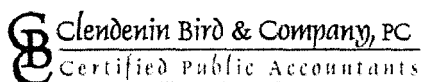


WESTPORT FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

BOARD OF SUPERVISORS
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WESTPORT FIRE PROTECTION DISTRICT
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Certified Public Accountants

Clendenin Bird & Company, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Westport Fire Protection District
5160 South Carpenter Road
Modesto, California, 95358

We have audited the accompanying financial statements of the governmental activities, of the Westport Fire Protection District, State of California, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the Westport Fire Protection District, State of California as of June 30, 2013, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Westport Fire Protection District, State of California's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Clendenin Bird & Company, PC

CLENDENIN BIRD & COMPANY, PC

Modesto, California
October 30, 2013

**WESTPORT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

This section of the Westport Fire Protection District annual financial reports provides important background information and management's analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. It should be read in conjunction with the basic financial statements and the notes to the basic statements.

FINANCIAL HIGHLIGHTS

The District's total revenue for this year was \$148,029, a slight reduction in total revenue over 2012 which was \$151,114. While property taxes were up this year over 2012, \$8,482 higher in 2013, development fees were also up compared to 2012, by \$1,366 in 2013, reflecting an upswing in development in the District. While total revenue was down, total expenditures were up. Compared to 2012, total expenditures in 2013 were up by \$183,338 largely due to the purchase of needed equipment and replacement of a water tender.

Capital assets net of depreciation increased by \$161,428 between 2012 and 2013.

Cash and Investments totals were down compared to 2012 by \$149,746 as of the end of 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following basic parts: management's discussion and analysis (this section), the basic financial statements, and supplementary information.

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These statements provide overall information about the District's financial activities on both a short-term and long-term basis. The statement of net assets presents information about its assets (resources) and liabilities (the amount obligated to its creditors).

Together, the statements provide useful information to answer questions such as where cash came from, what cash was used for, and what was the change in cash balance during the reporting period.

**WESTPORT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

NET ASSETS

As of June 30, 2013 the District had net assets totaling \$732,569. Below is a table showing the District's net assets at year end.

	Primary Government		
	Governmental Activities	Totals 2013	Totals 2012
ASSETS			
Cash And Investments	344,999	344,999	494,745
Accounts Receivable	0	0	4,950
Capital Assets (Net Of Accumulated Depreciation):			
Land	3,665	3,665	3,665
Buildings And Improvements	14,693	14,693	16,113
Equipment And Vehicles	371,606	371,606	208,758
Total Assets	<u>734,963</u>	<u>734,963</u>	<u>728,231</u>
LIABILITIES			
Accounts Payable	<u>2,394</u>	<u>2,394</u>	<u>1,294</u>
Total Liabilities	<u>2,394</u>	<u>2,394</u>	<u>1,294</u>
NET ASSETS			
Invested In Capital Assets			
Net Of Related Debt	389,964	389,964	228,536
Restricted	0	0	0
Unrestricted	<u>342,605</u>	<u>342,605</u>	<u>498,401</u>
Total Net Assets	<u><u>732,569</u></u>	<u><u>732,569</u></u>	<u><u>726,937</u></u>

**WESTPORT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

**WESTPORT FIRE PROTECTION DISTRICT
CHANGES IN NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2013, WITH JUNE 30, 2012 COMPARATIVE TOTALS**

