



CACHAGUA FIRE PROTECTION DISTRICT

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS
and
FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2012

**GRACE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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**CACHAGUA FIRE PROTECTION DISTRICT
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CACHAGUA FIRE PROTECTION DISTRICT

BOARD OF DIRECTORS

June 30, 2012

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Bob Eaton	President	November 2013
Rob Lambert	Secretary	November 2013
Don Bonsper	Treasurer	November 2015

GRACE & ASSOCIATES
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cachagua Fire Protection District

We have audited the accompanying basic financial statements of the governmental activities of the Cachagua Fire Protection District (the District), as of and for the year ended June 30, 2012 as listed in the foregoing table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 in accordance with the *Minimum Audit Requirements and Reporting Guidelines for California Special Districts* as required by the State Controller's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2012 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 6 and the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual and the notes thereon on pages 14 through 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Grace & Associates, CPAs
May 13, 2014

CACHAGUA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

This section of Cachagua Fire Protection District's (the District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2012. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the District's basic financial statements. Comparisons to and analysis of the prior year are incorporated where appropriate.

FINANCIAL HIGHLIGHTS

- The District's net assets decreased by \$26,956 for the year ended June 30, 2012, attributable to equipment purchases and depreciation. Since the District engages only in governmental-type activities, the decrease is all in the category of governmental-type net assets. Net assets were \$545,171 and \$572,127 as of June 30, 2012 and 2011, respectively.
- The District's total general revenues were \$110,086 and expenses were \$137,042 for the year ended June 30, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide financial statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

The financial statements include a Balance Sheet and Statement of Net Assets, Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities, Notes to Basic Financial Statements, an Independent Auditor's Report thereon, a General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual and this Management's Discussion and Analysis. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the District's financial condition.

Statement of Net Assets

The Statement of Net Assets is a report of the District's assets, liabilities and net assets. Assets and liabilities are reported at book value, on an accrual basis as of the statement date with comparative data for the prior period. Net assets are reported in major categories reflecting any restrictions thereon.

Statement of Activities

The Statement of Activities presents the District's revenues earned and expenses incurred during the year on an accrual basis.

The District has adopted Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, as part of its fiscal reporting.

**CACHAGUA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012**

The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

COMPARATIVE ANALYSIS

Statement of Net Assets

A comparative summary of the District's Statement of Net Assets as of June 30 is as follows:

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 99,057	\$ 83,038
Certificates of deposit	196,553	195,962
Receivables – net	7,558	31,677
Prepaid expenses	7,798	7,032
Capital assets, net of depreciation allowance	<u>265,027</u>	<u>283,100</u>
 Total assets	 <u>575,993</u>	 <u>600,809</u>
 LIABILITIES		
Accounts payable and accrued expenses	<u>30,822</u>	<u>28,682</u>
 Total liabilities	 30,822	 28,682
 NET ASSETS		
Invested in capital assets	265,027	283,100
Unrestricted	<u>280,144</u>	<u>289,027</u>
 Total net assets	 <u><u>\$545,171</u></u>	 <u><u>\$ 572,127</u></u>

Major Factors Affecting the Statement of Net Assets

Net assets decreased by \$26,956 over the prior year primarily due to purchases of small equipment and depreciation expense.

Capital Assets

As of June 30, 2012 the District's capital assets totaled \$265,027, which is a decrease over the capital asset balance at June 30, 2011 of \$283,100. The decrease is due to depreciation expense of \$37,073, reduced capital asset purchases.

