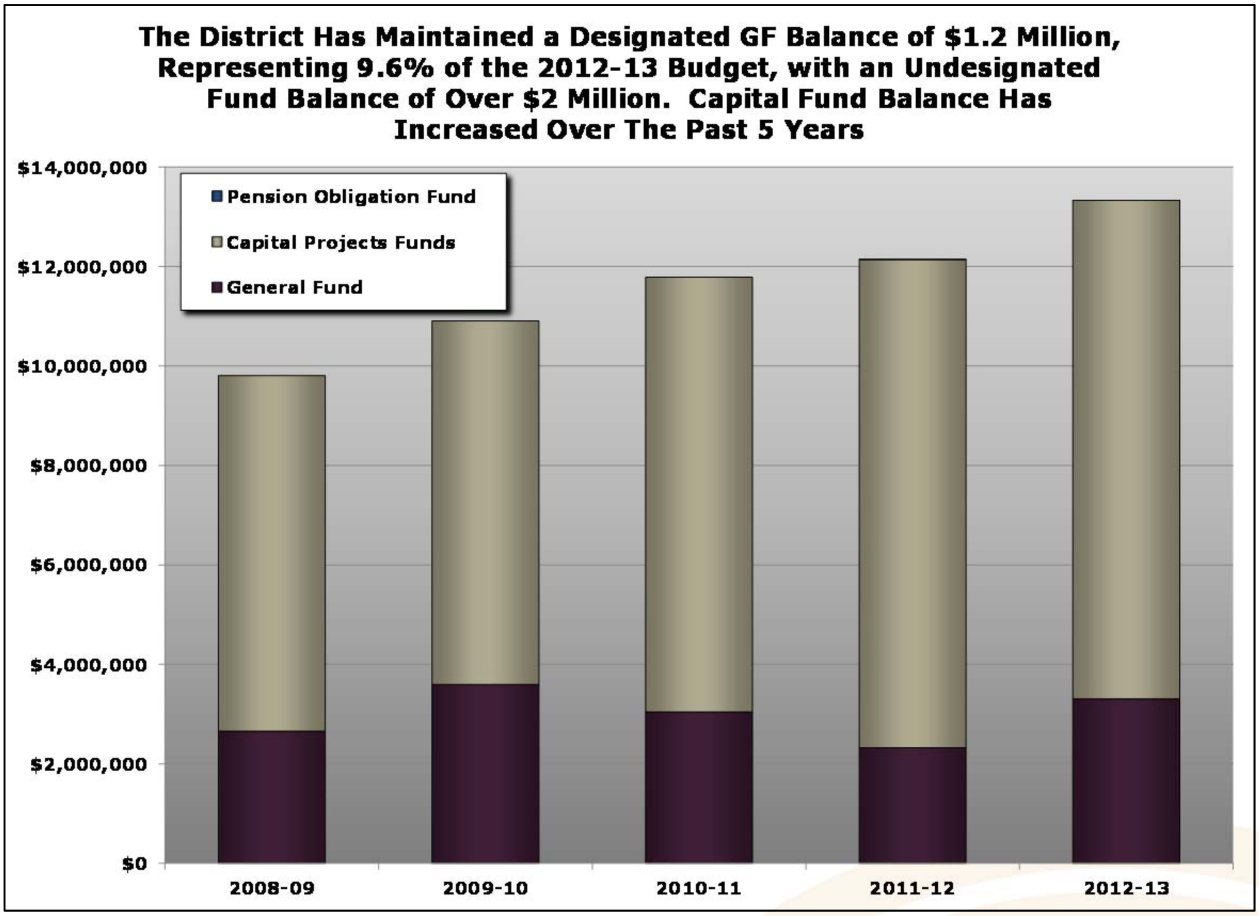
In order to avoid the need for an annual cash flow borrowing, the District can consider maintaining cash reserve funds in a sufficient amount to fund these periods of cash shortfall. This is discussed in more detail in the Reserves section of this report.

Fund Balance

Assessing the adequacy of the level of fund balance is an important component to evaluating an agency's financial health. Additionally, trends in the agency's fund balance provide insight as to whether the agency has an improving or deteriorating financial position.

The District has maintained a healthy fund balance over the past five years, as shown in ***Chart 11***, which has increased as revenues have consistently exceeded annual expenditures. The District maintains a designated General Fund balance of approximately $1.2 million, representing almost 10% of its annual budget. Additionally, the District has an undesignated General Fund balance of over $1 million with over $10 million in the Capital Projects Fund. This results in a total ending 2012-13 fund balance of approximately $12.5 million.

CHART 11



Fund balance levels will vary based on the type of public agency, as well as economic and budgetary risks. Moody's Investor Service (Moody's) provides a scorecard for U.S. local government agencies as a tool to evaluate the agency's credit profile. One component of the scorecard is fund balance as a percentage of revenues. Moody's indicates that a Very Strong ('Aaa' rated) credit will have a fund balance of at least 30% of revenues. ***Appendix B*** shows the full Moody's scorecard.

Net Assets

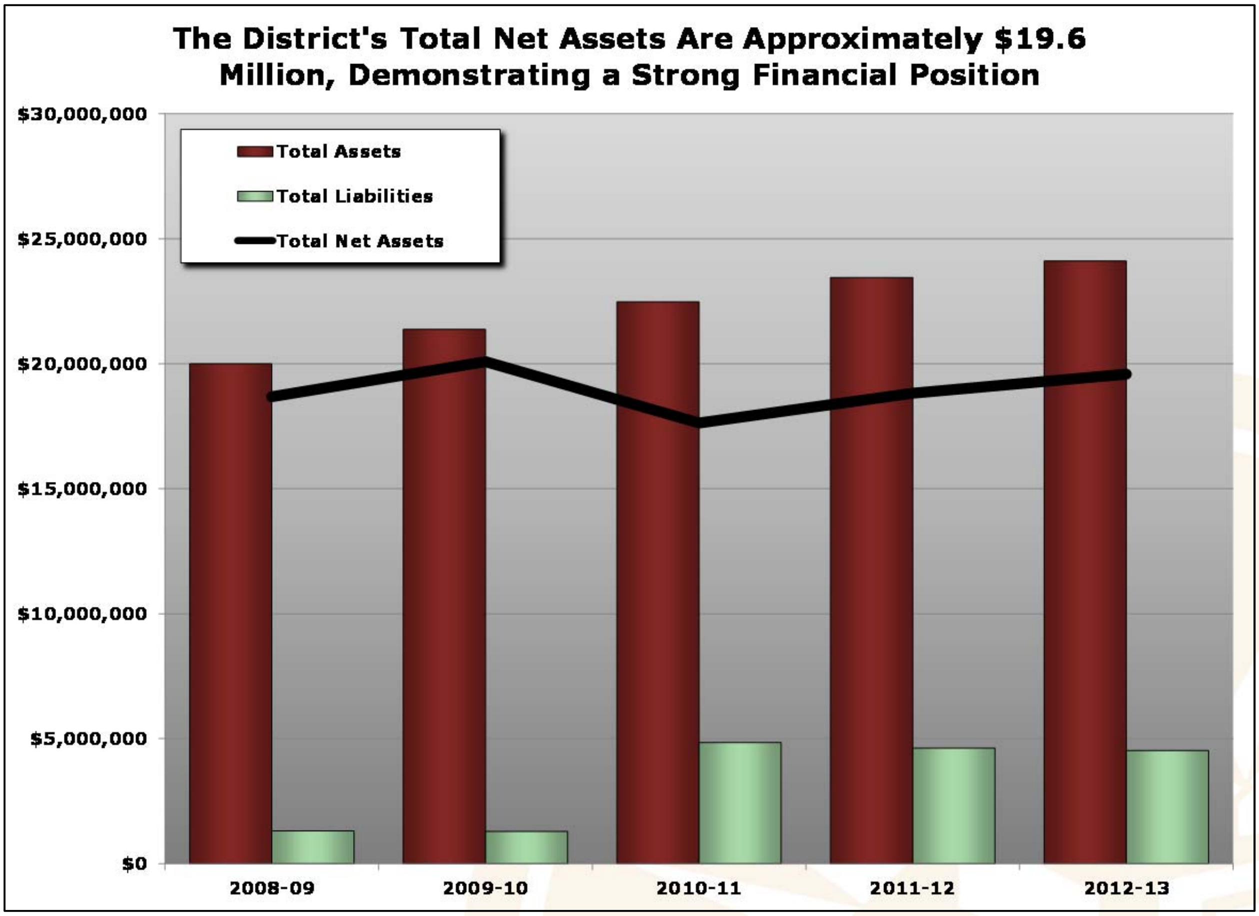
An evaluation of net assets identifies the District's assets, or resources used to provide service and operate the government, as compared to its liabilities, or its obligations to turn over resources to other organizations or individuals. The difference between the District's assets and its liabilities is called "net assets". Essentially, net assets are what the District would have left over after satisfying its liabilities. Net assets are an indicator of an agency's financial position or its financial standing at a given point in time, typically at the end of the fiscal year. Financial position can be tracked over time to assess whether an agency's financial health is improving or deteriorating.

The amount of assets is reported in a variety of ways, depending on the nature of the asset. Cash amounts are essentially the cash balance at the end of the fiscal year. Most investments are reported at their fair value as of the end of the fiscal year. Capital assets are generally reported at historical cost less accumulated depreciation.

Liabilities typically represent the balances remaining to be paid, although there may be some exceptions. For example, long-term debt may include amortized discounts or premiums. Also, deferred revenues are reported as liabilities. For example, the District may be required to provide a particular service and contribute resources of its own before it qualifies to use resources provided by the state or federal governments. These would be considered deferred revenues.

As shown in ***Chart 12***, the District has high net assets of approximately $19 million. This further demonstrates a strong financial position.

CHART 12



Comments and Findings Related to the Comparison of Revenues to Expenditures

- Historically, the District has avoided deficit spending with annual revenues exceeding annual expenditures.
  - This demonstrates a healthy financial position even during a difficult economic time.

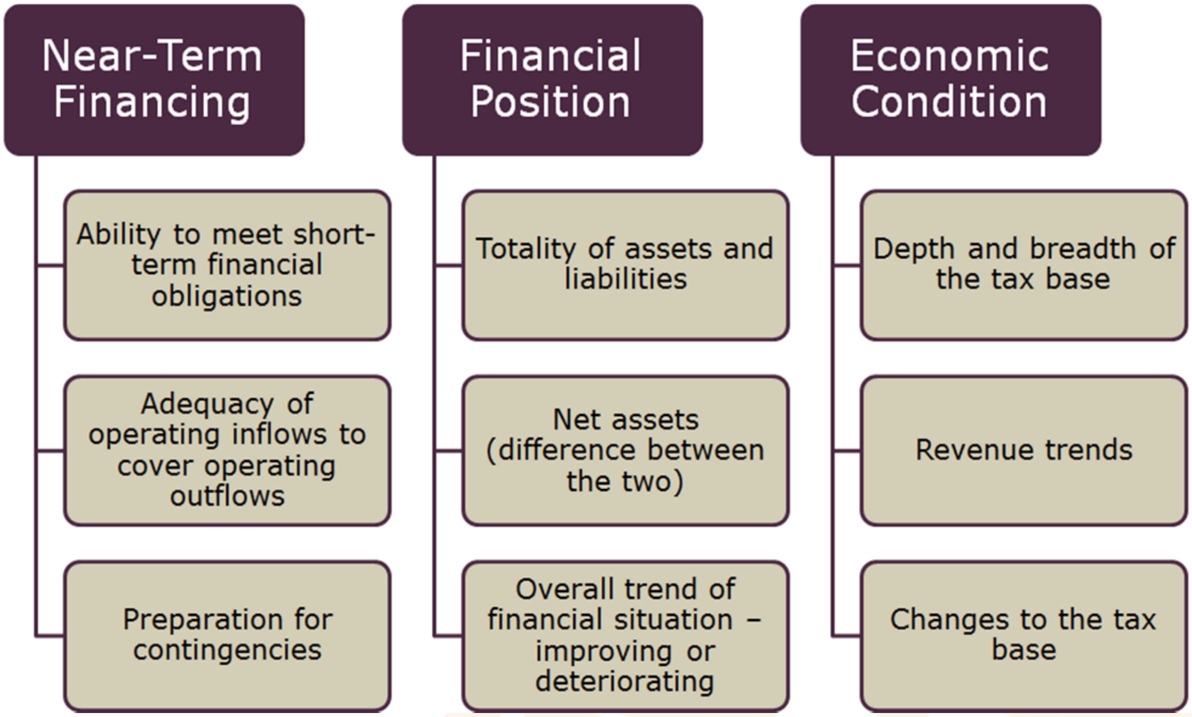
- With the high dependence on property tax revenues, the District will annually face cash shortfalls, typically in November and early December, before property tax revenues are received.
    - The District can use reserves or other cash sources to meet these cash flow shortfalls instead of relying on cash flow borrowings.