	General Fund	Development Mitigation Fund	Capital Improve- Fund	Totals	
				2013	2012
Operating Revenues					
Local Property Tax	71,437	0	0	71,437	62,955
Special Assessment	39,058	0	0	39,058	59,535
Interest	924	278	3,490	4,692	4,894
Developer Fees	0	7,418	0	7,418	6,052
Other Revenue	25,424	0	0	25,424	17,678
Total Operating Revenues	136,843	7,696	3,490	148,029	151,114
Operating Expenses					
Insurance	22,309	0	0	22,309	25,191
Clothing	12,877	0	0	12,877	16,925
Legal And Professional Services	6,030	0	0	6,030	16,655
Repairs And Maintenance	15,945	0	0	15,945	14,831
Salaries And Benefits	8,565	0	0	8,565	8,882
Training	10,020	0	0	10,020	8,392
Gas And Oil	10,674	0	0	10,674	8,376
Administrative And General	6,174	0	0	6,174	7,368
Supplies	3,291	0	0	3,291	6,268
Utilities	7,439	0	0	7,439	5,224
Communications	2,152	0	0	2,152	1,939
Medical Cost/Test	560	0	0	560	436
Capital Outlay	197,789	0	0	197,789	0
Total Expenditures	303,825	0	0	303,825	120,487
Excess (Deficiency) Of Revenues Over Expenditures					
	(166,982)	7,696	3,490	(155,796)	30,627
Other Financing Sources (Uses)					
Transfer In	50,000	0	0	50,000	0
Transfer Out	0	0	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	50,000	0	(50,000)	0	0
Net Change In Fund Balances					
	(116,982)	7,696	(46,510)	(155,796)	30,627
Fund Balance - Beginning	144,043	23,277	331,081	498,401	467,774
Fund Balance- Ending	27,061	30,973	284,571	342,605	498,401

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances of the funds maintained by the District and to show the District's accountability for the money it receives. For additional information contact the District's Board of Directors, 5160 South Carpenter Road, Modesto, CA 95358.

WESTPORT FIRE PROTECTION DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2012

	Primary Government		Totals
	Governmental Activities	2013	
ASSETS			
Cash And Investments	344,999	344,999	494,745
Accounts Receivable	0	0	4,950
Capital Assets (Net Of Accumulated Depreciation):			
Land	3,665	3,665	3,665
Buildings And Improvements	14,693	14,693	16,113
Equipment And Vehicles	371,606	371,606	208,758
Total Assets	<u>734,963</u>	<u>734,963</u>	<u>728,231</u>
LIABILITIES			
Accounts Payable	<u>2,394</u>	<u>2,394</u>	<u>1,294</u>
Total Liabilities	<u>2,394</u>	<u>2,394</u>	<u>1,294</u>
NET ASSETS			
Invested In Capital Assets Net Of Related Debt	389,964	389,964	228,536
Restricted	0	0	0
Unrestricted	<u>342,605</u>	<u>342,605</u>	<u>498,401</u>
Total Net Assets	<u><u>732,569</u></u>	<u><u>732,569</u></u>	<u><u>726,937</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**WESTPORT FIRE PROTECTION DISTRICT
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2012**

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Administration	31,917
Public Safety	110,480
Total Governmental Activities:	<u>142,397</u>
Total Primary Government	<u><u>142,397</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets Primary Government		
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Totals	
				2013	2012
0	0	0	(31,917)	(31,917)	(41,625)
0	0	0	(110,480)	(110,480)	(112,247)
0	0	0	(142,397)	(142,397)	(153,872)
0	0	0	(142,397)	(142,397)	(153,872)

General Revenues:

Property Taxes	71,437	71,437	62,955
Investment Earnings	4,692	4,692	4,894
Special Assessment	39,058	39,058	59,535
Developer Fees	7,418	7,418	6,052
Miscellaneous	25,424	25,424	17,678
Transfers	0	0	0
Total General Revenues And Transfers	148,029	148,029	151,114
Change In Net Assets	5,632	5,632	(2,758)
Net Assets - Beginning	726,937	726,937	729,695
Net Assets - Ending	732,569	732,569	726,937

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**WESTPORT FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2012**

	General Fund	Development Mitigation Fund	Capital Improve- Fund	Totals	
				2013	2012
Assets					
Cash And Investments	29,455	30,973	284,571	344,999	494,745
Accounts Receivable	0	0	0	0	4,950
Total Assets	<u>29,455</u>	<u>30,973</u>	<u>284,571</u>	<u>344,999</u>	<u>499,695</u>
Liabilities					
Accounts Payable	2,394	0	0	2,394	1,294
Total Liabilities	<u>2,394</u>	<u>0</u>	<u>0</u>	<u>2,394</u>	<u>1,294</u>
Fund Balance					
Non-spendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned					
Capital Asset Procurement	0	30,973	0	30,973	23,277
Capital Improvement Projects	0	0	284,571	284,571	331,081
Unassigned	27,061	0	0	27,061	144,043
Total Fund Balances	<u>27,061</u>	<u>30,973</u>	<u>284,571</u>	<u>342,605</u>	<u>498,401</u>
Total Liabilities And Fund Balance	<u>29,455</u>	<u>30,973</u>	<u>284,571</u>	<u>344,999</u>	<u>499,695</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**WESTPORT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total fund balances - governmental funds 342,605

