

County Service Area No. 40 – Fire Services

**Annual Report
For the Fiscal Year Ended
June 30, 2020**

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Table of Contents

	<u>Page</u>
Auditor-Controller’s Report	
Management’s Discussion and Analysis	1-5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Combined Balance Sheet – All Funds - Governmental Fund	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – All Funds - Governmental Fund	9
Combined Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund balance of the Governmental Fund to the Statement of Activities-All Funds.....	10
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budgets and Actual – All Funds – Governmental Fund	11
Notes to the Basic Financial Statements	12-25
Required Supplementary Information:	
Combining Balance Sheet – All Funds - Governmental Fund	26
Reconciliation of the Combining Balance Sheet-All Funds to the Statement of Net Position – Governmental Fund.....	27
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – All Funds - Governmental Fund	28
Combining Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities – All Funds.....	29
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgets and Actual – General Fund	
Fire Services.....	30
Fitch Mountain.....	31
Dry Creek.....	32
Wilmar	33
Mayacamas.....	34
Summary of Changes in Capital Assets.....	35-38
Roster of Board Members	39

Board of Directors
County Service Area No. 40 – Fire Services
Santa Rosa, CA

Auditor-Controller's Report

Report on the Financial Statements

We were engaged to audit the accompanying government wide financial statements, fund financial statements and the related notes to the financial statements of the County Service Area No. 40 – Fire Services (CSA No. 40), as of and for the year ended June 30, 2020, which collectively comprise the 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 an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements.

Basis for Disclaimer of Opinion

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. In Sonoma County, the Auditor-Controller and Treasurer-Tax Collector (ACTTC) positions are combined. CSA No. 40's cash is pooled with the Sonoma County Treasurer (a division of the ACTTC), who acts as a disbursing agent for CSA No. 40. The General Accounting Division within the ACTTC Office maintains internal controls over the financial accounting management information system, and processes transactions that have been approved by CSA No. 40. The General Accounting Division processes County checks for expenditures approved by CSA No. 40, these checks are signed by the Auditor-Controller-Treasurer-Tax Collector. These non-audit activities create management participation threats to auditor independence, as discussed in Interpretation 101-3 of the American Institute of Certified Public Accountants Code of Professional Conduct, which cannot be mitigated. Internal Audit, a Division of the ACTTC Office, which has no other responsibility for the accounts and records being audited, performed this audit.

The amount by which this departure affects the assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of CSA No. 40 has not been determined.

Disclaimer of Opinion

Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), beginning on page 1 of this report, and required supplementary information, beginning on page 26 of this report, 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 MD&A and the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists 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 have obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the MD&A or the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sonoma County Auditor-Controller

Sonoma County Auditor-Controller

May 6, 2021

Management's Discussion and Analysis

As management of CSA No. 40, we offer readers of these financial statements this narrative overview and analysis of the CSA No. 40 financial activities for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with CSA No. 40's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The assets of CSA No. 40 exceeded their liabilities at the close of the most recent fiscal year by \$4,050,970 (net position). Of this amount, \$2,957,746 (unrestricted net position) may be used to meet CSA No. 40's ongoing operations.
- CSA No. 40's total net position increased by \$192,680.
- As of the close of the current fiscal year, CSA No. 40 reported an ending fund balance of \$2,959,308, an increase of \$181,205 in comparison with the prior year. Approximately 46.3% of this amount is available for spending at CSA No. 40's discretion (unassigned fund balance).
- At the end of the year, unassigned fund balance was \$1,370,169 or 45.4% of the total general fund expenditures of \$3,016,044.
- CSA No. 40's long-term debt decreased by \$(58,607) during the current fiscal year due to scheduled principal payments on long term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to CSA No. 40's basic financial statements. CSA No. 40's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of CSA No. 40's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of CSA No. 40's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CSA No. 40 is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the 2020 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CSA No. 40, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. CSA No. 40's funds are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CSA No. 40 uses governmental funds to account for its activities, which include fire protection services in CSA No. 40 boundaries. CSA No. 40 adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of CSA No. 40, assets exceeded liabilities by \$4,050,970 at the close of 2020 fiscal year.

A large portion of CSA No. 40's net position \$1,093,224 reflects its investment in capital assets (e.g. land, buildings and improvements and equipment). CSA No. 40 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Summary of Net Position
June 30

	2020	2019	Increase (Decrease)	Percentage Change
Assets:				
Current and other assets	\$ 2,961,740	\$ 3,049,109	\$ (87,369)	-2.9%
Capital assets	1,345,664	1,393,249	(47,585)	-3.4%
Total assets	<u>4,307,404</u>	<u>4,442,358</u>	<u>(134,954)</u>	<u>-3.0%</u>
Liabilities:				
Current liabilities	64,762	331,628	(266,866)	-80.5%
Non-current liabilities	191,672	252,440	(60,768)	-24.1%
Total liabilities	<u>256,434</u>	<u>584,068</u>	<u>(327,634)</u>	<u>-56.1%</u>
Net position:				
Net investment in capital assets	1,093,224	1,082,202	11,022	1.0%
Unrestricted	2,957,746	2,776,088	181,658	6.5%
Total net position	<u>\$ 4,050,970</u>	<u>\$ 3,858,290</u>	<u>\$ 192,680</u>	<u>5.0%</u>

The balance of unrestricted net position \$2,957,746 may be used to meet CSA No. 40's ongoing obligations to citizens and vendors.