- The District maintains healthy fund balances at a level that is considered "Very Strong" by Moody's.

Summary of the Evaluation of Revenues, Expenditures and Overall Financial Condition

As previously demonstrated in ***Figure 1***, and re-stated in ***Figure 2***, there are three main components to the assessment of an agency's financial position – near-term financing, financial position, and economic condition.

FIGURE 2



The District has demonstrated a strong ability to meet its short term financial obligations and cover operating outflows by consistently funding annual expenditures through annual revenues and avoiding deficit spending. A healthy fund balance demonstrates the District's preparation for contingencies.

The District's financial position is very strong with assets of over $23 million and liabilities of approximately $4.6 million. The District has net assets of approximately $19 million. Overall, the District's has a stable to improving financial situation further demonstrating the strength of its financial position.

The economic condition of the District is healthy. Even though there is not a substantial breadth to the tax base with a large portion of the properties residential, it is a very wealthy tax base that has demonstrated an increasing assessed value. The overall tax base withstood a depressed economic environment without resulting in a decrease in property tax revenues to the District.

BUDGETING

Types of Budgets

A public agency may not spend public funds without the legal authorization to do so. Among other things, a budget appropriates public funds, thereby providing the legal authorization from the governing body to expend these funds. Budgeting typically involves:

- Establishing goals and priorities
- Allocating resources according to those goals and priorities
- Comparing actual expenses and revenues to those estimated in the current budget

It is the primary function of the District's governing board to set the financial goals and policies of the District. A budget should reflect these goals and provide the framework for financial implementation. It is important that the budget development process is inclusive and transparent. Techniques can be used by a district to ensure this transparency, including the creation and circulation of a budget development calendar that clearly sets forth the timing and expectations of all parties related to budget development.

There are three types of budgets that can be used as a tool to set and allocate an agency's resources:

1) Annual Budget
2) Long-Term Budget
3) Capital Budget

Annual Budget

The **Annual Budget** authorizes and provides the basis for control of financial operations during the fiscal year. ***Figure 3*** provides a summary of the budget process typically used to develop and implement the Annual Budget. The budget process specifically recommended by the National Advisory Council on State and Local Budgeting practice as encouraged by the Government Finance Officers' Association is included as ***Appendix C***.

FIGURE 3

Budget Process

- Fire Chief seeks input from department heads and assembles a comprehensive budget document
- Board holds budget hearings to receive budget information
- Board members receive public input/reaction
- Board members evaluate all the information received and revise and adopt the budget
- Fire Chief oversees, implements and executes the budget

Expenditures

- The agency spends money in a manner consistent with the adopted budget

Warrants

Specific authorizations to spend money

- • Typically a board delegates to staff the authority to authorize payments for budgeted expenditures up to a certain amount

The Annual Budget should reflect the broad goals and level of service expected by the Montecito community, within the financial constraints of the District.

The Annual Budget is typically created based on the actual expenditures from the prior fiscal year, with adjustments made for known changes to revenues or expenditures as well as changes based on new policy direction from the Governing Board.

The District adequately prepares an Annual Budget based on the prior year’s expenditures and includes its Finance Committee as part of the process. The best guide as to the adequacy of the District’s Annual Budget is based on the comparison of the District’s Budget to actual expenditures. This is described in more detail later in this report.

Long-Term Budget

In addition to the Annual Budget, a **Long-Term Budget**, also referred to as a Multi-Year Budget or financial forecast, may be prepared to present estimates of available financing and financing requirements for several fiscal periods. The purpose of a Long-Term Budget is to evaluate current and future fiscal conditions to guide policy and programmatic decisions. A Long-Term Budget is a fiscal management tool that presents estimated information based on past, current and projected financial conditions. This will help identify future revenue and expenditure trends that may have an immediate or long-term influence on policies, strategic goals or levels of service.

Long-Term Budgets are planning documents that are strongly recommended as a necessary tool for efficient financial management. A Long-Term Budget is typically less detailed than an Annual Budget, but will provide both revenue and expenditure trends and identify any key issues on the horizon. Such Long-Term Budgets can show expiring revenue sources and the resulting expenditures that should be eliminated as a result. They can also show future operational costs that need to be built into a budget to reflect the operations of a new station that is not planned in the current fiscal year. More simply, these Long-Term Budgets can ensure that ongoing revenues will be sufficient to meet anticipated future expenditures and prepare an agency in the event that future budgetary changes are needed. It is often easier to make operational cuts over several years instead of large-scale cuts in a single fiscal year.

Currently, the District funds 100% of the employees' share of the pension contribution, referred to as Employer Paid Member Contributions (EPMC), and employees are paying a cost share of 4.5% of the employer contributions. Assembly Bill 340 (Public Employees' Pension Reform Act of 2013) changed pension formulas for new employees hired after Jan. 1, 2013 which in turn, has reduced the rates the District pays for these employees. When the District's existing employment Memorandum of Understandings (MOUs) are renegotiated, the District will no longer be able to make the EPMC for employees hired after Jan. 1, 2013. Additional changes imposed by Assembly Bill 340 will require that all employees, by the year 2018, pay up to 50% of the total normal cost of their pension benefit, up to an 8% contribution rate for miscellaneous members, and a 12% contribution rate for local police officers, local firefighters, and county peace officers. Based on the CalPERS Actuarial Valuation reports for June 30, 2012, the estimated pension costs for FY 2014/15 are $1,458,293. Applying Assembly Bill 340's 2018 cost share requirements to today's dollars, the District's estimated future savings in pension expenditures would be $448,858. This future savings should be incorporated into a Long-Term Budget.

Additionally, in 2018, the District will have made the final debt payment on the POB, reducing expenditures by approximately $740,000 as compared to the current budget. Both of these items will result in a reduction in expenditures.

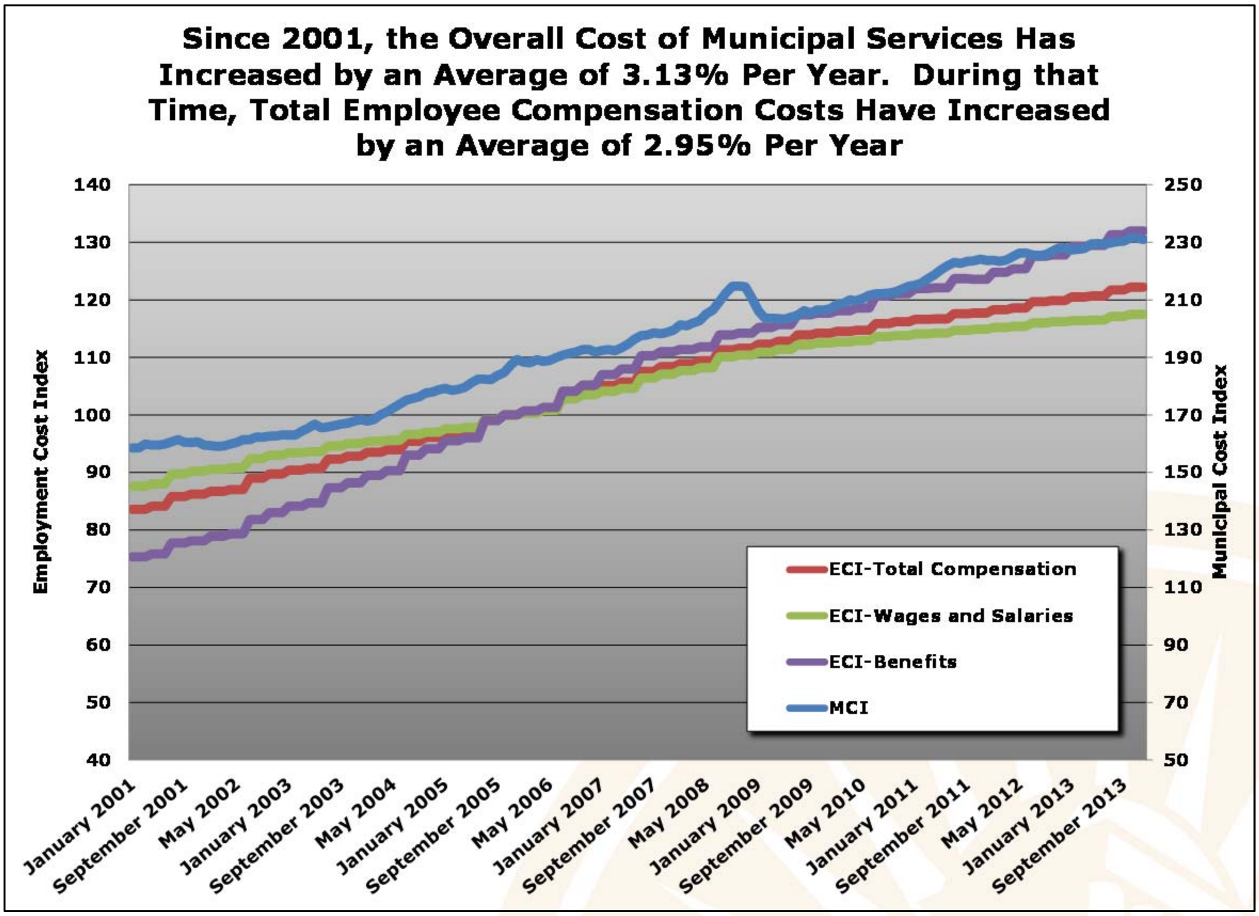
In a Long-Term Budget, the District can show the elimination of these expenditures and plan for a reallocation of the revenues that are currently being used to fund these expenditures.

When actual figures are not available, an inflationary index can be applied to actual revenues and expenditures to provide some indication of future levels. On the revenue side, since a vast majority of the District's revenue is based on property taxes, average assessed value growth rate assumptions can be used to estimate future tax revenues. The revenues section of this report identifies a 2.2% property tax growth rate as an appropriate rate for future projections, based on the District's 5-year average annual increase in property tax receipts.

On the expenditure side, the most widely applied inflation indices is the Consumer Price Index (CPI). However, we recommend that more specific indices be utilized in order to more accurately reflect inflation that the District may experience given the nature of its expenditures. The District can break down its expenditures into three categories – Employment Costs, Services and Supplies, Capital Costs – and apply a specifically appropriate index to each category.

Currently, the District has a contract in place that specifically identifies employment costs through 2016. However, when actual employment cost information is not available, for salaries and benefits costs, the Employment Cost Index (ECI) can be applied to current cost levels to estimate future employment costs. The ECI is published by the U.S. Bureau of Labor Statistics and includes an overall total compensation index as well as separate categories for Wages and Salaries and Benefits. For Services and Supplies expenditures, the Municipal Cost Index (MCI) can be used. The MCI is published by the American City and County magazine and estimates the rate of inflation for purchase specifically by American municipalities. ***Chart 13*** shows the ECI and MCI since 2001. For construction costs, there are several Construction Cost indices that can be utilized based on the specific type of construction to be taken on by the District.