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of::

Land	3,665
Buildings and improvements, net of \$111,482 accumulated depreciation	14,693
Equipment and vehicles, net of \$763,426 accumulated depreciation	<u>371,606</u>
Total capital assets	<u>389,964</u>

Total net assets - governmental activities 732,569

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

WESTPORT FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2012

	<u>General Fund</u>	<u>Development Mitigation Fund</u>	<u>Capital Improve- Fund</u>	<u>Totals</u>	
				<u>2013</u>	<u>2012</u>
Operating Revenues					
Local Property Tax	71,437	0	0	71,437	62,955
Special Assessment	39,058	0	0	39,058	59,535
Interest	924	278	3,490	4,692	4,894
Developer Fees	0	7,418	0	7,418	6,052
Other Revenue	25,424	0	0	25,424	17,678
Total Operating Revenues	<u>136,843</u>	<u>7,696</u>	<u>3,490</u>	<u>148,029</u>	<u>151,114</u>
Operating Expenses					
Insurance	22,309	0	0	22,309	25,191
Clothing	12,877	0	0	12,877	16,925
Legal And Professional Services	6,030	0	0	6,030	16,655
Repairs And Maintenance	15,945	0	0	15,945	14,831
Salaries And Benefits	8,565	0	0	8,565	8,882
Training	10,020	0	0	10,020	8,392
Gas And Oil	10,674	0	0	10,674	8,376
Administrative And General	6,174	0	0	6,174	7,368
Supplies	3,291	0	0	3,291	6,268
Utilities	7,439	0	0	7,439	5,224
Communications	2,152	0	0	2,152	1,939
Medical Cost/Test	560	0	0	560	436
Capital Outlay	197,789	0	0	197,789	0
Total Expenditures	<u>303,825</u>	<u>0</u>	<u>0</u>	<u>303,825</u>	<u>120,487</u>
Excess (Deficiency) Of Revenues Over Expenditures	(166,982)	7,696	3,490	(155,796)	30,627
Other Financing Sources (Uses)					
Transfer In	50,000	0	0	50,000	0
Transfer Out	0	0	(50,000)	(50,000)	0
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	(116,982)	7,696	(46,510)	(155,796)	30,627
Fund Balance - Beginning	144,043	23,277	331,081	498,401	467,774
Fund Balance- Ending	<u>27,061</u>	<u>30,973</u>	<u>284,571</u>	<u>342,605</u>	<u>498,401</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

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

Net change in fund balances - total governmental funds (155,796)

The changes in net assets reported for governmental activities in the statement of activities is 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 and reported as depreciation expense. This is the amount by which capital outlay exceeds (\$197,789) exceeded depreciation (\$36,361) in the current period. 161,428

Changes in net assets of governmental activities 5,632

**WESTPORT FIRE PROTECTION DISTRICT
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2012**

	2013		Actual	Variance With Final Budget Over (Under)	2012 Actual
	Budgeted Amounts				
	Original	Final			
REVENUES					
Local Property Tax	59,000	59,000	71,437	12,437	62,955
Special Assessment	58,000	58,000	39,058	(18,942)	59,535
Interest	2,000	2,000	924	(1,076)	1,089
Other Revenue	0	0	25,424	25,424	17,678
Total Revenues	0	0	136,843	17,843	141,257
EXPENDITURES					
Operating Expenses					
Insurance	30,000	30,000	22,309	7,691	25,191
Clothing and SCB Apparatus	20,500	20,500	12,877	7,623	16,925
Legal And Professional Services	13,000	13,000	6,030	6,970	16,655
Repairs And Maintenance	8,000	8,000	15,945	(7,945)	14,831
Salaries And Benefits	8,000	8,000	8,565	(565)	8,882
Training	10,000	10,000	10,020	(20)	8,392
Gas And Oil	10,000	10,000	10,674	(674)	8,376
Administrative And General	10,900	10,900	6,174	4,726	7,368
Supplies	3,500	3,500	3,291	209	6,268
Utilities	5,000	5,000	7,439	(2,439)	5,224
Communications	0	0	2,152	(2,152)	1,939
Medical Cost/Test	0	0	560	(560)	436
Capital Outlay	0	207,789	197,789	10,000	0
Total Expenditures	118,900	326,689	303,825	22,864	120,487
Over Expenditures	(118,900)	(326,689)	(166,982)	40,707	20,770
Other Financing Sources (Uses)					
Transfer In	0	0	50,000	50,000	0
Transfer Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	50,000	50,000	0
Net Change In Fund Balances	(118,900)	(326,689)	(116,982)	90,707	20,770
Fund Balance - Beginning	144,043	144,043	144,043	0	123,273
Fund Balance - Ending	25,143	(182,646)	27,061	90,707	144,043