At the end of the 2020 fiscal year, CSA No. 40 is able to report positive balances in both categories of net position. The same held true for the prior fiscal year.

Governmental Activities: Governmental activities increased CSA No. 40's net position by \$192,680.

**Changes in Net Position
For the Fiscal Year Ended June 30**

	2020	2019	Increase (Decrease)	Percentage Change
Revenues:				
Program Revenues:				
Public safety - fire prevention	\$ 62,484	\$ 324,931	\$ (262,447)	-80.8%
Operating Contributions	10,368	-	10,368	100.0%
Capital Contributions	390,000	-	390,000	100.0%
General Revenues:				
Property taxes	2,692,749	2,671,577	21,172	0.8%
Investment earnings	31,594	90,701	(59,107)	-65.2%
Miscellaneous	10,054	14,923	(4,869)	-32.6%
Operating transfers	-	300,000	(300,000)	-100.0%
Total revenues	<u>3,197,249</u>	<u>3,402,132</u>	<u>(204,883)</u>	<u>-6.0%</u>
Expenses:				
Program Expenses:				
Public safety - fire prevention	<u>3,004,569</u>	<u>3,833,982</u>	<u>(829,413)</u>	<u>-21.6%</u>
Total expenses	<u>3,004,569</u>	<u>3,833,982</u>	<u>(829,413)</u>	<u>-21.6%</u>
Special Item-Gain on disposal of operations	<u>-</u>	<u>10,916</u>	<u>(10,916)</u>	<u>-100.0%</u>
Change in net position	192,680	(420,934)	613,614	-145.8%
Net position, beginning of the year	<u>3,858,290</u>	<u>4,279,224</u>	<u>(420,934)</u>	<u>-9.8%</u>
Net position, end of the year	<u>\$ 4,050,970</u>	<u>\$ 3,858,290</u>	<u>\$ 192,680</u>	<u>5.0%</u>

Financial Analysis of the Government's Funds

CSA No. 40 uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental funds: The focus of CSA No. 40's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing CSA No. 40's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the 2020 fiscal year, CSA No. 40's governmental fund reported ending fund balance of \$2,959,308, an increase of \$181,205 in comparison with the prior year. Approximately 46.3% of the total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is assigned for encumbrances and vehicle replacement.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45.4% of total general fund expenditures.

General Fund Budgetary Highlights

Differences between the original and the final amended budgets were to recognize additional revenues received during the fiscal year and the expenditures offsetting these increases.

Capital Asset and Debt Administration

Capital Assets: CSA No. 40's capital assets, as of June 30, 2020, amount to \$1,345,664 (net of accumulated depreciation). The capital assets include land, buildings and improvements, and equipment. The total decrease in CSA No. 40's capital assets for the current fiscal year was \$47,585, which represents current year depreciation of \$150,335 offset by current year additions of \$102,750. CSA No. 40 disposed three fully depreciated fixed assets (air compressor, 2009 Ford Ranger and extrication set) for total of \$59,146 and received two fully depreciated additions (Ford truck and water tender) for \$87,734.

Additional information on CSA No. 40's capital assets, capital leases and disposal of Fire Prevention operations can be found in notes II.B and II.D respectively.

Debt administration: At the end of the fiscal year CSA No. 40 had total long-term obligations of \$252,440. This amount is comprised of notes payable. During the current fiscal year, CSA No. 40's long-term debt decreased by \$(58,607). It was due to scheduled principal payments on long-term debt.

Economic Factors and Next Year's Budgets and Rates

Over the next year CSA No. 40 is expecting:

- Approximately a 4% decrease in property tax revenue compared to fiscal year 2019 due to detachment of the Mountain Volunteer Fire Company and Integrated Response Plan Areas from CSA No. 40 in fiscal 2020 and detachment of Mayacamas in fiscal 2021.
- Charges for services to increase by approximately 4 %.

Both of these factors were considered in preparing CSA No. 40's budget for the fiscal year ending June 30, 2021.

Request for Additional Information

This financial report is designed to provide a general overview of CSA No. 40's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire and Emergency Services Department, 2300 County Center Drive #220 B, Santa Rosa, CA 95403.

County Service Area No. 40 - Fire Services
Statement of Net Position
June 30, 2020

Assets

Cash and investments	\$	2,846,764
Accounts receivable		58,741
Flat charges receivable		3,969
Reserved cash - Vehicle Replacement		25,705
Reserved cash - Computer Replacement		26,561
Capital assets		
Land		80,000
Buildings and improvements (net of accumulated depreciation)		11,346
Equipment (net of accumulated depreciation)		1,254,318
		4,307,404
Total assets		4,307,404

Liabilities

Accounts payable		2,432
Capital leases payable - Due within one year		60,768
Interest payable		1,562
Non-current liabilities:		
Capital leases payable - Due in more than one year		191,672
		191,672
Total liabilities		256,434

Net Position

Net investment in capital assets		1,093,224
Unrestricted		2,957,746
		2,957,746
Total net position	\$	4,050,970

The notes to the basic financial statements are an integral part of this statement.