CHART 13



Capital Budget

Capital Budgets may be prepared to present proposed capital outlays and the proposed means of funding them. For a fire district this should include:

- Station construction needs
- Apparatus, vehicle and equipment purchases
- Station refurbishment and modernization
- Apparatus, vehicle and equipment replacement

Capital needs can be large scale in nature and can be funded through several years of budgetary contributions. As current taxpayers are contributing to the depreciation of capital assets, it is reasonable that funds are set aside for future capital refurbishment and modernization needs. Additionally, as future taxpayers will be benefitting from capital improvements, it is reasonable that the cost of capital is spread over several budget years of taxes.

The future funding requirement related to apparatus, vehicle and equipment replacement is also an important component of a Capital Budget. The Capital Budget should include expenditures based on the funding levels identified in a district's Capital Plan. The District has informal capital plans and budgets for station construction needs and a documented apparatus, vehicle and equipment replacement and purchase plan. However, it is recommended that these tools are memorialized in a comprehensive Capital Plan and resulting Capital Budget. The creation of a Capital Plan is addressed later in this report.

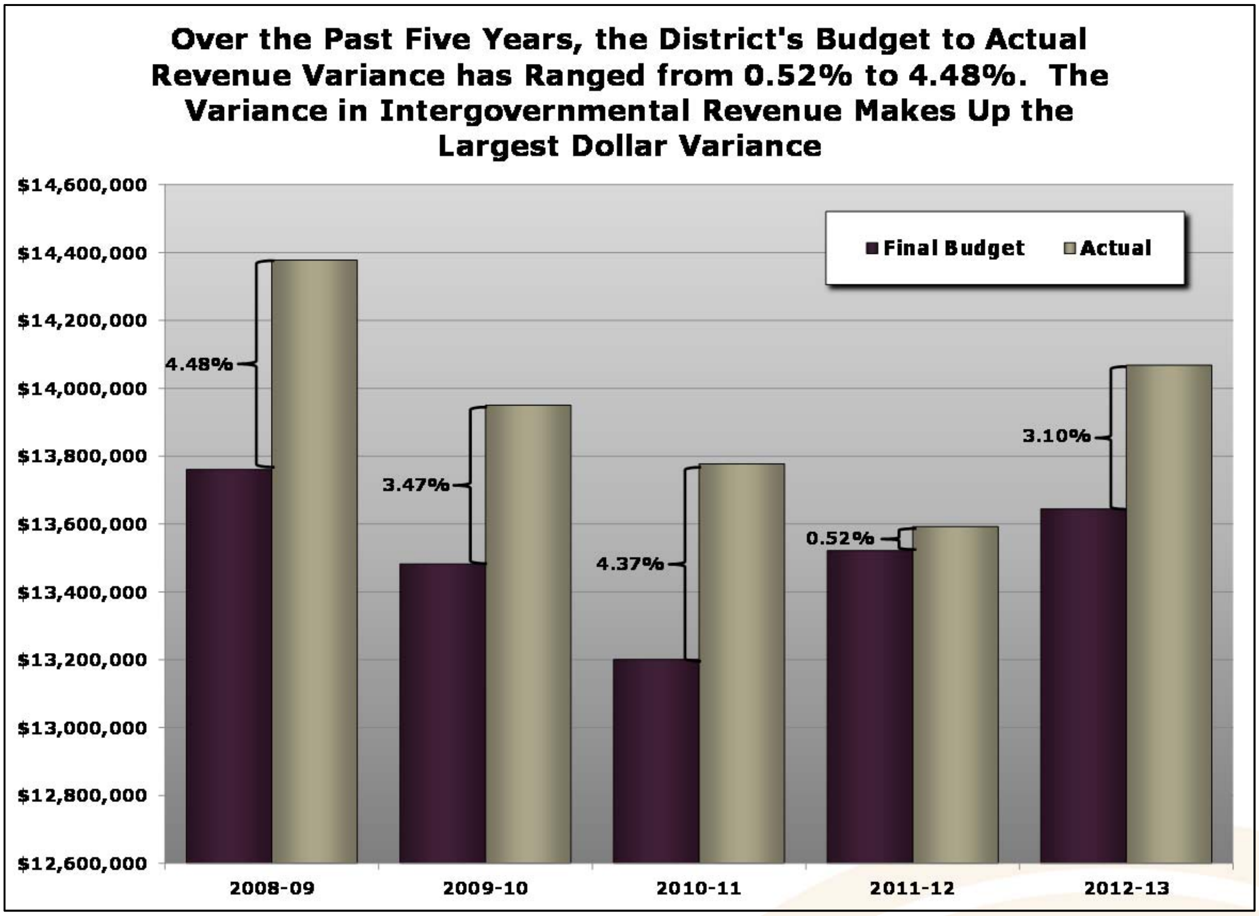
Each public agency should consider policies for funding capital needs to balance the current and future taxpayer obligations. The financial policies can be reflected in a Capital Budget.

Comparison of Budgets to Actual Revenues and Expenditures

A comparison of the District's budget to actual revenues and expenditures can provide insight related to the accuracy of the budget and areas where additional focus may be needed. Areas with consistently large variances should be re-evaluated as part of the annual budget development process to consider whether budget adjustments may be necessary to adequately reflect the District's actual financial practices. This could be an indication that the budget implementation, which equates to actual expenditures, is not in-line with the policy goals set forth during budget development. This could also mean that changes to District financial policy are being implemented outside the budget development process.

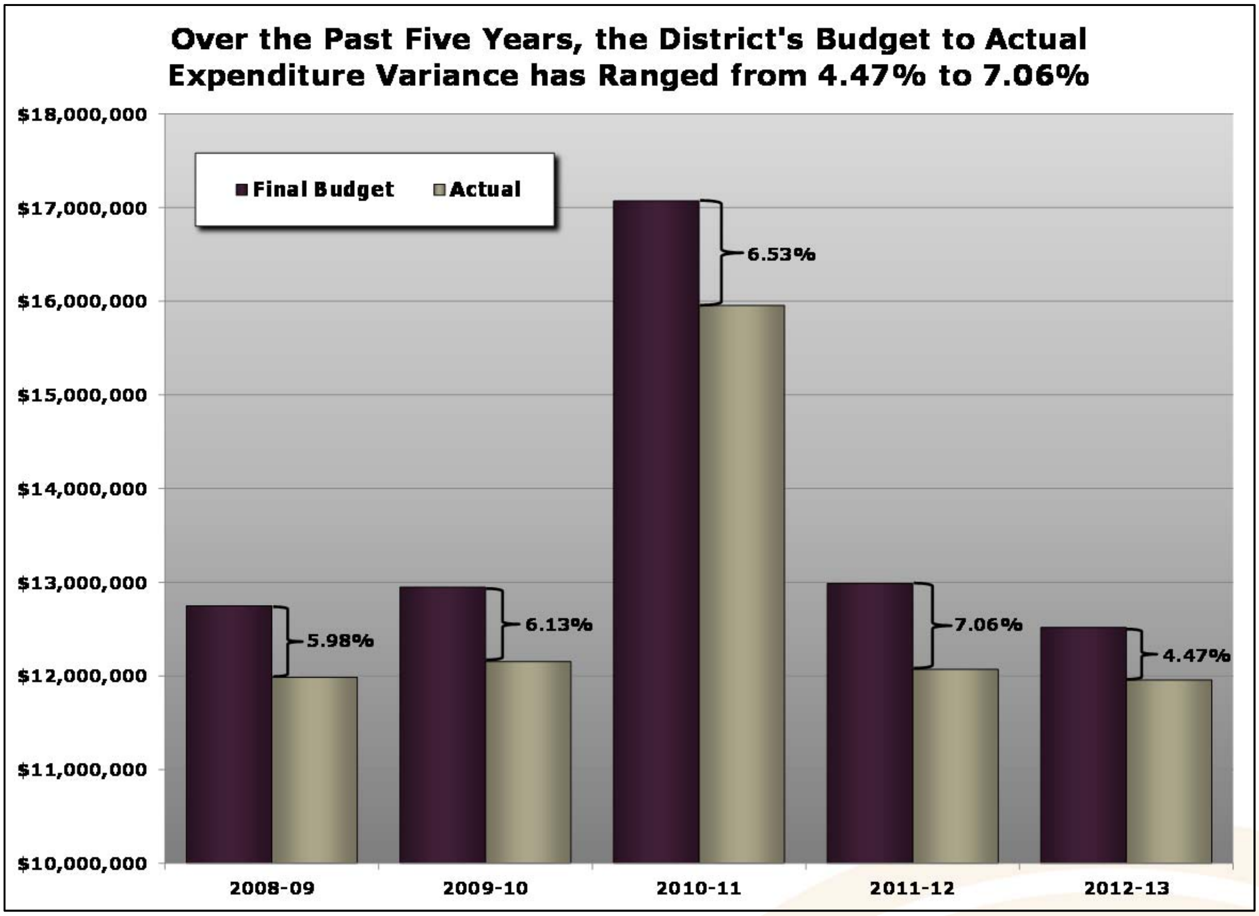
As shown in ***Chart 14***, the District's most substantial variance in budget as compared to actual revenues was 4.48%, in 2008-09. The largest dollar variance is in the Intergovernmental Revenues category. Given the nature of this revenue source, it is not uncommon for a large variance to occur. Therefore, there is no specific area of focus that we would recommend related to the revenue variances.

CHART 14



As shown in ***Chart 15***, the expenditure variances range from a low of 4.48% in 2012-13 to a high of 7.06% in 2011-12. There is a large dollar variance in both the Salaries and Benefits and Services and Supplies categories, but on a percentage basis, the variance for the Salaries and Benefits categories is reasonable. Prior to 2012-13 there were substantial variances in the Services and Supplies category, with a variance in excess of 20% in fiscal years 2010-11 and 2011-12. However, in 2012-13, the variance was 2%. We would recommend further review of the Services and Supplies budget to determine whether the recent trend showing a small variance is more in line with what to expect in future annual budgets.

CHART 15



Comments and Findings Related to Budgeting

- The District's annual budget development process can be more clearly stated to enhance communication and opportunities for input.
    - District staff is in the process of creating a budget calendar. We would recommend utilizing and circulating this budget calendar so that all stakeholders are informed of expectations related to the budget development process. This will improve transparency in budget development.
    - The District's Governing Board should provide general policy guidelines that are reflected in the budget itself.
        - Such policy guidelines should be communicated to staff early in the budget development process to ensure that they can be adequately incorporated into the budget with the ability to provide alternatives, if necessary.

- The District should consider the creation of a Long-Term Budget to evaluate overall revenue and expenditure trends to help foresee future financial challenges.
    - This will enable issues to be addressed before they reach a level of concern.
    - It will also enable the District to plan for a reallocation of revenues currently allocated to sun setting expenditures.

- The District should consider memorializing its existing capital plans into a formal Capital Budget that can provide the framework for the future funding of the District's capital needs.
    - This includes: a rehabilitation and modernization plan for funding future improvements to the existing fire stations; the existing apparatus, vehicle and equipment replacement plan; as well as the District's previously identified new construction needs to meet service demands and the apparatus, vehicles and equipment needed for any new stations.

- Monitoring the variance between budget categories and actual expenditures can identify areas that may need to be adjusted in future budget cycles.
    - Large variances should be explained.

RESERVES

It is essential that local governments maintain adequate levels of reserves to mitigate current and future risks, such as revenue shortfalls and unexpected expenditures. Reserve levels are a crucial consideration, too, in long-term financial planning. Credit rating agencies monitor levels of reserves in an agency's general fund to evaluate their continued creditworthiness. Those interested primarily in an agency's creditworthiness, financial or economic condition are likely to favor increased levels of reserves. Opposing pressures often come from unions, taxpayers and citizens' groups that may view high levels of reserves as excessive. It is the Governing Board's responsibility to balance these two interests and ensure the long-term financial solvency of the District.

