

# **Roseland Fire Protection District Annual Report**

For the Fiscal Years Ended June  
30, 2018 and June 30, 2017

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For the Fiscal Years Ended June 30, 2018 and June 30, 2017

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Mr. Jim Arend, Administrative Service Officer  
City of Santa Rosa, Fire Department  
Successor Agency to the Roseland Fire Protection District  
Santa Rosa, CA 95407

## **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 Roseland Fire Protection District (District), as of and for the years ended June 30, 2018 and June 30, 2017, 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, both of which are 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. The District's cash is pooled with the Sonoma County Treasurer (a division of the ACTTC), who acts as a disbursing agent for the District. The Accounting Division within the ACTTC maintains internal controls over the financial accounting management information system, and processes transactions that have been approved by the District. The Accounting Division processes County checks for expenditures approved by the District, 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 that this departure affects the assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of the District 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.

### **Emphasis of Matter**

As described in Note 1A to the financial statements, the District Board of Directors approved dissolution of the District with Annexation to the City of Santa Rosa (City) on April 4, 2019. The District Board of Directors functioned as management for the District and were responsible for all financial records, related information and establishment and maintenance of effective internal control over financial reporting for the period July 1, 2016 to April 4, 2019.

The City became the District's successor agency, City management is responsible for all financial records, related information and establishment and maintenance of effective internal control over financial reporting from the dissolution date, April 4, 2019 and forward.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), 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.

The District's management has not presented the management's discussion and analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

*Sonoma County Auditor-Controller*

Sonoma County Auditor-Controller

August 30, 2019

**Roseland Fire Protection District**  
**Statement of Net Position**  
**June 30, 2018**

**Assets**

Cash and investments	\$ 2,644,108
Capital assets (net of accumulated depreciation)	
Land	10,000
Building and improvements	41,612
Equipment	<u>19,807</u>
Total assets	<u>2,715,527</u>

**Net Position**

Net investment in capital assets	71,419
Unrestricted	<u>2,644,108</u>
Total net position	<u>\$ 2,715,527</u>

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

**Roseland Fire Protection District**  
**Statement of Net Position**  
**June 30, 2017**

**Assets**

Cash and investments	\$ 2,042,389
Due from other governments	7,990
Capital assets (net of accumulated depreciation)	
Land	10,000
Building and improvements	<u>43,122</u>
Total assets	<u>2,103,501</u>

**Net Position**

Net investment in capital assets	53,122
Unrestricted	<u>2,050,379</u>
Total net position	<u>\$ 2,103,501</u>

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

**Roseland Fire Protection District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

**Program Expenses**

Public safety - fire prevention	
Salaries and employee benefits	\$ 4,669
Services and supplies	217,845
Depreciation expense	<u>1,510</u>
Total special items and program expenses	<u>224,024</u>

**Program Revenues**

Intergovernmental revenue	<u>5,698</u>
Net program revenues (expenses)	<u>(218,326)</u>

**General Revenues**

Property taxes	804,908
Investment earnings	25,428
Miscellaneous	<u>16</u>
Total general revenues	<u>830,352</u>

Change in net position	612,026
Net position, beginning of year	<u>2,103,501</u>
Net position, end of year	<u>\$ 2,715,527</u>

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

**Roseland Fire Protection District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

**Program Expenses**

Public safety - fire prevention	
Salaries and employee benefits	\$ 3,150
Services and supplies	295,566
Depreciation expense	<u>1,510</u>
Total special items and program expenses	<u>300,226</u>

**Program Revenues**

Intergovernmental revenue	<u>41,063</u>
Net program revenues (expenses)	<u>(259,163)</u>

**General Revenues**

Property taxes	684,407
Investment earnings	8,529
Miscellaneous	<u>481</u>
Total general revenues	<u>693,417</u>

Change in net position	434,254
Net position, beginning of year	<u>1,669,247</u>
Net position, end of year	<u>\$ 2,103,501</u>

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

**Roseland Fire Protection District  
Balance Sheet  
Governmental Fund  
June 30, 2018**

**Assets**

Cash and investments	\$ <u>2,644,108</u>
Total assets	\$ <u><u>2,644,108</u></u>

**Liabilities and Fund Balance**

Fund balance:	
Unassigned	<u>2,644,108</u>
Total liabilities and fund balance	\$ <u><u>2,644,108</u></u>