County Service Area No. 40 - Fire Services
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Program Expenses

Public safety - fire prevention	
Services and supplies	\$ 2,843,827
Depreciation	150,335
Debt service - interest	<u>10,407</u>
Total program expenses	<u>3,004,569</u>

Program Revenues

Charges for services	
Intergovernmental revenue	18,017
Charges for services	<u>44,467</u>
Total charges for services	<u>62,484</u>
Operating Contributions	10,368
Capital Contributions	<u>390,000</u>
Total program revenues	<u>462,852</u>
Net program revenues (expenses)	<u>(2,541,717)</u>

General Revenues

Property taxes	2,692,749
Investment earnings	31,594
Miscellaneous	<u>10,054</u>
Total general revenues	<u>2,734,397</u>

Change in net position	192,680
Net position, beginning balance	<u>3,858,290</u>
Net position, end of year	<u>\$ 4,050,970</u>

The notes to the basic financial statements are an integral part of this statement.

**County Service Area No. 40 - Fire Services
 Combined Balance Sheet - All Funds
 Governmental Fund
 June 30, 2020**

Assets

Cash and investments	\$ 2,846,764
Accounts receivable	58,741
Flat charges receivable	3,969
Reserved cash - Vehicle replacement	25,705
Reserved cash - Computer replacement	26,561
Total assets	\$ 2,961,740

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 2,432
Total liabilities	2,432

Fund balance:

Assigned for encumbrances	1,536,873
Assigned for vehicle replacement	25,705
Assigned for computer replacement	26,561
Unassigned	1,370,169
Total fund balance	2,959,308
Total liabilities and fund balance	\$ 2,961,740

Reconciliation of Balance Sheet to Statement of Net Position

Fund balance - total government funds	\$ 2,959,308
Amount 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 governmental funds	1,345,664
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Capital leases payable	(252,440)
Accrued interest payable	(1,562)
Net position of governmental activities	\$ 4,050,970

The notes to the basic financial statements are an integral part of this statement.

**County Service Area No. 40 - Fire Services
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balance - All Funds
 Governmental Fund
 For the Fiscal Year Ended June 30, 2020**

Revenues

Property taxes	\$ 2,692,749
Investment earnings	31,594
Intergovernmental revenue	418,385
Charges for services	44,467
Miscellaneous	<u>10,054</u>
Total revenues	<u>3,197,249</u>

Expenditures

Current:	
Services and supplies	2,843,827
Debt service	
Principal	58,607
Interest	10,860
Capital outlay	<u>102,750</u>
Total expenditures	<u>3,016,044</u>

Excess (deficiency) of revenues over (under) expenditures	<u>181,205</u>
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Other financing sources (uses)

Operating transfers in	310,000
Operating transfers out	<u>(310,000)</u>
Total other financing sources (uses)	<u>-</u>

Net change in fund balance	181,205
Fund balance, beginning of year	<u>2,778,103</u>
Fund balance, end of year	<u>\$ 2,959,308</u>

The notes to the basic financial statements are an integral part of this statement.

**County Service Area No. 40 - Fire Services
 Combined Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of the Governmental Fund to the
 Statement of Activities - All Funds
 For the Fiscal Year Ended June 30, 2020**

**Amounts reported for governmental activities in the statement of activities
 are different because:**

Net change in fund balance - total governmental fund	\$ 181,205
<p>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.</p>	
Expenditure for capital assets	102,750
Current year depreciation	(150,335)
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. While repayment of lease principal is an expenditure in the governmental funds, it reduces long-term liabilities in the Statement of Activities.</p>	
Principal payments	58,607
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Change in accrued interest payable	<u>453</u>
Change in net position of governmental activities	<u>\$ 192,680</u>

The notes to the basic financial statements are an integral part of this statement.

County Service Area No. 40 - Fire Services
Combined Statement of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual - All Funds
Governmental Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
Revenues				(Negative)
Property taxes	\$ 2,742,267	\$ 2,742,267	\$ 2,692,749	\$ (49,518)
Investment earnings	31,400	31,400	31,594	194
Intergovernmental revenue	-	-	418,385	418,385
Charges for services	-	-	44,467	44,467
Miscellaneous	-	-	10,054	10,054
Total revenues	2,773,667	2,773,667	3,197,249	423,582
Expenditures				
Current:				
Salaries and employee benefits	-	59,096	-	59,096
Services and supplies	2,719,432	2,900,040	2,892,297	7,743
Debt service:				
Principal	-	58,643	58,607	36
Interest	-	10,824	10,860	(36)
Capital outlay	-	1,640,000	1,591,153	48,847
Total expenditures	2,719,432	4,668,603	4,552,917	115,686
Excess (deficiency) of revenues over (under) expenditures	54,235	(1,894,936)	(1,355,668)	539,268
Other financing sources (uses)				
Operating transfers in	-	-	310,000	310,000
Operating transfers out	(3,268)	(3,268)	(310,000)	(306,732)
Total other financing sources (uses)	(3,268)	(3,268)	-	3,268
Special Item				
Loss on Disposal of Operations	-	-	-	-
Net change in fund balance, budgetary basis	\$ 50,967	\$ (1,898,204)	(1,355,668)	\$ 542,536
Budgetary Adjustments:				
Basis adjustments:				
Encumbrances			1,536,873	
Net change in fund balance, GAAP Basis			\$ 181,205	