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Westport Fire protection District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The significant changes in the Statement include the following:

- The financial statements include:
 - A Management and Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.
 - Financial statements prepared using the full accrual accounting for all of the District’s activities, including infrastructure.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the District’s accounting policies are described below:

A. Reporting Entity

The Westport Fire protection District was established by order of the Stanislaus County Board of Supervisors on August 14, 1962, The District operates under the Fire Protection District law of 1987, Health and Safety Code Sections 13801 – 13999. The District revenues are derived from property taxes, special assessments and development fees.

The District operates under a board of commissioner’s form of government. The board of commissioners consists of five members elected at large for overlapping four year terms. The district appoints a district attorney.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

B. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements (note that the District has no fiduciary or proprietary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and taxpayer-assessed tax revenues, net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the District.

The District has the following fund types and account groups:

The **general fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **development fees fund** accounts for revenues from developer fees and other sources and can be used to help the district meet increased demand for its services due to growth in the district.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

The **capital resources fund** accounts for the acquisition of fixed assets or construction of major capital projects not being financed by nonexpendable trust funds

D. Assets, Liabilities and Equity

1. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District. The District follows the practice of pooling the cash from all funds for investment purposes. Investments consist primarily of passbook savings and Stanislaus County Investment Fund public deposits. All investments are stated at cost, which approximates market value.

California state statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

2. Property Taxes

Property taxes are levied on the first day of March by the County assessor, and are payable to the County Tax Collector in two installments.

The first installment is due November 1st, and becomes delinquent December 10th; the second installment is due February 1st, and becomes delinquent April 10th. Taxes become a lien on the property on March 1st, and on the date of transfer of title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states, "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties."

The District has elected under state law (Teeter) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	<u>5%</u>
	<u>100%</u>

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as individual assets with an initial cost of \$1000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is recorded using the straight-line method over the estimated useful lives ranging from five to fifteen years.

4. Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net assets are considered unrestricted.

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications, and Committed, Assigned, and Unassigned represent the unrestricted classifications.

- Non-spendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that are constrained for specific purposes which are externally (outside the District) imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that are constrained for specified purpose that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned fund balance represents limitations imposed by management.
- Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

4. Net Assets and Fund Equity (continued)

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

5. Use of Estimates

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

Prior to June 30th, the proposed budget is presented to the Board of Commissioners for review. The Board of Commissioners holds public hearings and may add to, subtract from or change appropriations.

Formal budgetary control is integrated into the District's general ledger as a management control device during the year for the General Fund.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, expenditures did not exceed appropriations in the General Fund.

C. Payments to Volunteer Firemen Organization

The District compensates its volunteers by making payments to the volunteer firemen in December based on their training hours.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash And Investments

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

Statement of net assets:

Cash and investments	\$ <u>344,999</u>
Total cash and investments	\$ <u>344,999</u>

Cash and investments as of June 30, 2012 consist of the following:

Investments in Stanislaus County Treasurer's Pool	\$ <u>344,999</u>
Total cash and investments	\$ <u>344,999</u>

The District maintains its cash and investment in the - Stanislaus County Treasurer's Pool - for the purpose of increasing interest income through investment activities. This pool, which is available for use by all funds, is displayed on the statement of net assets/balance sheet as "cash and investments." The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts.

The share of each fund in the Stanislaus County Treasurer's Pool is separately accounted for and interest is apportioned quarterly based on the relationship of the fund's average daily cash balance to the total of the pooled cash and investments.