It is recommended that the District establish a formal policy on the level of reserves that should be maintained. The policy should specify plans for increasing or decreasing the level of reserves if it is inconsistent with the policy. The Government Finance Officers Association (GFOA) recommends that at a minimum, government agencies, regardless of size, maintain unrestricted reserves in their general fund of no less than two months of regular general fund operating revenues or expenditures. For the District, because of the erratic trend in receipt of revenue, we recommend using two months of operating expenditures to determine the minimum level. For 2013-14, this would equal approximately $2.2 million. The District may want to consider an added level of security and set aside three months of operating expenditures, which would equate to $3.3 million.

Furthermore, an agency's particular situation may require a level of reserves in excess of the recommended minimum level. This is based on a variety of factors:

- The predictability of revenues and the volatility of expenditures
  - Higher levels of reserves may be needed if significant revenues sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile
- Its exposure to significant one-time outlays
  - This would include: disasters, immediate capital needs, state budget cuts, etc.
- The availability of resources in funds other than the general fund
  - Deficits in other funds may require a higher level of reserved be maintained in the general fund as the availability of resources in the other funds may reduce the amount of funds available in the general fund
- Liquidity
  - A disparity between when financial resources actually become available to fund expenditures
- Commitments and assignments
  - Agencies may wish to maintain higher levels of reserves to compensate for any portion of reserves already committed or assigned for a specific purpose

Several of these factors are relevant to the District and could impact the recommended reserve levels.

Predictability of Revenues and Volatility of Expenditures

Based on the five year history of revenues and expenditures in the District, there is not a high degree of volatility in either revenues or expenditures. However, the District's minimum expenditure levels are relatively fixed in order to respond to the service needs of the Montecito community. The revenues, on the other hand, are dependent on the tax revenue generated from the tax base. As previously described, the District does not have a very diverse tax base, with approximately 87% of its parcels having a residential use and the top 10 taxpayers making up over 7% of the total tax base. Some consideration should be given to the residential real estate market and the lack of diversity in the tax base when considering reserve levels. However, we would not recommend a specific reserve fund beyond the economic uncertainties reserve related to the predictability or volatility or revenues and expenditures.

Exposure to Significant One-Time Outlays

A catastrophic event is a real possibility in Montecito, with the community's terrain and geography. There are two impacts the District could face from a large scale disaster, such as a fire: (1) significant loss in the tax base, (2) large scale fire suppression expenditures. The District currently has reserves of approximately $1.2 million designated for this purpose.

We recommend the District set aside funding equal to the amount of property tax generated from at least 10% of the tax base to address significant loss in the tax base. Based on 2013-14 assessed values, this would equal approximately $1.4 million. Additionally, we recommend the District set aside funding equal to approximately 5% of total General Fund expenditures to address large scale fire suppression expenditures. Based on the 2013-14 Budget, this would equal approximately $700,000. The combined amount recommended would total $2.1 million for a catastrophic event reserve, which would require an additional $900,000 to what the District currently has set aside.

Availability of Resources in Funds Other Than the General Fund

The District's main exposure to this risk is related to capital expenditures. Without a separate capital revenue stream, the General Fund is ultimately responsible for capital expenditures, whether new construction, acquisition, refurbishment or replacement. We recommend that the District adjusts its existing Capital Reserve. The amount set aside in this reserve should be based on the future capital needs of the District.

We further recommend that the District memorialize its identified capital needs into a formal Capital Plan to provide specific guidance related to the appropriate capital reserves needed. This Capital Plan should respond to the service demands of the community as it relates to new station construction and the resulting apparatus, vehicle and equipment needed to serve the new station. The Plan should also include an analysis of the future modernization and refurbishment needs of the existing stations and an apparatus, vehicle and equipment replacement plan that considers the condition of each item and identifies a replacement cost. The reserve levels can be established based on the funding needs and financing strategies identified in the Capital Plan. Various financing strategies may result in a need for additional capital reserves. For example, if the District were to take on a borrowing, we would recommend capital reserves specifically related to the borrowing of at least one debt service payment.

Liquidity

Due to the timing of property tax receipts as compared to average monthly expenditures, the District will have annual cash shortfalls. This can be mitigated by borrowing from reserves on hand. We do not recommend setting aside additional funds specifically for cash flow; however, other reserves should be made available for cash flow purposes to the extent they are not needed for their designated purpose.

Creation of a Reserve Policy

We recommend that the District create a formal reserve policy. Such a policy can help guide the District's overall reserves. Such a policy can address:

- Types of reserve funds necessary
- Mechanism for calculating the amount of reserves needed in each category
- Considerations for drawing on reserve funds
- Plans for building reserves over time
- Timeline for re-evaluating reserve levels

Estimated Reserve Levels (Based on the 2013-14 Budget)

- Economic Uncertainties Reserve - $2,200,000 - $3,300,000
- Catastrophic Event Reserve: Loss of Tax Base & Large Scale Fire Suppression Expenditures - $2,100,000
- Capital Reserve – TBD

Total Reserves = $4,300,000 to $5,400,000 + Capital Reserves

Comments and Findings Related to Reserves

- A formal District policy on Reserves can be created to clarify and set the appropriate reserve levels to meet District objectives.
  - Recommended reserve levels are set forth above based on the District's current financial status.

- The District should consider memorializing its identified capital needs into a formal Capital Plan and resulting Capital Budget to guide in the allocation of capital reserves and resources which address:
  - Station construction needs
  - Apparatus, vehicle and equipment purchases
  - Station refurbishment and modernization
  - Apparatus, vehicle and equipment replacement

OTHER POST-EMPLOYMENT AND PENSION BENEFITS

Other Post-Employment Benefits (OPEB)

The District provides retiree healthcare benefits for employees who retire with PERS pension benefits. The District pays for medical, dental, and vision premiums for the lifetime of the retiree and their eligible dependents. The District participates in the Public Agency Retirement System (PARS) Public Agencies Post-Retirement Health Care Plan Trust Program (PARS Trust), which is a single employer irrevocable trust established to fund other postemployment benefits.

GASB 45 Actuarial Valuation

The Governmental Accounting Standards Board Statement No. 45 (GASB 45) directs certain changes in accounting for OPEB in order to quantify a government agency's current liability for future benefit payments. GASB is directed at quantifying and disclosing OPEB obligations, and does not impose any requirement on public agencies to fund such obligations. Under GASB 45, the District is required to perform actuarial valuations once every three years.

On May 6, 2013, Demsey, Filliger and Associates completed the District's most recent actuarial valuation. The valuation calculates the present value of all future benefits expected to be paid by the District for its current and future retirees (known as the Present Value of Future Benefits or PVFB). As of July 1, 2013, the PVFB is valued at $12,795,732. If the District were to place this amount in a trust fund earning interest at the rate of 6.5% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits. The valuation apportions the PVFB into past service and future service components. The Accrued Liability (AL) for past service is valued at $10,082,480. If a plan has been funded by the employer since its inception, the plan's assets will theoretically be equal to the AL. On the valuation date, the PARS trust was valued at $2,746,320, leaving the District with an UAL valued at $7,336,160 or 27% funded. The actuarial methods and assumptions are provided in the valuation.

The PVFB is used to calculate the Annual Required Contributions (ARC), which is the amount needed on an on-going basis to pay for benefits in the current year for active employees plus amortize the UAL. According to the valuation, for 2013-14, the valuation determined the ARC to be $913,893, consisting of a service cost of $352,109 representing the present value of future benefits accruing in the current year for current employees, and $561,784 representing the amortization of the UAL due to retirees. The ARC is adjusted based on the net OPEB Obligation, which results in an annual cost of $911,176. GASB 45 requires disclosure of the current expense of OPEB based on the ARC, but does not require funding of it.

In 2013-14, the annual pay-as-you go cost for retiree health benefits is $414,412. The pay-as-you-go amount is currently paid from the District's operating funds. The District budgeted an additional $786,540 from operating funds to prefund the PARS Trust. Together, the annual pay-as-you-go-expense and prefunding totaled approximately $1.2

million. Theoretically, when fully funded, on an on-going basis, the PARS Trust will be sufficient to cover retiree healthcare benefits for the District's current and retired employees.

Contributions to the PARS Trust are made at the discretion of the Board. Based on available funding, we estimate that over the next three years, the District can annually increase its contribution to prefund the PARS Trust by $800,000. Total annual contributions to the PARS Trust would be approximately $1.6 million, which excludes the pay-as-you-go cost of $414,412. Going forward, the cumulative total for annual contributions to the PARS Trust and pay-as-you go cost would be approximately $2 million.

The source of the additional $800,000 would be funded from existing cash on hand designated for Station 3, discussed in more detail later in this report. Although the additional $800,000 will not fully fund the PARS Trust over the next three years, it will accomplish several goals:

- Substantially increase the funded status of the PARS Trust.
- Accelerate the time period for when pay-as-you-go payments can be paid from the PARS Trust rather than out of the operating budget.
    - The District would still budget for the annual service cost.
- Allow for a conservative and measured approach in that annual contributions over a three year period allow the District to "dollar cost average" into the investment.
- Allow the District to take advantage of relatively high investment returns that are available through the PARS Trust.
- Provide financial flexibility by affording the District with the opportunity to continue to assess its capital needs and reassess its OPEB assumptions, level of catch-up payments for both OPEB and CalPERS, and funding status at the time of its next valuation.

Unlike a contractual payment such as a home mortgage, OPEB liabilities are not fixed obligations subject to a stated payment schedule. OPEB liabilities are based on actuarial valuations, which are subject to continual revision. For this reason, we recommend that the District adopt an approach that allows it to adapt to multi-year changes.

Assets in PARS Trust

As of February 28, 2014, the PARS Trust had a balance of approximately $2,970,365. The District has selected HighMark Plus (Active) as the PARS Trust investment. In February 2014, the District switched its investment objective from moderate to balanced. The balanced strategy provides growth of principal and income, with capital appreciation comprising a larger portion of total return than dividend and interest income. The investment contains a mix of approximately 57% equities, 39% fixed income, and 4% cash. Based on the District's February 2014 investment report, the HighMark investment has an annualized investment return of approximately 7.89% over the previous three years.

Although the PARS Trust is irrevocable, the District retains flexibility over the amount paid into the trust as well as disbursements that can be paid out of the PARS Trust. The PARS Trust is not required to be funded at a particular level. In order to maximize the financial benefits of the PARS Trust, the District can prepay the annual contribution, plus the pay-as-you-go amount for retirees receiving benefits, at the beginning of each fiscal year, and make disbursements from the PARS Trust. In the event that the District overfunds the PARS Trust, or wishes to see reimbursement for prior contributions, money paid into the PARS Trust can be withdrawn as long as the money is spent or reimbursed for retiree health care expenses. The District's PARS consultant can provide additional information on the flexibility of the District's plan.

Analysis of Discount/Investment Rate

DFA values pension and retiree health plans using a 6.5% investment rate in order to reduce the possibility that the 7.5% investment goal will not be reached. This rate is revisited every three years when the valuation is performed. It is reasonable to assume a lower rate of 6.5% on OPEB since the District has selected an investment vehicle that appears to have a more conservative investment objective.

As of January 31, 2014, the CalPERS investment portfolio contained a mix of 65% equities, 15% fixed income, 10% real estate, 4% cash and 6% other. The more aggressive nature of these investments has resulted in a return of approximately 7.91% over the most recent 10 years, and over 5.5% during the inception of the District's HighMark investment.

For comparison purposes, Moody's utilizes current market interest rates as the guide to discount the present value of future pension benefits. Specifically, Moody's utilizes the Citibank Pension Liability Index, which is a high-grade, long term, taxable bond index. The average 20 year rate over the past six months is approximately 5.00%. This rate reflects the historically low interest rates associated with fixed income. Moody's competitor, Fitch Ratings, uses a less aggressive investment assumption of 7.00% to estimate a districts funded ratio.