The notes to the basic financial statements are an integral part of this statement.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies

A. Reporting Entity

CSA No. 40 coordinates fire service activities in the unincorporated areas of Sonoma County, advises the Board of Supervisors on fire services issues, assists with disaster program planning and emergency response planning, responds to emergency situations and reviews program and policy matters with the Board appointed Fire Safety Committee. CSA No. 40 is managed by the County Administrator. The department administers contracts for structural fire response with local fire agencies, not-for-profit corporations and the California Department of Forestry (CDF). The department also administers the volunteer fire program and provides administrative support for five dependent fire zones. Beginning in fiscal year 2018-2019, a single contract was executed with the newly formed North Bay Fire to provide support and oversight of the Volunteer Fire Companies. The contract with North Bay Fire is intended to be a transitional measure to give the Volunteer Fire Companies time to establish partnerships and enter into consolidations with neighboring Fire Protection Districts and/or into larger regional fire agencies. Funds for the individual assessment districts are reported under the supplementary information section of this report.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

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 section and 2) grants and contributions that are restricted to meeting 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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. Under this method, revenues are recognized when measurable and available. Taxes, interest, and charges for services are considered to be available when receipt occurs within 365 days of the end of the accounting period so as to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Property taxes are accrued when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments are recorded only when payment is due.

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

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

In accordance with GASB Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and External Investment Pools”* and GASB Statement No. 72, *“Fair Value Measurement and Application”*, investments are stated at fair value in the statement of net position and balance sheet and the corresponding changes in the fair value of investments are recognized in the year in which the change occurred. CSA No. 40 reports certain investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

2. Receivables and Payables

a. Property Taxes

The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California’s Proposition 13, beginning with fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year.

Included within the property tax revenue is \$243,043 in Benefit Assessments collected. Benefit Assessments are a type of flat tax applied to each parcel of property within a specific district, exclusive of the property value. Flat taxes are currently being assessed within the Wilmar, Dry Creek and Mayacamas Community Facilities Districts.

On June 30, 1993, the Board of Supervisors adopted the “Teeter” Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year end the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the County receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

On February 6, 2019, the Sonoma County Local Agency Formation Commission (LAFCO) approved detachment of the service area of the Mountain Volunteer Fire Company and Integrated Response Plan Areas from CSA No. 40, and annexation of those territories to the Sonoma County Fire District (SCFD)-Reorganized District. As a result of the detachment \$86,952 property taxes were transferred from CSA No. 40 to SCFD in fiscal 2020.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

b. Reserved Cash

Reserved cash represents cash and investments which are restricted for the purpose of vehicle and computer equipment replacement.

c. Due to/from Other Governments

Due to other governments are payables for services received from other governmental entities.

Due from other governments are receivables for services provided to other governmental entities.

d. Accounts Receivable

In current year accounts receivable represents workers compensation reimbursement.

3. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and equipment, are reported in the applicable governmental activities' columns in the government-wide financial statements. Capital assets are defined by CSA No. 40 as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Equipment of CSA No. 40 is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10 – 25
Equipment	4 – 25

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

4. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted.

- a. *Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one category of net position. Accumulated depreciation and amortization and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- b. *Restricted net position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - This category represents net position, not restricted for any project or other purpose.

5. Fund Balance

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned or unassigned based primarily on the extent to which the entity is bound to honor constraints on how specific amounts can be spent.

- a. *Non-spendable Fund Balance* – Amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact.
- b. *Restricted Fund Balance* – Amounts with constraints placed on their use that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- c. *Committed Fund Balance* – Amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance or resolution of the County’s highest decision-making authority (the Board of Supervisors) and that remain binding unless removed by an equally binding action.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

- d. *Assigned Fund Balance* – Amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be established by the County’s highest level of decision-making authority (the Board of Supervisors) or by a body or an official to which the Board of Supervisors has delegated the authority (i.e. County Administrator).
- e. *Unassigned* – The residual amount of all general fund spendable resources not contained in the other classifications.

6. Estimates

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

E. Stewardship, Compliance, and Accountability

1. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the various years. All budgets are adopted on a non-GAAP basis. CSA No. 40’s budgetary information was amended during each of the years by resolution of the Board of Directors.

2. Encumbrance

CSA No. 40 has unexpended encumbrances of \$1,536,873 for the fiscal year ending June 30, 2020. These encumbrances represent commitments made by CSA No. 40 for services related to public safety.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

II. Detailed Notes

A. Cash and Investments

CSA No. 40 follows the County’s practice of pooling cash and investments of all funds with the County Treasurer. The amount of cash at June 30, 2020 is as follows:

Cash in County Treasury	\$ 2,846,764
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Investment in the Sonoma County Treasurer’s Investment Pool

As authorized by Health and Safety Code 13854 (a), CSA No. 40’s cash is pooled with the Sonoma County ACTTC, who acts as a disbursing agent for CSA No. 40. The fair value of the CSA No. 40’s investment in this pool is reported in the accompanying financial statements at amounts based upon the CSA No. 40’s pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee requires an annual audit to ensure the County’s Investment Portfolio is in compliance with its policy and California Government Code Section 53601.