CACHAGUA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Statement of Activities

A comparative summary of the District's Statement of Activities for the years ended June 30 is as follows:

	2012	2011
GENERAL REVENUES		
Property taxes	\$ 51,654	\$ 54,191
Public safety revenues	31,760	31,414
Reimbursements	1,899	-
OTHER		
Donations	22,820	26,898
Interest earned	1,280	2,026
Other revenues	673	1,482
Gain (loss) on disposal of capital assets	-	650
	110,086	116,661
 EXPENSES		
Maintenance and operations	99,969	84,779
Depreciation	37,073	36,578
	137,042	121,357
 Change in net assets before adjustment	 (26,956)	 (4,696)
 Prior period adjustment	 -	 (199,374)
 Change in net assets	 <u><u>\$(26,956)</u></u>	 <u><u>\$ (204,070)</u></u>

Major Factors Affecting the Statement of Activities

The District experienced an slight reduction in property tax revenue, donations and interest earned for year ended June 30, 2012. Small equipment expenses, which are included in maintenance and operations, increased approximately \$20,000 and are primarily responsible for the increase in maintenance and operations expenses for the year ended June 30, 2012. As a result, the change in net assets for the year ended June 30, 2012 was a decrease of \$26,956.

FACTORS AFFECTING FUTURE PERIODS AND OTHER ISSUES

In developing the fiscal year 2013-2012 budget, the staff and management had to consider a number of factors that would impact the District's economy and finances. Due to a leveling out of the state-wide economy, the district is anticipating no significant impact on the District's revenue. Therefore, 2013-2012 budgeted grant revenues were nearly similar to the prior year

CACHAGUA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

revenues. Budgeted expenses are slightly higher for 2012-2012 in anticipation of higher operating expenses.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Cachagua Fire Protection District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cachagua Fire Protection District, P.O. Box 2090, Carmel Valley, CA 93924.

CACHAGUA FIRE PROTECTION DISTRICT
BALANCE SHEET AND STATEMENT OF NET ASSETS
JUNE 30, 2012

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash and checking	\$ 99,057	\$ -	\$ 99,057
Certificates of deposit	196,553	-	196,553
Receivables, net	7,558	-	7,558
Prepaid expenses	7,798	-	7,798
Capital assets - net of accumulated depreciation	-	265,027	265,027
	<u>\$ 310,966</u>	<u>265,027</u>	<u>575,993</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES/ NET ASSETS			
LIABILITIES			
Accounts payable	\$ 30,822	-	30,822
	<u>30,822</u>	<u>-</u>	<u>30,822</u>
Total Liabilities			
FUND BALANCES/NET ASSETS			
Fund balances			
Assigned	121,853	(121,853)	-
Unassigned	158,291	(158,291)	-
	<u>280,144</u>	<u>(280,144)</u>	<u>-</u>
Total fund balances			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 310,966</u>		
Net assets			
Invested in capital assets, net of related debt		265,027	265,027
Unrestricted		280,144	280,144
		<u>545,171</u>	<u>545,171</u>
TOTAL NET ASSETS			

See accompanying notes and independent accountant's report.

CACHAGUA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES:			
Maintenance and operations	\$ 118,969	\$ (19,000)	\$ 99,969
Depreciation	-	37,073	37,073
Total expenditures/expenses	118,969	18,073	137,042
GENERAL REVENUES:			
Property taxes	51,654	-	51,654
Public safety revenues	31,760	-	31,760
Reimbursements	1,899	-	1,899
Other:			
Donations	22,820	-	22,820
Other revenues	1,280	-	1,280
Interest earned	673	-	673
Total general revenues	110,086	-	110,086
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(8,883)	8,883	-
CHANGE IN FUND BALANCES/NET ASSETS	-	(26,956)	(26,956)
FUND BALANCES/NET ASSETS			
Beginning of year	289,027	283,100	572,127
End of year	<u>\$ 280,144</u>	<u>\$ 265,027</u>	<u>\$ 545,171</u>

See accompanying notes and independent auditor's report.

CACHAGUA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Organization—The Cachagua Fire Protection District (the District) is a special district that was formed in 1993, and currently operates under the authority of the California Health and Safety Code, Section 13801 et seq. It is governed by a three-member Board of Directors. The District was created to provide fire protection and emergency services to an area in the Carmel Valley extending east from Sleepy Hollow to nineteen miles east of the Village.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cachagua Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Basis of Presentation—The basic financial statements are presented using the reporting model for special-purpose governments engaged in a single governmental program. This presentation allows the fund financial statements and the government-wide financial statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

Measurement Focus and Basis of Accounting—The government-wide financial statements are prepared using the accrual basis of accounting and the flow of economic resources measurement focus. Government-wide financial statements do not provide information by fund or account groups but report on the District as a whole and consist of a statement of net assets and statement of activities.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of year end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Budgetary Data—The District adopts an annual budget on a basis consistent with generally accepted accounting principles and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures and encumbrances (reserved portions of appropriations for which commitments have been made) are charged against the budgeted appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditures as they do not constitute expenditures or liabilities.