**Reconciliation of Balance Sheet to Statement of Net Assets**

Fund balance - total government funds	\$ 2,644,108
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.	71,419
Net position of governmental activities	\$ <u><u>2,715,527</u></u>

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

**Roseland Fire Protection District  
Balance Sheet  
Governmental Fund  
June 30, 2017**

**Assets**

Cash and investments	\$ 2,042,389
Due from other governments	<u>7,990</u>
Total assets	<u><u>\$ 2,050,379</u></u>

**Liabilities and Fund Balance**

Fund balance:	
Unassigned	<u>\$ 2,050,379</u>
Total liabilities and fund balance	<u><u>\$ 2,050,379</u></u>

**Reconciliation of Balance Sheet to Statement of Net Assets**

Fund balance - total government funds	\$ 2,050,379
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.	53,122
	<u>53,122</u>
Net position of governmental activities	<u><u>\$ 2,103,501</u></u>

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

**Roseland Fire Protection District  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund  
For the Fiscal Year Ended June 30, 2018**

**Revenues**

Property taxes	\$ 804,908
Investment earnings	25,428
Intergovernmental revenue	5,698
Miscellaneous	<u>16</u>
Total revenues	<u>836,050</u>

**Expenditures**

Current:	
Salaries and employee benefits	4,669
Services and supplies	217,845
Capital outlay	<u>19,807</u>
Total expenditures	<u>242,321</u>

Excess (deficiency) of revenues over (under) expenditures	<u>593,729</u>
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Net change in fund balance	593,729
Fund balance, beginning of year	<u>2,050,379</u>
Fund balance, end of year	<u><u>\$ 2,644,108</u></u>

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

**Roseland Fire Protection District**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Fiscal Year Ended June 30, 2017**

<b>Revenues</b>	
Property taxes	\$ 684,407
Investment earnings	8,529
Intergovernmental revenue	41,063
Miscellaneous	<u>481</u>
Total revenues	<u>734,480</u>
<b>Expenditures</b>	
Current:	
Salaries and employee benefits	3,150
Services and supplies	<u>295,566</u>
Total expenditures	<u>298,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>435,764</u>
Net change in fund balance	435,764
Fund balance, beginning of year	<u>1,614,615</u>
Fund balance, end of year	<u><u>\$ 2,050,379</u></u>

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

**Roseland Fire Protection District  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balance of the Governmental Fund to the  
 Statement of Activities  
 For the Fiscal Year Ended June 30, 2018**

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

Net change in fund balance - total governmental fund	\$ 593,729
<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	19,807
Current year depreciation	<u>(1,510)</u>
Change in net position of governmental activities	<u>\$ 612,026</u>

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

**Roseland Fire Protection District**  
**Roseland Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgets and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 772,250	\$ 772,250	\$ 804,908	\$ 32,658
Investment earnings	4,100	4,100	25,428	21,328
Intergovernmental revenue	6,000	6,000	5,698	(302)
Miscellaneous	2,375	2,375	16	(2,359)
Total revenues	784,725	784,725	836,050	51,325
<b>Expenditures</b>				
Current:				
Salaries and employee benefits	4,950	4,950	4,669	281
Services and supplies	414,800	414,800	217,845	196,955
Capital outlay	-	-	19,807	(19,807)
Total expenditures	419,750	419,750	242,321	177,429
Excess (deficiency) of revenues over (under) expenditures	364,975	364,975	593,729	228,754
Net change in fund balance Budgetary, GAAP Basis	\$ 364,975	\$ 364,975	\$ 593,729	\$ 228,754

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

**Roseland Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgets and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with
<b>Revenues</b>	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Property taxes	\$ 687,790	\$ 772,250	\$ 684,407	\$ (87,843)
Investment earnings	4,088	4,100	8,529	4,429
Intergovernmental revenue	5,752	6,000	41,063	35,063
Miscellaneous	2,371	2,375	481	(1,894)
Total revenues	700,001	784,725	734,480	(50,245)
 <b>Expenditures</b>				
Current:				
Salaries and employee benefits	5,450	4,950	3,150	1,800
Services and supplies	470,000	414,800	295,566	119,234
Appropriation for Contingencies	49,500	-	-	-
Total expenditures	524,950	419,750	298,716	121,034
Excess (deficiency) of revenues over (under) expenditures	175,051	364,975	435,764	70,789
Net change in fund balance Budgetary, GAAP Basis	\$ 175,051	\$ 364,975	\$ 435,764	\$ 70,789