Investment Guidelines

The CSA No. 40’s pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Suite 100, Santa Rosa, California, 95403.

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

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2020, approximately 36 percent of the investments in the Treasury Pool had maturities of one year or less. Of the remainder, less than 1 percent, had a maturity of more than five years.

Disclosures Relating to 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 organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal to at least 110% of the total amount deposited by the public agencies.
- California law also allows financial institutions to secure the County's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2020 Sonoma County Comprehensive Annual Financial Report.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

B. Capital assets

Capital asset activity for the year ending June 30, 2020 was as follows:

	<u>Balance</u>			<u>Transfers &</u>	<u>Ending</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u>
Capital assets not being depreciated:					
Land	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Total capital assets, not being depreciated	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Capital assets, being depreciated:					
Buildings and improvements	28,932	-	-	-	28,932
Equipment	<u>2,793,298</u>	<u>102,750</u>	<u>(59,146)</u>	<u>87,734</u>	<u>2,924,636</u>
Total capital assets, being depreciated:	<u>2,822,230</u>	<u>102,750</u>	<u>(59,146)</u>	<u>87,734</u>	<u>2,953,568</u>
Less accumulated depreciation for					
Buildings and improvements	(15,566)	(2,020)	-	-	(17,586)
Equipment	<u>(1,493,415)</u>	<u>(148,315)</u>	<u>59,146</u>	<u>(87,734)</u>	<u>(1,670,318)</u>
Total accumulated depreciation	<u>(1,508,981)</u>	<u>(150,335)</u>	<u>59,146</u>	<u>(87,734)</u>	<u>(1,687,904)</u>
Total capital assets, being depreciated, net	<u>1,313,249</u>	<u>(47,585)</u>	<u>-</u>	<u>-</u>	<u>1,265,664</u>
Capital assets, net	<u>\$ 1,393,249</u>	<u>\$ (47,585)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,345,664</u>

Depreciation expense was charged to functions/programs of CSA No. 40 as follows:

Governmental activities:

 Public safety - fire services \$ 150,335

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

C. Long-Term Debt

Changes in long-term debt

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities:					
Capital leases	311,047	-	(58,607)	252,440	60,768
Total long-term liabilities	\$ 311,047	\$ -	\$ (58,607)	\$ 252,440	\$ 60,768

D. Capital Leases Payable

Type of Indebtedness (Purpose)	Maturity	Interest Rate	Annual Principal Installments	Original Issue Amount	Outstanding as of June 30, 2019
2014 Rescue Combo Fire Truck	2/20/2023	3.62%	\$6,344 - \$8,920	\$151,250	51,195
2013 Quick Attack Fire Truck	2/20/2023	3.62%	\$6,344 - \$8,920	\$151,250	51,195
2015 Spartan Fire Engine	6/15/2025	3.69%	\$11,491-\$16,271	\$275,000	150,050
Total					\$ 252,440

The annual debt service requirements on the outstanding loans are as follows:

Year Ending June 30	Principal	Interest
2021	60,768	8,701
2022	63,008	6,461
2023	65,330	4,133
2024	31,087	2,056
2025	32,247	896
Total	\$ 252,440	\$ 22,247

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

E. Operating Transfer

Transfers are used to move unrestricted general fund revenues to finance fire safety programs that the government must account for in separate funds.

F. Commitments and Contingencies

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which CSA No. 40 operates. While it is unknown how long these conditions will last and what the complete financial effect will be to CSA No. 40, the outbreak has not had a material adverse impact to CSA No. 40’s operations to date. However, the future impact of the outbreak is highly uncertain and cannot be predicted. Accordingly, there is no assurance that the outbreak will not have a material adverse impact on CSA No. 40 in the future.

III. Other Information

A. Risk Management

CSA No. 40 was provided insurance coverage through American Alternative Insurance Corporation for general liability and auto liability with a combined single limit of \$1,000,000 and excess liability coverage of \$10,000,000 per each occurrence.

Worker’s Compensation insurance for all CSA No. 40 volunteer organizations is covered by the County of Sonoma self-insurance program.

B. Employee Retirement Plan and Other Post-employment Benefits

CSA No. 40 is a blended component unit of the County of Sonoma. As such, the County’s financial statements include the required information and disclosures relating to financial reporting requirements for pensions and other post-employment benefits.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

Please see the County of Sonoma Comprehensive Annual Financial Report for additional information.

C. Implementation of Governmental Accounting Standards Board (GASB) Statements

The requirements of the following GASB Statements are effective for the purpose of implementation, as noted, for the fiscal year ending June 30, 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. In light of the COVID-19 pandemic the effective dates of multiple pronouncements were postponed by one year or more, providing a brief reprieve from implementing several GASB pronouncements. No impact to the CSA No. 40.

D. Future Government Accounting Standards Board (GASB) Pronouncements

The following GASB statements were issued. The CSA No. 40 has not determined the effect on the financial statements of the following GASB statements:

GASB Statement No. 84, *Fiduciary Activities*: This statement established criteria for identifying fiduciary activities. *Effective FY 2020-21*.