CACHAGUA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and cash equivalents—Cash and cash equivalents consists of amounts held in checking and savings accounts available for general operating purposes.

Certificates of Deposit— Certificates of deposit consist of amounts held in a non-current account that are available for general operating purposes and board designated expenditures.

Receivables—Receivables consist primarily of property taxes receivable that are due to be collected within 60 days of year end. The District utilizes the allowance method with respect to doubtful property taxes receivable. The allowance at June 30, 2012 was \$2,562.

Capital Assets—Capital assets, which include vehicles and equipment, are reported in the government-wide financial statement. Capital assets are defined by the District as assets with an individual cost of \$1,000 or more and an estimated useful life in excess of one year. Capital assets are accounted for using historical cost or estimated historical cost if actual cost is not known. Donated capital assets are accounted for at their estimated fair value on the date of donation. The cost of normal maintenance and repairs that do not add value or extend the lives of the assets are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed. Purchased capital assets are recorded as expenditures in the governmental funds. Capital assets are depreciated on the straight line basis over their estimated useful lives which include: fire engines – 20 years, other vehicles – 8 years, machinery and equipment -10 years and office equipment – 5 years.

Property Taxes – Monterey County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes and benefit assessments are each payable in equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the Governmental Funds.

Fund Balance Disclosure—The District implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASBS No. 54) in 2012, as required. The purpose of GASB No. 54 is to improve the consistency and usefulness of the fund balance information to the financial user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent.

Governmental Fund Financial Statements—In accordance with GASBS No. 54, the District classifies fund balances in the governmental funds as follows:

Nonspendable—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

CACHAGUA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Disclosure, continued

Committed—amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned—includes residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in the General Fund, it is the District's policy to use unassigned resources first, then assigned, and then committed as needed.

The District does not have a formal minimum fund balance requirement. However, the District has adopted a Reserve Policy, which addresses various targeted reserve amounts in the General Fund and the action that will be taken if the reserves fall below the targeted amount.

Government-wide Financial Statements—The District classifies net assets in the government-wide financial statements as follows:

Invested in capital assets, net of related debt—includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted—includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted—typically includes unrestricted liquid assets. The District has the authority to revisit or alter this designation.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CACHAGUA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent events—In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 13, 2014, the date that the financial statements were available to be issued.

NOTE 3—ADJUSTMENTS TO CONVERT STATEMENTS TO ACCRUAL BASIS

The adjustments needed to adjust the balance sheet and statement of revenues, expenditures and changes in fund balances of the District to an accrual basis which consists of a statement of net assets and statement of activities are as follows:

Reconciliation of the balance sheet to statement of net assets:

Total fund balances per fund financial statements	\$ 280,144
Capital assets not reported in the fund financial statements because they are not current financial resources but are reported in the statement of net assets.	265,027
Net assets for governmental activities	\$ 545,171

NOTE 3—ADJUSTMENTS TO CONVERT STATEMENTS TO ACCRUAL BASIS

Reconciliation of statement of revenues, expenditures, and changes in fund balances to the statement of activities:

Net change in fund balances per fund financial statements	\$ (8,883)
Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but the cost of those capital assets is allocated over their estimated useful lives and reported as depreciation expense as capital assets in the statement of activities:	
Capital assets capitalized	19,000
Depreciation	(37,073)
Change in net assets for governmental activities	\$ (26,956)

NOTE 4—CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

Cash and cash equivalents, and certificates of deposit at June 30, 2012, include accounts insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2012, the District's bank balances on deposit with one financial institution exceeded FDIC limits by approximately \$45,000. The District has not experienced any losses in the past and uses only established institutions.