With regard to the more conservative assumption used by Moody's, their approach is geared to a slightly different purpose. The index used by Moody's is geared toward the private sector. It is utilized by Moody's to promote better comparability when evaluating the creditworthiness of state and local government borrowers. In concept, public agencies would not typically use the bond index approach given the perpetual nature of their existence. Moreover, the District's investment vehicle in the PARS Trust should have a higher investment rate than a bond index due to its exposure to equities in the asset mix.

If the District were to use more conservative discount/investment rates than the rates currently used, the UAL will increase as would the annual expense. Rather than using more conservative interest rates, we believe the District can achieve a comparable objective by voluntarily increasing payments to the PARS Trust. The investment returns in the PARS trust should be monitored and adjusted accordingly.

Further Consultation with PARS

We understand that when the PARS Trust is fully funded, retiree benefits will be paid from the Trust rather than the District's operating budget. The District should consult with PARS regarding the ability to make annual OPEB contributions into the PARS Trust, including the pay-as-you-go amount for retirees receiving benefits, at the beginning of each fiscal year, and make disbursements from the PARS Trust. This will allow District to reduce net costs by taking advantage of greater investment earnings in the PARS Trust. If incorporated retiree benefits would be paid from the PARS Trust.

Comments and Findings Related to OPEB

- In 2013-14, the District contributed approximately $786,000 from its operating budget to prefund the PARS Trust. Beginning in 2014-15, and over the following two years, we recommend that the District increase the annual contribution by approximately $800,000 to the PARS Trust for a total contribution of approximately $1.6 million per year over a 3 year period.
    - The source of the additional $800,000 per year is existing cash on hand that is currently designated for Station 3.
        - This "reallocation" affords the opportunity for a more efficient use of cash.
        - However, if the District does not pursue the recommendations set forth regarding Station 3, an adjustment to this contribution amount will need to be addressed.
    - Assuming a 6.5% investment rate, the market value of assets in the PARS Trust is estimated to grow to more than $9 million over a three year period, which will substantially reduce the District's UAL at an accelerated rate.

- Potential risks are increasing healthcare costs, which can add to the OPEB cost, and a lower asset value due to investment returns below the assumed 6.5% investment rate.

- The investment assumption of 6.5% should be reviewed on a periodic basis.

- The District currently earns approximately 0.369% on deposits held in the County Investment Pool. The District can increase interest income by holding funds not currently needed in the PARS Trust.
    - The PARS Trust offers flexibility in terms of withdrawing funds as long as those funds are used for retiree benefits. A strategy to further explore with PARS is making pay-as-you-go payments out of the PARS Trust.

Pension Plan

The District contributes to the California Public Employees Retirement System (CalPERS) for its employee pension plan. The employee contribution level for District Miscellaneous members is 8%, while District Safety member's contribution level is 9% of annual salary. The District's MOUs provide for the District to make these contributions for the employees on their behalf, and is required to contribute an actuarially determined employer contribution rate for both member groups. The District reports that with the implementation of Assembly Bill 340, which limits the employer contribution for the employee's share of the contribution for employees hired on or after January 1, 2013, the District will be paying 6.5% of the Miscellaneous member cost and will continue to pay 9% of the Safety cost until a new Memorandum of Understanding is established.

Employer Contribution Rates

Based on the CalPERS Miscellaneous Plan Actuarial Valuation Report for June 30, 2012 (2012 Valuation), the employer contribution rate for 2014-15 is 19.161% based on projected covered payroll of $986,304. In dollar terms, this equates to $182,274 if prepaid at the beginning of the fiscal year. The Miscellaneous Employee's current 4.5% cost share provides a savings of $44,384, reducing the Employer expenditure to $137,890.

Based on the CalPERS Safety Plan 2012 Valuation, the employer contribution rate for 2014-15 is 23.948% based on projected covered payroll of $5,524,492. In dollar terms, this equates to $1,276,019 if prepaid at the beginning of the fiscal year. The Safety Employee's current 4.5% cost share provides a savings of $248,602, reducing the Employer expenditure to $1,209,985.

In 2015-16, the contribution rates contained in the Miscellaneous and Safety Plan 2012 Valuations are projected to increase to 20.2% and 25.5%, respectively. The increase is due to several assumptions such as investment return of 7.5%, projected salary and merit increases, payroll growth, and actuarial methods for amortizing the unfunded liability and smoothing investment gains and losses on investments. The projected increase in contribution rates will cause the District's annual pension cost to increase. The actual employer contribution rate will be known when the 2013 valuation is published in October 2014.

Actuarial Unfunded Liability

As of February 2014, CalPERS estimated the funding status of the Public Employees' Retirement Fund (PERF), as of June 30, 2012, to have a funded ratio of 70.4% for Miscellaneous Plans, and 68.7% for Safety Plans. Although a fully funded plan is ideal, our research found that less than 1% of the 1,764 Public Agency Pooled Plans had a funding status of 100%. The circumstances surrounding how and why the plans are fully funded was not explored. The bulk of the plans have a funding status between 65%-80%.

According to the Miscellaneous and Safety Plan 2012 Valuations, the District's Miscellaneous Plan has a funded ratio of 74.5% based on a market value of assets basis, which equates to unfunded liability on a market value basis of approximately $1.5 million. The Safety Plan has a funded ratio of 75.8% based on a market value of assets basis, which equates to unfunded liability on a market value basis of approximately $13.7 million.

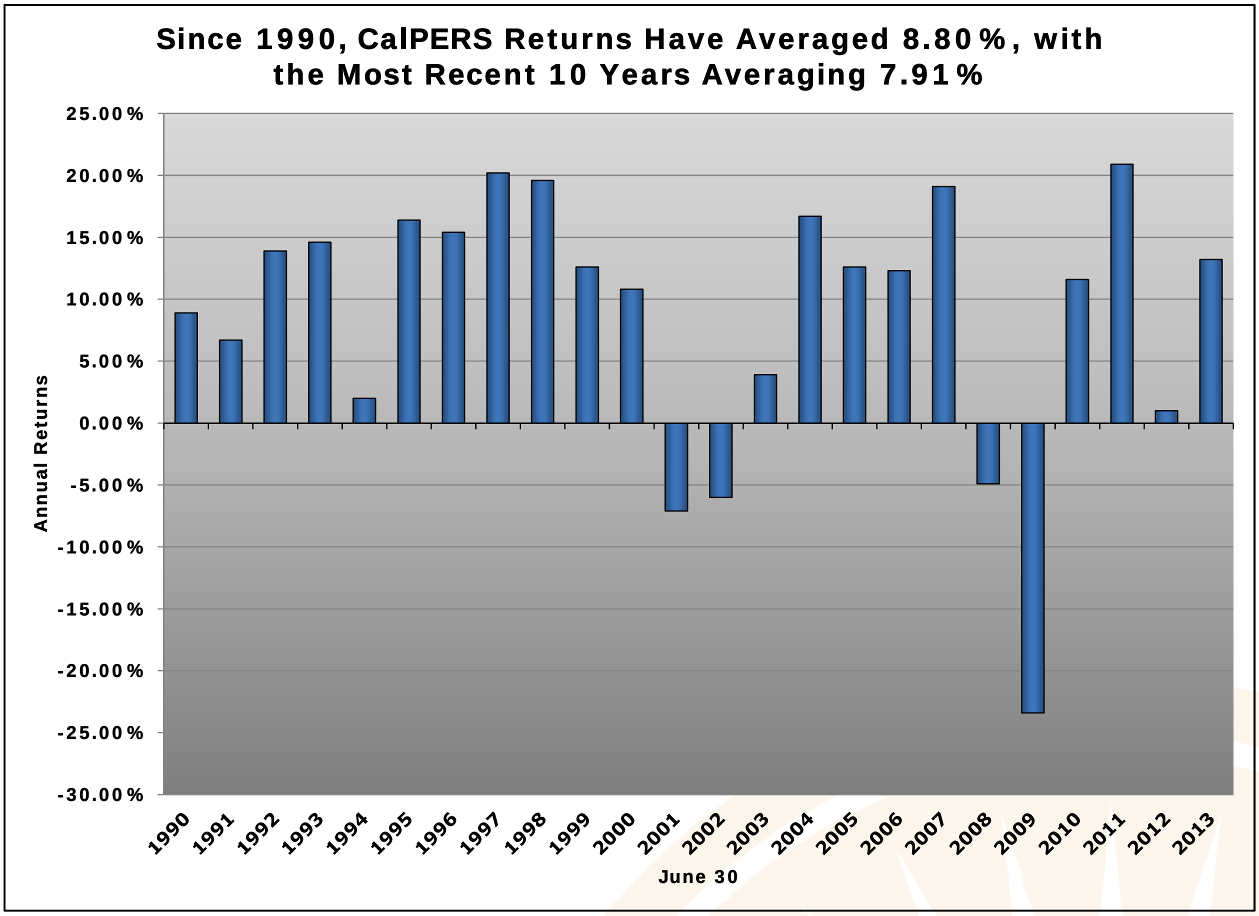
Although the funded ratio is below our target of 80%, the District's funded ratios are better than average. Due to the actuarial basis on the funded ratio, in the event the District wishes to periodically make additional payments to increase the funded status to over 80%, District staff should consult with CalPERS.

Discount Rate

The 2012 Valuation is based on a discount rate of 7.5%. CalPERS periodically adjusts the discount rate based on economic assumptions such as the allocation and performance of its investment portfolio. The discount rate of 7.75%, which was established in 2003, was reduced to 7.5% effective for the June 2011 Valuation.

Based on our review of historical returns, the discount rate of 7.5% appears reasonable considering the multi-generational nature of the plan, and historical returns measured on a 20 year, rolling average. A history of the CalPERS returns is shown in ***Chart 16***.

CHART 16



For purposes of understanding the impact of the volatility of the discount rate on the unfunded liability, it is helpful to review the unfunded liability with a more conservative discount rate. This is demonstrated by actuarial projections performed by the District's independent actuary, Demsey, Filliger and Associates (DFA). Based on a 6.5% discount rate, the unfunded accrued liability (UAL) for the Safety and Miscellaneous pension plans, as of June 30, 2013, was $20.8 million and $2.0 million, respectively. This equates to a funding ratio of 70% and 72%, respectively. In order to better understand market risk associated with the discount rate, we recommend that the District continue to have DFA provide an update of the pension UAL when the OPEB valuations are performed.

Other Adjustments to Pension Data

Moody's makes adjustments to pension data in order to improve the comparability of reported pension liabilities among State and local government bond issuers. After studying Moody's methodology, we believe that the District should not replace its reported liability information based on adjustments utilized by the credit rating agencies. Although such adjustments are helpful when evaluating comparative credit quality, they are not based on an actuarial methodology and don't reflect the flexible nature of pension liabilities.

Advance Funding of Side Fund

A Side Fund is a fund created by CalPERS to account for the difference between the funded status of the pool and the funded status of a District's plan. It is in addition to the District's unfunded liability. A positive Side Fund balance reduces the District's contribution, and a negative balance increases the employer contribution.

In order to refinance the District's Side Fund debt, the District issued a taxable 2011 Pension Obligation Bond (POB) in the amount of $3.5 million. In fiscal year 2014-15, annual payments are approximately $767,000. However, payments begin to decline to approximately $452,000 in fiscal 2017 and approximately $150,000 in fiscal 2018.

The interest rate on the POB is 4.52%; term 7 years; and savings of $162,000 based on a discount rate of 7.75%. The IRS treats interest on the POB as taxable, meaning that the interest rate is greater than it would be on a tax-exempt bond issued for a capital project. The POB is not subject to early prepayment. The outstanding balance is approximately $2,634,000.

Comments and Findings Related to the Pension Plan

- The District has a well-managed debt and pension profile.