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

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

**I. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Roseland Fire Protection District (District), was formed by resolution of the Board of Supervisors of the County of Sonoma on July 18, 1946 as a Fire Protection District under and pursuant to provisions of the Health and Safety Code of the State of California. The District receives fire protection, emergency medical service, rescue and hazardous materials response service from the City. These services have been provided by the Santa Rosa Fire Department to the Fire District since 1983 under a contractual agreement.

The District's station is located on Burbank Avenue, in the unincorporated area of Roseland, and is the primary fire station which serves the area. The District owns the fire station. The fire apparatus, firefighting and paramedic force assigned to the station is provided by the Santa Rosa Fire Department.

The District is governed by a five member Board of Directors, which is elected by the voters who reside within the District. On behalf of the District, the Board is responsible to manage the contract with the Santa Rosa Fire Department.

The District Board of Directors approved dissolution of the District with Annexation to the City on April 4, 2019. The District Board of Directors functioned as management for the District and were responsible for all financial records, related information and establishment and maintenance of effective internal control over financial reporting for the period July 1, 2016 to April 4, 2019. The assets and net position of the District became the property of the City.

The City became the District's successor agency, City management is responsible for all financial records, related information and establishment and maintenance of effective internal control over financial reporting from the dissolution date, April 4, 2019 and forward.

**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.

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**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 accrued 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 and judgments are recorded only when payment is due.

**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. The District 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.

The District maintains a federally insured account with Exchange Bank for the purpose of keeping petty cash.

**Roseland Fire Protection District  
Notes to the Basic Financial Statements  
June 30, 2018 and June 30, 2017**

**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.

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.

**3. Capital Assets**

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District 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. Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	5 - 50
Vehicles and equipment	5 - 20

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

**4. Net Position**

Net position is classified into three components: 1) Net investment in capital assets, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* - All capital assets, including infrastructure, are grouped into one component of net position. Accumulated depreciation and outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.
- *Restricted net position* - Represents restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - Represents net position of the entity, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available, restricted resources are used only after unrestricted resources are depleted.

**5. Fund Balance**

In the fund financial statements, governmental funds report fund balance using the classifications listed in *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*. Initial distinction is made in reporting fund balance information identifying amounts that are considered non-spendable, such as fund balance associated with inventories. Spendable fund balance for the governmental fund consists of the following classifications:

- *Restricted Fund Balance* – the portion of fund balance that can only be spent for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* – the portion of fund balance whose use is subject to formal action of the government’s highest level decision making authority. These commitments remain binding unless changed or removed by formal action of the Board as the formal authority that imposed the constraint. The underlying action that imposed, modified, or removed the limitation would need to occur no later than the close of the reporting period.
- *Assigned* – the portion of fund balance that is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

- *Unassigned* – the residual amount of all general fund spendable resources not contained in the other classifications.

**6. 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.

**II. Stewardship, Compliance, and Accountability**

**A. 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 year. The District does not make use of encumbrance accounting when developing the budget. Therefore, budgetary amounts for the District are adopted on a generally accepted accounting principles basis.

**III. Detailed Notes**

**A. Cash and Investments**

The District follows the County’s practice of pooling cash and investments of all funds with the County Treasurer, except for a nominal amount of funds deposited annually with Exchange Bank for the payment of payroll tax remittances and monthly account service fees. Deposits with Exchange Bank are FDIC insured up to \$250,000.

	2018	2017
Cash and investments with County Treasury	\$2,643,608	\$2,041,889
Petty cash with Exchange Bank	500	500
	<u>\$2,644,108</u>	<u>\$2,042,389</u>

**Roseland Fire Protection District  
Notes to the Basic Financial Statements  
June 30, 2018 and June 30, 2017**

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

Investment in the Sonoma County Treasurer's Investment Pool

As authorized by Health and Safety Code 13854 (a) the District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District'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 District'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 53601, 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, 95403-2871.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value 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, 2018, approximately 50 percent of the securities 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.