GASB Statement No. 87, *Leases*. Requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Establishes a single model for lease accounting. *Effective FY 2021-22*.

GASB Statement No. 90, *Majority Equity Interests*: Modifies previous guidance for reporting a government's majority equity interests in legally separate organizations. *Effective FY 2020-21*.

GASB Statement No. 91, *Conduit Debt Obligations*: Clarifies the existing definition of a conduit debt obligation. *Effective FY 2022-23*.

GASB Statement No. 92, *Omnibus 2020*: Address several other statements previously published including Statements 74, 75, 84, 87 and also asset retirement obligations in government acquisitions. *Effective FY 2022-23*.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*: Addresses accounting and financial reporting implications that result from the replacement of an IBOR. *Effective FY 2021-22*.

County Service Area No. 40 – Fire Services
Notes to the Basic Financial Statements
June 30, 2020

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: Provide guidance on accounting and financial reporting for these transactions. *Effective FY 2023-24.*

GASB Statement No. 96, *Subscription-based information technology arrangements (SBITAs)*. Provides guidance on accounting and financial reporting for SBITAs. *Effective FY 2023-24.*

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*: Provides guidance on accounting and financial reporting for fiduciary component units and certain benefit plans. *Effective FY 2021-22.*

E. Subsequent Event

On February 11, 2020 the CSA No. 40 entered into a Revenue Exchange Agreement with the Sonoma Valley Fire District to transfer Mayacamas Volunteer Fire Company assets and property tax revenue. This annexation Agreement is expected to take effect in Fiscal Year 2021.

Required Supplementary Information
County Service Area No. 40 - Fire Services
Combining Balance Sheet - All Funds
Governmental Fund
June 30, 2020

	Fire Services	Fitch Mountain Fire	Dry Creek Fire	Wilmar Fire	Mayacamas Fire	Total Governmental Funds
Assets						
Cash and investments	\$ 1,861,908	\$ 10,971	\$ 168,875	\$ 746,018	\$ 58,992	\$ 2,846,764
Accounts receivable	58,741	-	-	-	-	58,741
Flat charges receivable	-	-	1,549	1,767	653	3,969
Reserved cash - Vehicle replacement	25,705	-	-	-	-	25,705
Reserved cash - Computer replacement	26,561	-	-	-	-	26,561
Total assets	\$ 1,972,915	\$ 10,971	\$ 170,424	\$ 747,785	\$ 59,645	\$ 2,961,740
Liabilities and Fund Balance						
Liabilities:						
Accounts payable	\$ 100	\$ -	\$ -	\$ 2,332	\$ -	\$ 2,432
Total liabilities	100	-	-	2,332	-	2,432
Fund balance:						
Assigned for encumbrances	847,777	-	-	689,096	-	1,536,873
Assigned for vehicle replacement	25,705	-	-	-	-	25,705
Assigned for computer replacement	26,561	-	-	-	-	26,561
Unassigned:	1,072,772	10,971	170,424	56,357	59,645	1,370,169
Total fund balances	1,972,815	10,971	170,424	745,453	59,645	2,959,308
Total liabilities and fund balance	\$ 1,972,915	\$ 10,971	\$ 170,424	\$ 747,785	\$ 59,645	\$ 2,961,740

Required Supplementary Information
County Service Area No. 40 - Fire Services
Reconciliation of the Combining Balance Sheet - All Funds
To the Statement of Net Position
Governmental Fund
June 30, 2020

	Fire Services	Fitch Mountain Fire	Dry Creek Fire	Wilmar Fire	Mayacamas Fire	Total Governmental Funds
Reconciliation of Balance Sheet to Statement of Net Position						
Fund balance - total government funds	\$ 1,972,815	\$ 10,971	\$ 170,424	\$ 745,453	\$ 59,645	\$ 2,959,308
Amount reported for governmental activities in the Statement of Net Position is different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	715,384	-	21,076	488,223	120,981	1,345,664
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.						
Capital leases payable	(51,195)	-	-	(150,050)	(51,195)	(252,440)
Accrued interest payable	(666)	-	-	(230)	(666)	(1,562)
Net Position of governmental activities	\$ 2,636,338	\$ 10,971	\$ 191,500	\$ 1,083,396	\$ 128,765	\$ 4,050,970

Required Supplementary Information
County Service Area No. 40 - Fire Services
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Funds
Governmental Fund
For the Fiscal Year Ended June 30, 2020