- The Safety and Miscellaneous Plans are sufficiently funded, particularly when compared to other public agencies.
    - If the District has sufficient resources, we recommend that the District target a funding ratio of at least 80%.
        - There may be room to make additional catch-up payments to the extent that the District has available cash that is not needed for reserves and operations.
        - The District is not required to maintain a funding ratio of 100%.
    - Pension contributions are expected to increase in 2015-16 by approximately 1-1.5% of covered payroll.
    - By the year 2018, the District will see decreases in pension expenditures due to the effects of Assembly Bill 340.

- In fiscal year 2014-15, POB annual payments are approximately $767,000. However, payments begin to decline to approximately $452,000 in fiscal 2017 with the final payment of approximately $150,000 in fiscal 2018, when the POB is fully repaid in 2018 this will increase available revenues for future use.

CONSTRUCTION OF STATION 3

The District has two basic options for funding the land acquisition, design and construction of Station 3:

- Pay cash
- Borrow all or a portion of funds and repay over time

Cash can be used to the extent it is not needed for other purposes. Once fund balances have been applied to the appropriate reserve funds, the District can evaluate the amount remaining and the best use of such funds. This should be compared to the cost of borrowing funds to pay for the construction of the station.

Fire stations are typically financed through a lease type structure whereby the District retains ownership of the project being financed and leases it to a non-profit corporation. The non-profit corporation sells its right to receive lease payments to an investor. The sales price paid by the investor represents loan proceeds that are deposited with the District. The District uses the loan proceeds to acquire and construct the fire station.

Like mortgage interest rates, interest rates available to public agencies are based on market interest rates. Rates fluctuate on a daily basis and are fixed for the duration of the loan when the borrower and lender enter into a loan agreement. In the current interest rate environment, the District can borrow at low tax-exempt rates ranging from approximately 2.6%-3.7% for a seven to fifteen year borrowing. The actual rate depends on the timing, term and structure of the borrowing.

Loan origination costs vary based on a number of factors (legal, financial, banking title etc.) For illustration purposes, we assume that the origination costs on a $5,000,000 loan would be approximately $100,000. We would assume slightly higher interest rates, particularly for the shorter term loans due to a modest allowance for early prepayment as early as 5 years. For illustration purposes, a range of annual payments would be as follows:

- $818,000 for a 7 year loan @ 3.0%
- $605,000 for a 10 year loan @ 3.25%, and
- $450,000 for a 15 year loan @3.7%

Should the District wish to further pursue this type of option, project costs, and financing costs can be managed to bring about the best result for the District.

Loans for fire stations take approximately three months to complete. There is not a requirement for a down payment. It is possible for the District to pay cash for the property, and finance the construction. The District would need to fund interest during the construction or utilize its existing fire station as collateral for the loan. We anticipate that the District would retain the option of prepaying the loan after five years.

The decision to borrow funds for the new station can be weighed against the alternative uses for the District's available cash. As described in this report, if the District is earning

6.5% on funds in the OPEB Trust and can borrow for station costs at 3%-3.7%, then it makes sense to use cash to fund the OPEB Trust and borrow for the station as it is more financially favorable use of funds.

Further, when considering a borrowing, the District should consider the impact on its net assets. The District's overall liabilities would increase by a slightly higher amount than assets after taking interest costs into consideration, but with the substantial level of current net assets, the District would remain financially sound.

If deciding to borrow money, the District may want to consider increasing Capital Reserves equal to one debt service payment to further enhance the security and financial stability related to the financing strategy.

The District could consider cash funding a portion of the new station costs, such as the land acquisition portion, especially if the acquisition and construction will occur at separate times. We would not recommend two separate financings as that could result in unnecessary borrowing costs. But, the District could reimburse itself for land costs out of a future borrowing if cash could be better allocated toward alternatives. A simply "Reimbursement Resolution" would need to be adopted by the Board before the land acquisition is funded in order for this strategy to be implemented.

In the event that the District does not want to borrow money to fund the construction of Station 3, but still finds the construction necessary to meet the service demands of its constituents, then the station can be cash funded. However, this would mean that the District would not be able to make the additional OPEB contribution.

Comments and Findings Related to Station 3 Construction

- If Station 3 is needed to provide the desired level of service to the community, given the rate of return on the OPEB Trust, it is financially beneficial to utilize some the funds currently set aside for the new station and borrow to fund the construction of the new station.
    - This could include a cash payment for the acquisition of the land with a reimbursement of land costs from a future borrowing.

- However, if the District is not comfortable borrowing money, then the station can be cash funded.
    - This would eliminate the additional OPEB contribution.

RECOMMENDATIONS

Based on the analysis and findings summarized in this report, Capitol PFG has established the following recommendations for the District:

Revenues, Expenditures and Cash Flow

- Review the District's current policy related to the collection of development impact fees and determine whether it is in-line with the current desires of the community to not impose such fees.
    - If impact fees are not desirable but the District wishes to create a mechanism for new development to mitigate its impacts, the formation of a CFD could be considered.

- Continue to use available reserves to fund General Fund cash shortfalls instead of borrowing from other entities.

Budgeting

- Clearly communicate the Budget development process through the formal creation of a budget calendar that informs all stakeholders of the plan and expectations regarding Budget development.

- Develop clear policy guidelines that reflect the desires of the community to be incorporated into the Budget. District staff can then provide budgetary detail to respond to the policy level direction that is further reviewed and refined by the District's Finance Committee and Board. Once the Budget is adopted, it is staff's responsibility to implement the Budget directives. Accountability is achieved through interim and annual financial reports and statements. If policy changes mid-year, amendments to the Budget may be necessary. Budget variances should be analyzed and explained to ensure that the actual expenditures are in line with the Budget and ultimately policy direction.

- Consider the creation of a Long-Term Budget to enhance financial management practices. This Long-Term Budget should be high level in nature and utilize known revenues and expenditures as well as trend analysis, with augmentations for known changes in revenues and expenditures.

- Memorialize the District's identified capital needs in a formal Capital Budget in conjunction with the creation of a formal Capital Plan. The Capital Plan should include identification of needs, estimated costs and financing options for: new station construction; acquisition of apparatus, vehicles and equipment; refurbishment and modernization of existing stations; and replacement for apparatus, vehicles and equipment. The financial portion of the Capital Plan can then be incorporated into a Capital Budget. This overall plan can guide the District on the Capital Reserves that are necessary and the appropriate way to allocate large-scale capital costs over several budget years.

Reserves

- Develop a formal District policy on Reserves which identifies the type of reserve funds and the appropriate levels of such reserves as well as detail regarding when reserves can be utilized and when they should be re-evaluated. We recommend four specific types of reserve funds for the District:
  - Economic Uncertainties – equal to 2-3 months of operating expenditures
  - Catastrophic Events: Loss of Tax Base & Large Scale Fire Suppression Expenditures – equal to 10% of property tax revenues + 5% of total General Fund expenditures
  - Capital – Based on funding needed to implement Capital Plan plus one debt service payment if any debt outstanding

OPEB and Pension

- Build up the OPEB Trust.
  - Since the District's CalPERS funding ratio is near the recommended level, the primary focus should be on prefunding the PARS Trust.
  - By making annual payments of $1.6 million per year over the next three years. Approximately $800,000 to be derived from Station 3 funds.
  - We recommend that the contributions be made over time, through dollar cost averaging, rather than a single lump sum deposit. The District will have the opportunity to make adjustments to the levels of contributions when the next Actuarial Valuation is prepared in 2016.

- As appropriate, the District should maximize its investment income by holding funds not currently needed in the PARS Trust. This includes increasing contributions and advance funding pay-as-you-go payments. The PARS Trust offers the District some flexibility in terms of withdrawing funds on deposit as long as those funds are used for retiree benefits.

- Achieve a CalPERS funding ratio of over 80% based on a market value of assets and a 7.5% discount rate.

- The investment returns in CalPERS and the PARS Trust should be monitored on an annual basis, and the investment rate periodically adjusted based on CalPERS adjustments and earnings rates available to the PARS Trust. The optimal time for adjusting the investment rate is when the District prepares the Valuation Report, which is prepared every 3 years.

Fire Station No. 3

- We recommend that the District keep $2 million in its capital account for the acquisition of Fire Station 3 property. The District can then finance the construction of the Fire Station as this is a long term capital asset.
  - Interest rates are at historic lows and the District will financially benefit from borrowing money at a low, tax-exempt interest rate and building the cash

deposits in its PARS Trust. The District can also use tax-exempt financing to acquire the Fire Station 3 property or reimburse itself for the acquisition.

- If a borrowing is not a comfortable option for the District, but Fire Station 3 is needed in order to meet the service demands of the community, pay cash for the station and reduce the additional OPEB contribution previously described.

APPENDIX A: GLOSSARY

Actuarial Report: A valuation of pension or retiree health plan that is performed by a certified actuary based on certain demographic assumptions such as salary scale, retirement age, turnover, death, and disability assumptions as well as economic assumptions such as a discount rate and the smoothing of gains or losses.

Accrued Liability (AL): Present value of future benefits already earned for active and retired members. The accrued liability is offset by the market value of assets. Balances in pension and health plans are measured based on the percentage of the accrued liability funded i.e., ideally, 80% or more funded.

Actuarial Value of Assets: Used for the purpose of smoothing investment gains and losses so they are partially recognized in the year they are incurred, with the remainder recognized in subsequent years. This helps dampen large fluctuations in the employer contribution rate.

Actuarially Determined Contribution: Replaces "Annual Required Contribution" effective Fiscal Year 2014-15. Does not change the contribution, methods, or assumptions.

Ad Valorem Property Taxes: Taxes calculated upon the assessed value of the property.

Amortization: (1) The portion of the cost of a limit life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by its maturity.

Annual OPEB Cost (AOC): The ARC is adjusted for interest on the NOO

Annual Required Contributions (ARC): Consists of current year, normal cost plus 30 year amortization of the unfunded accrued liability (UAL). It is determined by multiplying the employer contribution rate by the payroll. If the contribution is fully prepaid in a lump sum, then the ARC is equal to a lower payment. *See Actuarially Determined Contribution.*

Apportionment: The distribution of property tax collections to individual taxing agencies.

Arbitrage: The profit made by issuing bonds bearing interest at tax-exempt rates, and investing the proceeds at materially higher taxable yields.

Assembly Bill 8 Factors: The percentage of each taxing jurisdiction's share of the 1% general property taxes within a particular tax rate area.

Assessed Value: The dollar value of property determined by the County Assessor or the State Board of Equalization (BOE) for the purposes of taxation.

Assets: The resources an agency can use to provide services and operate.

Credit Rating: Evaluations of the credit quality of notes and bonds usually made by independent rating services. Credit ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities. Ratings are initially made before issuance and are periodically reviewed and may be amended to reflect changes in the issuer's credit position. The information required by the rating agencies varies with each issue, but generally includes information regarding the issuer's demographics, debt burden economic base, finances and management structure.

Debt Service: The total of interest, principal and mandatory sinking fund payments.

Deficit Spending: The amount by which spending exceeds revenue over a particular period of time.

Depreciation: Depreciation is a method of spreading the cost of constructing or acquiring a capital asset over the asset's useful life. Most commonly, this is done by dividing the difference between the original cost of a capital asset and its salvage value by the number of years of useful life of the asset.

Development Impact Fee (or Mitigation Fee): A monetary fee charged by a local government agency to an applicant in connection with the approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project. The legal requirements for enactment are set forth in Government Code section 66000 *et. seq.*

Discount Rate: Is the actuarial expected investment rate of return. Effective Fiscal Year 2014-15, in situations where there is not a long term plan for funding benefits, the discount rate is equal to a high quality 20 year tax-exempt municipal bond index rate.

Fiscal Year: The period of July 1 through June 30.

GASB 67: Financial Reporting for Pension Plans. Effective Fiscal Year 2014-15. Amends GASB 25

GASB 68: Accounting for Pensions by Employers. Effective Fiscal Year 2014-15. Amends GASB 27.