CACHAGUA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 4—CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT, continued

Amounts in financial institutions at June 30, 2012 consist of the following:

Checking and savings	\$ 99,057
Certificate of deposit	\$ 196,553

NOTE 5—RECEIVABLES, NET

Receivables at June 30, 2012 consist of the following:

Prop 172 receivable	\$ 7,295
User fees receivable	2,825
Less: allowance for uncollectibles	<u>(2,562)</u>
	<u>\$ 7,558</u>

NOTE 6—CAPITAL ASSETS

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

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Vehicles and equipment	\$ 452,364	\$ 19,000	\$ -	\$ 471,364
Accumulated depreciation	<u>(169,264)</u>	<u>(37,073)</u>	<u>-</u>	<u>(206,337)</u>
Total	<u>\$ 283,100</u>	<u>\$(18,073)</u>	<u>\$ -</u>	<u>\$ 265,027</u>

NOTE 7—ASSIGNED FUND BALANCES

The Board of Directors of the District has designated certain revenues towards tentative spending plans. Designated revenues held in assigned fund balances at June 30, 2012 consist of:

New fire station building account	\$ 71,000
Non-automotive equipment	17,485
Major equipment repair special fund	13,000
Equipment vehicle replacement	10,800
Contingency reserves	5,000
New and replacement equipment	<u>4,568</u>
	<u>\$ 121,853</u>

CACHAGUA FIRE PROTECTION DISTRICT
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance from Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
GENERAL REVENUES:				
Property taxes	\$ 52,000	\$ 52,000	\$ 51,654	\$ (346)
Public safety revenues	33,850	33,850	31,760	(2,090)
Reimbursements	2,500	2,500	1,899	(601)
Other:				
Donations	-	-	22,820	22,820
Other revenues	2,500	2,500	1,280	(1,220)
Interest earned	2,000	2,000	673	(1,327)
Gain on disposal of capital assets	-	-	-	-
	<u>92,850</u>	<u>92,850</u>	<u>110,086</u>	<u>17,236</u>
EXPENDITURES/EXPENSES:				
EXPENDITURES:				
Repairs and maintenance	15,400	15,400	20,302	(4,902)
Capital equipment	14,000	14,000	19,000	(5,000)
Insurance	23,396	23,396	18,321	5,075
Protective clothing	5,100	5,100	17,255	(12,155)
Fuel	7,000	7,000	11,053	(4,053)
Small equipment	22,628	22,628	10,386	12,242
Medical supplies and services	5,775	5,775	6,110	(335)
Training	3,000	3,000	4,898	(1,898)
Utilities	1,550	1,550	4,483	(2,933)
Telephone	-	-	3,365	(3,365)
Dispatch service	1,000	1,000	2,011	(1,011)
Memberships	1,115	1,115	1,055	60
Other expenses	557	557	587	(30)
Professional fees	12,000	12,000	121	11,879
Office expenses	2,870	2,870	22	2,848
Reimbursement expense	-	-	-	-
Board of Directors election expense	2,927	2,927	-	2,927
Rental and lease expense	325	325	-	325
	<u>118,643</u>	<u>118,643</u>	<u>118,969</u>	<u>(326)</u>
EXCESS OF REVENUES OVER				
EXPENDITURES - BUDGETARY BASIS	<u>\$ (25,793)</u>	<u>\$ (25,793)</u>	<u>\$ (8,883)</u>	<u>\$ 16,910</u>

See accompanying notes and independent auditor's report.

CACHAGUA FIRE PROTECTION DISTRICT
NOTES TO GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended June 30, 2012

NOTE 1—BUDGET

The Board of Directors of the District legally adopts an annual operating budget on a basis consistent with generally accepted accounting principles. The budget may be amended by the Board of Directors throughout the year. The budget is prepared on the modified accrual basis of accounting.

Budget amounts reflect the original budget adopted by the Board of Directors, and the final budget after all applicable amendments. All budget appropriations lapse at year-end.