	Fire Services	Fitch Mountain Fire	Dry Creek Fire	Wilmar Fire	Mayacamas Fire	Total Governmental Funds
Revenues						
Property taxes	\$ 2,449,706	\$ -	\$ 106,961	\$ 116,493	\$ 19,589	\$ 2,692,749
Investment earnings	18,532	189	2,299	9,620	954	31,594
Intergovernmental revenue	28,385	-	-	390,000	-	418,385
Charges for services	44,467	-	-	-	-	44,467
Miscellaneous	10,054	-	-	-	-	10,054
Total revenues	<u>2,551,144</u>	<u>189</u>	<u>109,260</u>	<u>516,113</u>	<u>20,543</u>	<u>3,197,249</u>
Expenditures						
Current:						
Services and supplies	2,616,948		124,401	101,212	1,266	2,843,827
Debt service						
Principal	15,877	-	-	26,853	15,877	58,607
Interest	2,285	-	-	6,290	2,285	10,860
Capital outlay	102,750	-	-	-	-	102,750
Total expenditures	<u>2,737,860</u>	<u>-</u>	<u>124,401</u>	<u>134,355</u>	<u>19,428</u>	<u>3,016,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,716)</u>	<u>189</u>	<u>(15,141)</u>	<u>381,758</u>	<u>1,115</u>	<u>181,205</u>
Other financing sources (uses)						
Operating transfers in	-	-	10,000	300,000	-	310,000
Operating transfers out	-	-	(10,000)	(300,000)	-	(310,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(186,716)	189	(15,141)	381,758	1,115	181,205
Fund balance, beginning of year	2,159,531	10,782	185,565	363,695	58,530	2,778,103
Fund balance, end of year	<u>\$ 1,972,815</u>	<u>\$ 10,971</u>	<u>\$ 170,424</u>	<u>\$ 745,453</u>	<u>\$ 59,645</u>	<u>\$ 2,959,308</u>

Required Supplementary Information
County Service Area No. 40 - Fire Services
Combining Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Fund to the
Statement of Activities - All Funds
For the Fiscal Year Ended June 30, 2020

	<u>Fire</u>	<u>Fitch</u>	<u>Dry Creek</u>	<u>Wilmar</u>	<u>Mayacamas</u>	<u>Total</u>
	<u>Services</u>	<u>Mountain</u>	<u>Fire</u>	<u>Fire</u>	<u>Fire</u>	<u>Governmental</u>
		<u>Fire</u>				<u>Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:						
Net change in fund balance - total governmental fund	\$ (186,716)	\$ 189	\$ (15,141)	\$ 381,758	\$ 1,115	\$ 181,205
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.						
Expenditure for capital assets	102,750	-	-	-	-	102,750
Current year depreciation	(77,142)	-	(2,342)	(61,784)	(9,067)	(150,335)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities. While repayment of lease principal is an expenditure in the governmental funds, it reduces long-term liabilities in the Statement of Activities.						
Principal payments	15,877	-	-	26,853	15,877	58,607
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.						
Change in accrued interest payable	206	-	-	41	206	453
Change in net position of governmental activities	<u>\$ (145,025)</u>	<u>\$ 189</u>	<u>\$ (17,483)</u>	<u>\$ 346,868</u>	<u>\$ 8,131</u>	<u>\$ 192,680</u>

Required Supplementary Information
Fire Services - County Service Area No. 40
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
Revenues				
Property taxes	\$ 2,492,767	\$ 2,492,767	\$ 2,449,706	\$ (43,061)
Investment earnings	30,000	30,000	18,532	(11,468)
Intergovernmental revenue	-	-	28,385	28,385
Charges for services	-	-	44,467	44,467
Miscellaneous	-	-	10,054	10,054
Total revenues	<u>2,522,767</u>	<u>2,522,767</u>	<u>2,551,144</u>	<u>28,377</u>
Expenditures				
Current:				
Salaries and employee benefits	-	59,096	-	59,096
Services and supplies	2,453,232	2,668,218	2,665,418	2,800
Debt service:				
Principal	-	15,895	15,877	18
Interest	-	2,267	2,285	(18)
Capital outlay	-	950,000	902,057	47,943
Total expenditures	<u>2,453,232</u>	<u>3,695,476</u>	<u>3,585,637</u>	<u>109,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,535</u>	<u>(1,172,709)</u>	<u>(1,034,493)</u>	<u>138,216</u>
Other financing sources (uses)				
Operating transfers out	<u>(3,268)</u>	<u>(3,268)</u>	-	3,268
Total other financing sources (uses)	<u>(3,268)</u>	<u>(3,268)</u>	-	3,268
Net change in fund balance, budgetary basis	<u>\$ 66,267</u>	<u>\$ (1,175,977)</u>	<u>(1,034,493)</u>	<u>\$ 141,484</u>
Budgetary Adjustments:				
Basis adjustments:				
Encumbrances			<u>847,777</u>	
Net change in fund balance, GAAP Basis			<u>\$ (186,716)</u>	

Required Supplementary Information
Fitch Mountain - County Service Area No. 40
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
Revenues				Positive
				(Negative)
Investment earnings	\$ -	\$ -	\$ 189	\$ 189
Total revenues	-	-	189	189
Expenditures				
Current:				
Other charges	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	189	189
Other financing sources (uses)				
Operating transfer out	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 189	\$ 189

Required Supplementary Information
Dry Creek - County Service Area No. 40
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 112,500	\$ 112,500	\$ 106,961	\$ (5,539)
Investment earnings	500	500	2,299	1,799
Total revenues	<u>113,000</u>	<u>113,000</u>	<u>109,260</u>	<u>(3,740)</u>
Expenditures				
Current:				
Services and supplies	113,000	125,325	124,401	924
Total expenditures	<u>113,000</u>	<u>125,325</u>	<u>124,401</u>	<u>924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,325)</u>	<u>(15,141)</u>	<u>(2,816)</u>
Other financing sources (uses)				
Operating transfers in	-	-	10,000	10,000
Operating transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (12,325)</u>	<u>\$ (15,141)</u>	<u>\$ (2,816)</u>