Investment policy: asset allocation, the assumed long term investment rate of return (discount rate) and how it was determined.

Liabilities: An agency's obligations to turn over resources to other organizations or individuals.

Net OPEB Obligation (NOO): The cumulative difference between annual OPEB cost in relation to the ARC and the employer's contributions. The net OPEB obligation is reported as a liability (or asset) in the accrual-basis financial statements.

Moody's Investors Service (Moody's): One of three, leading credit rating agencies who have published adjustments to re-report pension plan data in an effort to increase transparency and consistency to the analysis of pension liabilities.

Net Pension Liability (NPL): Effective Fiscal Year 2014-15, replaces Net Pension Obligation. The NPL equals the actuarial liability minus fair or market value of assets. The NPL is added to balance sheet for all employers.

Nexus Study: A study that justifies the imposition of Development Impact Fees by demonstrating a connection between the fee and the needs created by development and the benefit incurred by development.

Normal or Service Cost Method: Annual cost of service accrual for upcoming fiscal year for active employees.

Pension Expense: Replaces Annual Pension Cost (APC) effective Fiscal Year 2014-15. Recognized during each fiscal year and reflects recognized changes in the NPL. It is not an annual contribution. It takes into consideration the normal or service cost plus interest on the NPL, less expected investment return on the market value of assets as well as liability and asset gain or losses and plan changes.

PARS: An irrevocable trust held by the Public Agency Retirement Services. Assets held in the trust reduce the Accrued Liability (AL) of the retiree health plan.

PEPRA: Public Employees' Pension Reform Act of 2013.

Rolling Amortization Period: An amortization period that remains the same each year rather than declining.

Secured Property: Real property, such as land or permanent structures.

Supplemental Taxes: Additional taxes stemming from a re-assessable event. Supplemental tax is generated when the new net assessed value exceeds the old net assessed value and the difference between the two values is multiplied by the tax rate then prorated from the event of the reassessment to the end of the fiscal year.

Tax Rate: The factor levied per $100 of net assessed valuation. Tax rates are TRA specific.

Tax Rate Area (TRA): A geographical area comprised of a unique combination of taxing agencies.

Taxing Agency: An entity, such as the county, cities, schools and special districts, that has statutory authority to levy ad valorem taxes or fixed charge assessments.

Unfunded Accrued Liability (UAL): An actuarially determined unfunded cost for past services rendered. It is the difference between the AL and the market value of assets.

Unsecured Property: Property that can be relocated and is not real estate, such as business equipment, fixtures, boats or airplanes.

APPENDIX B: MOODY'S INVESTOR SERVICE SCORECARD

Scorecard Factors and Weights

Local Governments

Broad Rating Factors	Factor Weighting	Rating Subfactors	Subfactor Weighting
Economy/Tax Base	30%	Tax Base Size (full value)	10%
		Full Value Per Capita	10%
		Wealth (median family income)	10%
Finances	30%	Fund Balance (% of revenues)	10%
		Fund Balance Trend (5-year change)	5%
		Cash Balance (% of revenues)	10%
		Cash Balance Trend (5-year change)	5%
Management	20%	Institutional Framework	10%
		Operating History	10%
Debt/Pensions	20%	Debt to Full Value	5%
		Debt to Revenue	5%
		Moody's-adjusted Net Pension Liability (3-year average) to Full Value	5%
		Moody's-adjusted Net Pension Liability (3-year average) to Revenue	5%

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	Very Strong	Strong	Moderate	Weak	Poor	Very Poor	
	Aaa	Aa	A	Baa	Ba	B & Below	Weight
Economy/Tax Base (30%)							
Tax Base Size: Full Value	> $12B	$12B ≥ n > $1.4B	$1.4B ≥ n > $240M	$240M ≥ n > $120M	$120M ≥ n > $60M	≤ $60M	10%
Full Value Per Capita	> $150,000	$150,000 ≥ n > $65,000	$65,000 ≥ n > $35,000	$35,000 ≥ n > $20,000	$20,000 ≥ n > $10,000	≤ $10,000	10%
Socioeconomic Indices: MFI	> 150% of US median	150% to 90% of US median	90% to 75% of US median	75% to 50% of US median	50% to 40% of US median	≤ 40% of US median	10%
Finances (30%)							
Fund Balance as % of Revenues	> 30% > 25% for School Districts	30% ≥ n > 15% 25% ≥ n > 10% for SD	15% ≥ n > 5% 10% ≥ n > 2.5% for SD	5% ≥ n > 0% 2.5% ≥ n > 0% for SD	0% ≥ n > -2.5% 0% ≥ n > -2.5% for SD	≤ -2.5% ≤ -2.5% for SD	10%
5-Year Dollar Change in Fund Balance as % of Revenues	> 25%	25% ≥ n > 10%	10% ≥ n > 0%	0% ≥ n > -10%	-10% ≥ n > -18%	≤ -18%	5%
Cash Balance as % of Revenues	> 25% > 10% for School Districts	25% ≥ n > 10% 10% ≥ n > 5% for SD	10% ≥ n > 5% 5% ≥ n > 2.5% for SD	5.% ≥ n > 0% 2.5% ≥ n > 0% for SD	0% ≥ n > -2.5% 0% ≥ n > -2.5% for SD	≤ -2.5% ≤ -2.5% for SD	10%
5-Year Dollar Change in Cash Balance as % of Revenues	> 25%	25% ≥ n > 10%	10% ≥ n > 0%	0% ≥ n > -10%	-10% ≥ n > -18%	≤ -18%	5%
Management (20%)							
Institutional Framework	Very strong legal ability to match resources with spending	Strong legal ability to match resources with spending	Moderate legal ability to match resources with spending	Limited legal ability to match resources with spending	Poor legal ability to match resources with spending	Very poor or no legal ability to match resources with spending	10%
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	> 1.05x	1.05x ≥ n > 1.02x	1.02x ≥ n > 0.98x	0.98x ≥ n > 0.95x	0.95x ≥ n > 0.92x	≤ 0.92x	10%

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APPENDIX C: NATIONAL ADVISORY COUNCIL ON STATE AND LOCAL BUDGETING PRACTICE'S BUDGET DEVELOPMENT PROCESS

ESTABLISH BROAD GOALS TO GUIDE GOVERNMENT DECISION MAKING

1. Assess community needs, priorities, challenges and opportunities
2. Identify opportunities and challenges for government services, capital assets, and management
3. Develop and disseminate broad goals

DEVELOP APPROACHES TO ACHIEVE GOALS

4. Develop financial policies
5. Develop programmatic, operating, and capital policies and plans
6. Develop programs and services that are consistent with policies and plans
7. Develop management strategies

DEVELOP A BUDGET CONSISTENT WITH APPROACHES TO ACHIEVE GOALS

8. Develop a process for preparing and adopting a budget
9. Develop and evaluate financial options
10. Make choices necessary to adopt a budget

ASSESS PERFORMANCE AND MAKE ADJUSTMENTS

11. Monitor, measure, and assess performance
12. Make adjustments as needed

Agenda Item #6

STAFF REPORT

Prepared for: Montecito Fire Protection Finance Committee
Prepared by: Chief Hickman, Araceli Gil, and Geri Ventura
Date: May 5, 2014
Topic: 2013/14 Budget Adjustments and Recommendations

Summary

There are anticipated variances in expenditures identified for the 2013/14 Budget that will avail approximately $280,099 in additional funds within the District's General Fund 3650. $153,899 + from Salaries and Employee Benefits budget category, $128,935 from the Services and Supplies budget category, and -$2,735 in Capital Assets. (See Attachment 1)

Discussion

After receiving the "Financial Analysis Related to Budgeting and Long Term Liabilities" (Report) presented by Capital PFG, staff began to analyze the District's revenues and expenditure trends and identified several variances.

The Report indicated that "it is important to demonstrate that the use of the tax revenue is being used to fund the services the revenue is generated for in the period the revenue is generated."

We spoke with Cathy Dominico to discuss the options we have to appropriately deal with these variances. She reiterated that it is best to spend the revenues in the year they are generated and stated that it is best practice to spend the funds within the budget category in which they are designated during the budget approval process (such as Salaries and Employee Benefits and Services and Supplies).

There are several options available to deal with these variances:

1. Identify new expenditures that could be purchased or completed prior to the fiscal year ending 2013/14.
   a. If items are purchased from funds within the same budget category that the variances are in, no action is required.

    b. If items are to be purchased utilizing funds from a different budget category, it requires Board approval.
        i. This will show as a budget category variance, but will be balanced overall within the District's General Fund 3650.
2. Do nothing, and allow the funds to become residual carryover.
    a. Residual carryover can be re-allocated with no negative impact to help fund any of the proposed reserve accounts recommended in the Report.
    b. Residual carryover can be spent next year (for example, to make additional Retiree Medical OPEB contributions, or provide additional funding for the hazard / vegetation reduction program). While this can be done, it can result in deficit spending, as the revenues were received during the previous fiscal budget.

Taking Ms. Dominico's recommendation into account, the only item that can benefit from utilizing the excess funds in the Salaries and Employee Benefits budget category would be additional contributions to line item 6475 Retiree Medical OPEB.

Within the Services and Supplies budget category, we have identified $41,400 in items that cost $5,000 or less, that would benefit the District by purchasing them now. (See Attachment 2) These items would be spent within the existing budget category. It is important to note that the item(s) must be purchased or completed before June 30, 2014. It is for this reason that we are only recommending additional funding of $5,000 for this year's hazard /vegetation reduction program. Our Wildland Specialists are completely committed through the end of this year with existing projects.

Additionally, staff has identified four other items that have costs over $5,000 which would necessitate them being allocated from Capital Assets. (See Attachment 2) The total amount estimated for the four items is $84,560.

The District has also received revenues from fire assignment reimbursements that have not yet been allocated. There are also several options available to address these revenues.

1. Do a budget amendment to reallocate fire assignment reimbursements to specific line item(s) (For example Line item 6475 Retiree Medical OPEB)
    a. Requires Resolution of the Board

2. Do nothing, and allow the funds to become residual carryover.
    a. Residual carryover can be re-allocated with no negative impact to help fund any of the proposed reserve accounts recommended in the Report.
    b. Residual carryover can be spent next year (for example, to make additional Retiree Medical OPEB contributions, or provide additional funding for the hazard / vegetation reduction program). While this can be done, it can result in deficit spending, as the revenues were received during the previous fiscal budget.

Recommendations

1. Use the anticipated excess funds in the Salaries and Employee Benefits budget category to provide additional Retiree Medical OPEB contribution.

2. Use the excess funds in the Services and Supplies budget catagory to purchase items that can be accomplished or purchased prior to June 30, but not previously identified.

3. Allow the fire assignment reimbursements to become residual carryover and re-allocate them into one of the reserve accounts recommended in the Report once the Board adopts a Reserve Policy.