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

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 Treasury Pool'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 a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- 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 2018 Sonoma County Comprehensive Annual Financial Report.

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

**B. Capital assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Total capital assets, not being depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Capital assets, being depreciated:				
Buildings and improvements	220,411	-		220,411
Equipment	-	19,807	-	19,807
Total capital assets, being depreciated	<u>220,411</u>	<u>19,807</u>	<u>-</u>	<u>240,218</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>(177,289)</u>	<u>(1,510)</u>	<u>-</u>	<u>(178,799)</u>
Total accumulated depreciation	<u>(177,289)</u>	<u>(1,510)</u>	<u>-</u>	<u>(178,799)</u>
Total capital assets, being depreciated, net	<u>43,122</u>	<u>18,297</u>	<u>-</u>	<u>61,419</u>
Capital assets, net	<u>\$ 53,122</u>	<u>\$ 18,297</u>	<u>\$ -</u>	<u>\$ 71,419</u>

Governmental activities:

    Public safety - fire protection

\$	<u>1,510</u>
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**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

**IV. Other Information**

**A. Risk Management**

The District receives automobile and general liability coverage as a member of the Fire Agencies Insurance Risk Authority. The District is also a member of the Fire Districts Association of California-Fire Association Self Insurance System through which it receives workers' compensation coverage.

As a member of a public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and the system, implementing all policies of the system, promptly paying all contributions, and cooperating with the system and any insurer of the system. The system is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of the system.

**B. 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, 2018 and June 30, 2017:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB). Effective FY 2016-17. The District did not have any circumstances applicable during fiscal years 2017 and 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide transparency in financial statements prepared by state and local governments related to tax abates provided by the County. Effective FY 2016-17. The District did not have any circumstances applicable during fiscal years 2017 and 2018.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes accounting and financial reporting standards for defined benefit pensions by state and local governments through a cost-sharing plan that meets the criteria of GASB Statement No. 68 and is not a state or local government pension plan. Effective FY 2016-17. The District did not have any circumstances applicable during fiscal years 2017 and 2018.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
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amortized cost for financial reporting purposes. Effective FY 2016-17. The District did not have any circumstances applicable during fiscal years 2017 and 2018.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measure in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Effective FY 2016-17. The District did not have any circumstances applicable during fiscal years 2017 and 2018.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). Effective FY 2017-18. The District did not have any circumstances applicable during fiscal years 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Effective FY 2017-18. The District did not have any circumstances applicable during fiscal years 2018.

GASB Statement No. 85, *Omnibus 2017*: Addresses issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). Effective FY 2017-18. The District did not have any circumstances applicable during fiscal years 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*: Improves consistency in accounting and financial reporting for in-substance defeasance of debt and for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Effective FY 2017-18. The District did not have any circumstances applicable during fiscal years 2018.

**Roseland Fire Protection District**  
**Notes to the Basic Financial Statements**  
**June 30, 2018 and June 30, 2017**

**C. Future Governmental Accounting Standards Board (GASB) Pronouncements**

The District is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. The primary objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations. Effective FY 2018-19.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report fiduciary activities. Effective FY 2019-20.

GASB Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Effective FY 2020-21.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to increase requirements on information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. Requires additional information related to debt be disclosed in notes to the financial statements. Effective FY 2018-19.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Effective FY 2020-21.

GASB Statement No. 90, *Majority Equity Interests-amendment of GASB Statement No. 14 and No. 61*. The Statement modifies previous guidance for reporting a government's majority equity interests in legally separate organizations. In addition, provides guidance for reporting a component unit if the government acquires a 100 percent equity interest in that component unit. Effective FY 2018-19.

**Roseland Fire Protection District  
Roster of Board Members**

As of April 4, 2019, the District Board consisted of the following members:

<u>Directors</u>	<u>Office</u>	<u>Term Expires</u>
Renee Milligan .....	Chair .....	April, 2019
Alice Petty-Hannum.....	Director .....	April, 2019
Sandra Bassignani .....	Director .....	April, 2019
Vacant		
Vacant		

Regular Meetings:

The regular meeting of the Board of Directors is held at 5:00 P.M. on the second Monday of each month at the Roseland Fire Station, 830 Burbank Avenue, Santa Rosa, CA (707) 994-0315.