Required Supplementary Information
Wilmar - County Service Area No. 40
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
Revenues				Positive
				(Negative)
Property taxes	\$ 117,000	\$ 117,000	\$ 116,493	\$ (507)
Investment earnings	600	600	9,620	9,020
Intergovernmental revenue	-	-	390,000	390,000
Total revenues	117,600	117,600	516,113	398,513
Expenditures				
Current:				
Services and supplies	132,900	102,139	101,212	927
Debt service:				
Principal	-	26,853	26,853	-
Interest	-	6,290	6,290	-
Capital outlay	-	690,000	689,096	904
Total expenditures	132,900	825,282	823,451	1,831
Excess (deficiency) of revenues over (under) expenditures	(15,300)	(707,682)	(307,338)	400,344
Other financing sources (uses)				
Operating transfers in	-	-	300,000	300,000
Operating transfers out	-	-	(300,000)	(300,000)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ (15,300)	\$ (707,682)	\$ (307,338)	\$ 400,344
Budgetary Adjustments:				
Basis adjustments:				
Encumbrances				689,096
Net change in fund balance, GAAP Basis				\$ 381,758

Required Supplementary Information
Mayacamas - County Service Area No. 40
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 20,000	\$ 20,000	\$ 19,589	\$ (411)
Investment earnings	300	300	954	654
Total revenues	20,300	20,300	20,543	243
Expenditures				
Current:				
Services and supplies	20,300	4,358	1,266	3,092
Debt service:				
Principal	-	15,895	15,877	18
Interest	-	2,267	2,285	(18)
Total expenditures	20,300	22,520	19,428	3,092
Excess (deficiency) of revenues over (under) expenditures	-	(2,220)	1,115	3,335
Net change in fund balance	\$ -	\$ (2,220)	\$ 1,115	\$ 3,335

Required Supplementary Information
Fire Services - County Service Area No. 40
Summary of Changes in Capital Assets
For the Fiscal Year Ended June 30, 2020

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers &</u> <u>Adjustments</u>	<u>Ending</u> <u>Balance</u>
Capital assets not being depreciated:					
Land	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Total capital assets, not being depreciated	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Capital assets, being depreciated:					
Building and improvements	28,932	-	-	-	28,932
Equipment	1,747,410	102,750	(59,146)	67,580	1,858,594
Total capital assets being depreciated	<u>1,776,342</u>	<u>102,750</u>	<u>(59,146)</u>	<u>67,580</u>	<u>1,887,526</u>
Less accumulated depreciation for					
Buildings and improvements	(15,566)	(2,020)	-	-	(17,586)
Equipment	<u>(1,151,000)</u>	<u>(75,122)</u>	<u>59,146</u>	<u>(67,580)</u>	<u>(1,234,556)</u>
Total accumulated depreciation	<u>(1,166,566)</u>	<u>(77,142)</u>	<u>59,146</u>	<u>(67,580)</u>	<u>(1,252,142)</u>
Total capital assets, being depreciated, net	<u>609,776</u>	<u>25,608</u>	<u>-</u>	<u>-</u>	<u>635,384</u>
Capital assets, net	<u>\$ 689,776</u>	<u>\$ 25,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,384</u>

Required Supplementary Information
Dry Creek - County Service Area No. 40
Summary of Changes in Capital Assets
For the Fiscal Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Retirements	Transfers & Adjustments	Ending Balance
Capital assets, being depreciated:					
Equipment	\$ 83,223	\$ -	\$ -	\$ -	\$ 83,223
Less accumulated depreciation for					
Equipment	(59,805)	(2,342)	-	-	(62,147)
Capital assets, net	<u>\$ 23,418</u>	<u>\$ (2,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,076</u>

Required Supplementary Information
Wilmar - County Service Area No. 40
Summary of Changes in Capital Assets
For the Fiscal Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Retirements	Transfers & Adjustments	Ending Balance
Capital assets, being depreciated:					
Equipment	785,050	\$ -	-	-	785,050
Less accumulated depreciation for					
Equipment	<u>(235,043)</u>	<u>(61,784)</u>	<u>-</u>	<u>-</u>	<u>(296,827)</u>
Capital assets, net	<u>\$ 550,007</u>	<u>\$ (61,784)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,223</u>

Required Supplementary Information
Mayacamas - County Service Area No. 40
Summary of Changes in Capital Assets
For the Fiscal Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Retirements	Transfers & Adjustments	Ending Balance
Capital assets, being depreciated:					
Equipment	\$ 177,615	\$ -	\$ -	\$ 20,154	\$ 197,769
Less accumulated depreciation for					
Equipment	(47,567)	(9,067)	-	(20,154)	(76,788)
Capital assets, net	<u>\$ 130,048</u>	<u>\$ (9,067)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,981</u>

**County Service Area No. 40 – Fire Services
Roster of Board Members**

As of June 30, 2020 CSA No. 40 Board consisted of the following members:

<u>Directors</u>	<u>Office</u>	<u>Term Expires</u>
Susan Gorin.....	Chair	January 2021
David Rabbitt.....	Vice Chair	January 2023
Shirlee Zane.....	January 2021
James Gore	January 2023
Lynda Hopkins.....	January 2021