ATTACHMENT

#A

Montecito Fire Protection District
Budget Projections as of 4/30/14

Line Item Account	6/30/2014 Fiscal Year Budget	Actual: 4/30/2014 Year-To-Date Actual	Actual: 4/30/2014 Budget % Variance	Projected: Projected Expenses in May/June	Projected: Projected Dollar Variance	Projected: Projected % Variance
Salaries and Employee Benefits						
6100 -- Regular Salaries	**6,364,335**	4,917,844	1,446,491	1,356,169	90,322	98.6%
6300 -- Overtime	**850,000**	693,369	156,631	287,500	(130,869)	115.4%
6400 -- Retirement Contribution	**1,793,563**	1,369,457	424,106	370,383	53,723	97.0%
6475 -- Retiree Medical OPEB	**786,540**	-	786,540	786,540	-	100.0%
6550 -- FICA/Medicare	**97,358**	72,166	25,192	25,192	-	100.0%
6600 -- Health Insurance Contrib	**1,216,410**	1,099,606	116,804	103,000	13,804	98.9%
6700 -- Unemployment Ins Contribution	**9,715**	8,494	1,221	1,221	-	100.0%
6900 -- Workers Compensation	**759,407**	576,488	182,919	56,000	126,919	83.3%
Total Salaries and Employee Benefits	**11,877,328**	8,737,422	3,139,906	2,986,007	153,899	98.7%
Services and Supplies						
7030 -- Clothing and Personal	**20,036**	18,045	1,991	1,991	-	100.0%
7050 -- Communications	**74,115**	62,055	12,060	12,060	-	100.0%
7060 -- Food	**2,600**	1,130	1,470	1,470	-	100.0%
7070 -- Household Expense	**22,550**	19,535	3,015	3,015	-	100.0%
7090 -- Insurance	**29,867**	29,867	(0)	-	-	100.0%
7120 -- Maintenance - Equipment	**95,880**	90,937	4,943	10,000	(5,057)	105.3%
7200 -- MTC-Struct/Impr & Grounds	**20,500**	24,134	(3,634)	3,500	(7,134)	134.8%
7322 -- Consulting & Mgmt Fees	**3,100**	2,199	901	901	-	100.0%
7324 -- Audit and Accounting Fees	**25,305**	23,965	1,340	1,340	-	100.0%
7400 -- Medical, Dental and Lab	**20,564**	7,223	13,341	8,000	5,341	74.0%
7430 -- Memberships	**2,500**	2,252	248	248	-	100.0%
7440 -- Miscellaneous Expense	**90,000**	29,515	60,485	60,485	-	100.0%
7450 -- Office Expense	**25,851**	21,794	4,057	4,057	-	100.0%
7460 -- Professional & Special Service	**336,500**	214,582	121,918	65,000	56,918	83.1%
7506 -- Administrative Expense (SBC)	**173,000**	150,687	22,313	-	22,313	87.1%
7507 -- ADP Payroll Fees	**6,000**	5,251	749	1,500		112.5%
7530 -- Publications & Legal Notices	**2,000**	1,188	812	812	-	100.0%
7580 -- Rents/Leases-Structure	**5,535**	2,829	2,706	875	1,831	66.9%
7630 -- Small Tools & Instruments	**38,016**	37,460	556	556	-	100.0%
7650 -- Special Departmental Expense	**48,223**	14,858	33,365	21,500	11,865	75.4%
7653 -- Training Fees & Supplies	**2,000**	826	1,174	-	1,174	41.3%
7671 -- Special Projects	**27,000**	4,161	22,839	2,800	20,039	25.8%
7730 -- Transportation and Travel	**17,000**	8,877	8,123	4,000	4,123	75.7%
7731 -- Gasoline-Oil-Fuel	**50,000**	43,496	6,504	6,504	-	100.0%
7732 -- Training and Travel	**71,000**	36,727	34,273	16,000	18,273	74.3%
7760 -- Utilities	**45,000**	39,924	5,076	5,076	-	100.0%
Total Services and Supplies	**1,254,142**	893,517	360,625	231,690	128,935	89.7%
Capital Assets						
8300 -- Equipment	**29,690**	32,425	(2,735)	-	(2,735)	109.2%
Total Capital Assets	**29,690**	32,425	(2,735)	-	(2,735)	
Total Expenditures	**13,161,160**	9,663,364	3,497,796	3,217,697	280,099	97.9%

ATTACHMENT

#B

Montecito Fire Protection District
Additional Expenditures Request

Salaries and Employee Benefits

Line Item Description	Line Item #	Description	Amount
Retiree Medical OPEB	6475	Additional contribution to PARS	153,000

Total Salaries and Employee Benefits $ 153,000

Services and Supplies

Line Item Description	Line Item #	Description	Amount
Communications	7050	Battery pack UPS for Gibraltar	1,995
Household	7070	Coffee makers (Office and Sta. 1)	1,340
Household	7070	Microwave ovens	1,095
Structure Improvements	7200	Restroom partitions	3,220
Hazard Mitigation	7440	Supplement budget for additional project	5,000
Small Tools	7630	45 minute air bottles (6)	6,178
Small Tools	7630	Scott AP75 Air Pak (4)	19,872
Various	Various	Additional small purchases	2,700

Total Services and Supplies Purchases 41,400

Capital Assets

Department	Line Item #	Description	Amount
Special District Expense	8300	Inflatable Fire Safety Smoke House	19,103
Communications	8300	Eaton 93E UPS Back-up	21,732
Small Tools	8300	Recon III Probe, Color Camera	7,975
Medical Supplies	8300	Cardiac monitor LP15 and charger	35,750

Total Capital Assets Purchases 84,560

Total Additional Expenditures $ 278,960

ATTACHMENT

#C

Montecito Fire Protection District
Budget Projections as of 4/30/14

Budget Category	6/30/2014 Fiscal Year Budget	Actual: 4/30/2014 Year-To-Date Actual	Actual: 4/30/2014 Budget % Variance	Projected: Projected Expenses in May/June	Projected: Projected Dollar Variance
Salaries and Employee Benefits	**11,877,328**	8,737,422	3,139,906	2,986,007	153,899
Additional Proposed Expenditures					(153,000)
Total Salaries and Employee Benefits Variance at 6/30/14					**899**
Projected Services and Supplies	**1,254,142**	893,517	360,625	231,690	128,935
Additional Proposed Expenditures					(41,400)
Total Services and Supplies Variance at 6/30/14					**87,535**
Capital Assets					
Projected Capital Assets	**29,690**	32,425	(2,735)	-	(2,735)
Additional Proposed Expenditures					(84,560)
Total Capital Assets Variance at 6/30/14					(87,295)
Total Expenditures Variance at 6/30/14					**1,139**

Agenda Item #7

Montecito Fire Protection District
Preliminary Budget FY 2014-15
April 1, 2014

		Prelim. Budget FY 2014-15		Final Budget FY 2013-14		Increase/ (Decrease)
REVENUES						
3010	Property Tax: Secured (0% Increase)		13,133,310		13,092,378	40,932
3011	Unitary		96,768		95,036	1,732
3020	Property Tax: Unsecured		602,642		560,700	41,942
3054	Supplemental Property Tax		119,717		126,656	(6,939)
3380	Interest		10,000		14,345	(4,345)
3409	Rental Property Income		48,864		48,864	-
4220	Homeowners Property Tax Relief		85,087		77,800	7,287
5909	Other Misc Revenue		182,145		182,038	107
	Westmont Payment	4,225	-	4,118	-	-
	AMR - ALS First Responders	93,112	-	93,112	-	-
	Dispatch Services Agreement CSFD	84,808	-	84,808	-	-
	ESTIMATED GENERAL FUND REVENUES		14,278,532		14,197,817	80,715
EXPENDITURES						
	Salaries & Employee Benefits					
6100	Regular Salaries		6,431,936		6,261,035	170,901
6100	Uniform Allowance		45,500		45,500	-
6100	Auxiliary		20,000		20,000	-
6100	Directors fees		29,250		37,800	(8,550)
6300	Overtime		850,000		850,000	-
6400	Retirement Contributions		1,888,792		1,793,563	95,229
6475	GASB 45 Prefunding		810,136		786,540	23,596
6550	FICA/Medicare Tax		98,258		97,358	900
6600	Insurance		1,310,905		1,214,948	95,957
	Health Insurance	1,097,537		1,028,739		
	Dental Insurance	173,035		147,245		
	Vision Insurance	32,361		30,943		
	Life Insurance	7,972		8,021		
6600	Employee Assistance Program		1,462		1,462	-
6700	Unemployment Insurance		8,925		9,715	(790)
6900	Workers Compensation Insurance		650,648		759,407	(108,759)
	Total Salaries & Employee Benefits		12,145,813		11,877,328	268,485
	Services & Supplies					
7030	Clothing & PPE		8,000		20,036	(12,036)
7050	Communications		79,820		74,115	5,705
	Operational	73,500				
	Web site hosting	1,500				
	SBCO IT services	3,700				
	CDCE Tablet Connectivity	1,120				
7060	Food		2,500		2,600	(100)
7070	Household		20,850		22,550	(1,700)
	Operational (Unisource/other)	8,000				
	Shop towels/turnouts service	5,000				
	Marborg refuse services	5,000				
	Bottled water	1,750				
	Rental housing - refuse	1,100				
7090	Insurance: Liability/Auto/Prop.		31,000		29,867	1,133
7120	Equipment Maintenance		93,750		95,880	(2,130)
	Operational	67,000		67,000		
	Annual Tri-Tech maintenance	24,000		22,000		
	VPI annual maintenance	1,850		1,850		
	RAWS annual maintenance service	900		900		
7200	Structure Maintenance		22,000		20,500	1,500
	Operational	16,500				
	Rental housing	5,500				
7322	Rental Property Management		3,100		3,100	-
7324	Audit & Accounting Fees		24,000		25,305	(1,305)

Montecito Fire Protection District
Preliminary Budget FY 2014-15
April 1, 2014

		Prelim. Budget FY 2014-15		Final Budget FY 2013-14		Increase/ (Decrease)
7400	Medical & First Aid Supplies		13,850		20,564	(6,714)
	Operational	9,000				
	Lifepack maintenance service	2,850				
	AED for Type 6 Patrol	2,000				
7430	Memberships		2,500		2,500	-
7440	Miscellaneous - Hazard Mitigation		90,000		90,000	-
7450	Office Expense		12,000		25,851	(13,851)
	Operational	12,000				
7460	Professional & Specialized		267,500		336,500	(69,000)
	Other Operational	20,000				
	Legal services	90,000				
	IT services	42,000				
	Medical exams	30,000				
	Medical Director	6,000				
	Mapping support	5,000				
	CAD preplans	7,000				
	EMT Instruction	3,500				
	Helicopter Charter to Diablo	9,000				
	Citygate SOC study	55,000				
7506	Property Tax Administration		173,000		173,000	-
7507	ADP Payroll Fees		6,000		6,000	-
7530	Publications & Legal Notices		2,000		2,000	-
7580	Rents & Leases - Structure		5,500		5,535	(35)
7630	Small Tools & Instruments		6,630		38,016	(31,386)
	Operational	3,630				
	Haz mat small tools	3,000				
7650	District Special Expense		38,500		48,223	(9,723)
	Operational (permits/fees)	5,000				
	Election expenses	23,000				
	LAFCO	10,500				
7653	Paramedic/Adv. Med. Train.		-		2,000	(2,000)
7671	Special Projects		7,500		27,000	(19,500)
	Fire Prevention Week materials	4,000				
	Pre-hazard abatement brochure	3,500				
7730	Transportation & Travel		12,000		17,000	(5,000)
7731	Gasoline/Oil/Fuel		55,000		50,000	5,000
7732	Training		42,000		71,000	(29,000)
	Operational	40,000				
	Paramedic/Adv. Med. Train.	2,000				
7760	Utilities		47,000		45,000	2,000
	Operational	42,000	-	40,000	-	-
	Rental housing - utilities/secured tax	5,000	-	5,000	-	-
	Total Services & Supplies		1,066,000		1,254,142	(188,142)
8300	Fixed Assets					
	Total Fixed Assets		-		29,690	(29,690)
	Other Financing Uses					
	Transfer To Pension Obligation (Fund 3651)		769,313		741,164	28,149
	Transfer To Capital Outlay (Fund 3652)		297,406		218,281	79,125
	Other Financing Uses		1,066,719		959,445	107,274
	TOTAL EXPENDITURES & TRANSFERS		14,278,532		14,120,605	157,927
	Net Financial Impact		0		77,212	
	Est. Beginning Fund Balance at 7/1/2014		3,381,909	7/1/2013	3,304,697	
	Net Financial Impact		0		77,212	
	Projected Ending Fund Balance at 6/30/2015		3,381,909	6/30/2014	3,381,909	