The Stanislaus County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code section 53600 et. seq. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

In addition to the restrictions and guidelines of the Government Code, cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

A. Cash And Investments (Continued)

Interest Rate Risk - This is the risk of loss due to the fair value of an investment falling due to rising interest rates. The County's policy for interest rate risk for The Stanislaus County Treasurer's Pool, are to allow investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six month period. Of the County's \$1.0 billion portfolio, over 69% of the investments have a maturity of 6 months or less. No investment has maturity greater than 4 years.

Credit Risk - This is the risk of loss due to credit quality rating of investments in debt securities as described by nationally recognized rating agencies. Stanislaus County Treasurer's Pool is permitted to hold investments of issuers with a short-term rating of "A-1" and a minimum long-term rating of "A" by two of the top nationally recognized statistical rating organizations (rating agencies). Additionally, the County is permitted to invest in U.S. Treasuries, Government Sponsored

Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit that are un-rated.

Concentration of Credit Risk - This is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in the mutual funds, external investment pools and other pooled investments are not considered at risk.

In the Stanislaus County Treasurer's Pool, over 52% of the County's investments, including collateral on repurchase agreements, were in the U.S. Government or Government Sponsored Enterprises (Agencies). Of the 48.0% of the portfolio invested in other types of investments, no investment in a single issuer exceeds 5%.

Custodial Risk - This is the risk of loss due to uninsured or uncollateralized deposits.

In the Stanislaus County Treasurer's Pool, all negotiable instruments are held by the County's custodian or a third party in the County's name. The County did not participate in securities lending.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

B. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	<u>3,665</u>	<u>0</u>	<u>0</u>	<u>3,665</u>
Total capital assets not being depreciated	<u>3,665</u>	<u>0</u>	<u>0</u>	<u>3,665</u>
Capital assets being depreciated:				
Buildings and improvements	126,175	0	0	126,175
Equipment and vehicles	<u>937,243</u>	<u>197,789</u>	<u>0</u>	<u>1,135,032</u>
Total capital assets being depreciated	<u>1,063,418</u>	<u>197,789</u>	<u>0</u>	<u>1,261,207</u>
Less accumulated depreciation for:				
Buildings and improvements	(110,062)	(1,420)	0	(111,482)
Equipment and vehicles	<u>(728,485)</u>	<u>(34,941)</u>	<u>0</u>	<u>(763,426)</u>
Total accumulated depreciation	<u>(838,547)</u>	<u>(36,361)</u>	<u>0</u>	<u>(874,908)</u>
Net capital assets being depreciated	<u>224,871</u>	<u>161,428</u>	<u>0</u>	<u>386,299</u>
Total net capital assets				
Governmental- type activities	<u><u>228,536</u></u>	<u><u>161,428</u></u>	<u><u>0</u></u>	<u><u>389,964</u></u>

Depreciation was charges to the functions/programs of governmental activities for the year ended June 30, 2013 as follows:

Public Safety	34,804
General Governmental	<u>1,557</u>
	<u><u>36,361</u></u>

C. Special Assessments

A special annual assessment went into effect in December 1991. The assessment varies on the type of property, commercial or residential parcel. This assessment can be used by the District for either operating costs or facilities and equipment expansion and purchase. There is no ending date for this assessment.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

D. Payables And Other Liabilities

Payables at June 30, 2013 for the District's general fund in the aggregate are as follows:

Governmental - Type Activities	
Vendors	<u>2,394</u>
Total	<u>2,394</u>

E. Evaluation of Subsequent Events

The District has evaluated subsequent events through October 30, 2013, the date which the financial statements were available to be issued.



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2013/10/30

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To The Board of Directors
Westport Fire protection District
5160 South Carpenter Road
Modesto, California, 95358

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, of Westport Fire Service District, State of California, as of and for the year ended June 30, 2013 and the related notes to the financial statement which collectively comprise the Westport Fire Service District, State of California's basic financial statements and have issued our report there on dated October 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Westport Fire Service District, State of California's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Westport Fire Service District, State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Westport Fire Service District, State of California's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Westport Fire Service District, State of California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clendenin Bird & Company, PC

CLENDENIN BIRD & COMPANY, PC

Modesto, California
October 30, 2013