

**NORTH SONOMA COAST
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED

JUNE 30, 2020 and 2019

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Sonoma Coast Fire Protection District
The Sea Ranch, California

Report on the Financial Statements

We have audited the accompanying financial statements of North Sonoma Coast Fire Protection District as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *State Controller's Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Sonoma Coast Fire Protection District, as of June 30, 2020 and 2019 and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 13, and statement of revenue, expenditures, changes in fund balances- budget to actual on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blomberg & Griffin A.C.

Blomberg & Griffin A.C.
Stockton, CA
August 7, 2020

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

As management of the North Sonoma Coast Fire Protection District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 14-21) and the accompanying notes to the basic financial statements (pages 22-31).

Financial Highlights

- The year ended June 30, 2020 is the fourth fiscal period of the District.
- The assets of the District exceeded its liabilities at the close of the year ended June 30, 2020 by \$1,649,165 (net position). Of this amount, \$1,148,333 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The assets of the District exceeded its liabilities at the close of the year ended June 30, 2019 by \$1,370,948 (net position). Of this amount, \$719,945 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors and \$297,878 (restricted net position for new engine). Further detail can be found on page 14.
- As of the close of the years ending June 30, 2020 and 2019, the District's governmental funds reported an ending fund balance of \$1,148,333 and \$1,316,610, respectively. Further detail can be found on page 17.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes 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 the District's finances, in a manner similar to a private- sector business.

The statement of net position presents information on all of the District'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 the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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 taxes and unpaid vendor invoices for services previously provided). The government-wide financial statements can be found on pages 14-16 of this report.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Overview of the Financial Statements (continued)

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 District's near-term financing requirements. Noncurrent assets, capital assets and long-term liabilities are not included in governmental funds.

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 District's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include fire protection services in the district boundaries. The district adopts an annual budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-21 of this report.

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. The notes to the basic financial statements can be found on pages 22-31 of this report.

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 the District, assets exceeded liabilities by \$1,649,165 and \$1,370,948 on June 30, 2020 and 2019, respectively. Further details can be found below and on page 14.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Government-wide Financial Analysis: (continued)

A large portion of the district's net position (46 percent for 2020 and 25 percent for 2019) reflects its investment in capital assets (e.g., buildings and improvements and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

TABLE 1: NET POSITION

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 1,161,699	\$ 1,344,685	\$ (182,986)	-13.61%
Capital Assets	<u>908,516</u>	<u>515,876</u>	<u>392,640</u>	<u>76.11%</u>
Total Assets	<u>2,070,215</u>	<u>1,860,561</u>	<u>209,654</u>	<u>11.27%</u>
Liabilities				
Current Liabilities	69,170	49,587	19,583	39.49%
Long-Term Liabilities	<u>351,880</u>	<u>440,026</u>	<u>(88,146)</u>	<u>-20.03%</u>
Total Liabilities	<u>421,050</u>	<u>489,613</u>	<u>(68,563)</u>	<u>-14.00%</u>
Net Position				
Invested in Capital Assets, net of related debt	760,651	353,125	407,526	115.41%
Restricted - New Engine	259,819	297,878	(38,059)	-12.78%
Unrestricted	<u>628,695</u>	<u>719,945</u>	<u>(91,250)</u>	<u>-12.67%</u>
Total Net Position	<u>\$ 1,649,165</u>	<u>\$ 1,370,948</u>	<u>\$ 278,217</u>	<u>20.29%</u>

The balance of the unrestricted net position (\$628,695 and \$719,945 for June 30, 2020 and 2019, respectively) may be used to meet the District's ongoing obligations to citizens and vendors. The District also have restricted net position balance of \$259,819 and \$297,878 for June 30, 2020 and 2019, respectively. Further details can be found on page 14.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Overview of the Financial Statements (continued)

Government-wide activities:

Government-wide activities increased the District's net position by \$278,217 and \$225,493 for the years ended June 30, 2020 and 2019, respectively. This increase is a result of net incomes in the governmental activities. Further information can be found below and on page 15.

TABLE 2: CHANGES IN NET POSITION

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program Revenues:				
Public safety - Fire Protection	\$ 28,815	\$ 87,356	\$ (58,541)	-67.01%
General Revenues:				
Taxes	1,423,130	1,395,568	27,562	1.97%
Investment Earnings	15,484	8,992	6,492	72.20%
Interest expense on Note	(15,215)	(18,768)	3,553	-18.93%
Gain on Sale of an Asset	250	-	250	250.00%
Total Revenues	<u>1,452,464</u>	<u>1,473,148</u>	<u>(20,684)</u>	<u>-1.40%</u>
Program Expenses				
Public Safety	<u>1,174,247</u>	<u>1,247,655</u>	<u>(73,408)</u>	<u>-5.88%</u>
Total Expenses	<u>1,174,247</u>	<u>1,247,655</u>	<u>(73,408)</u>	<u>-5.88%</u>
Change in Net Position	<u>\$ 278,217</u>	<u>\$ 225,493</u>	<u>\$ 52,724</u>	<u>23.38%</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the years ended June 30, 2020 and 2019, the District's governmental funds reported ending fund balances of \$1,148,333 and \$1,316,610, respectively.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balances to total fund expenditures. Unassigned fund balance represents 54 percent for 2020 and 82 percent for 2019 of total government fund expenditures which were \$1,638,206 and \$1,240,237 for June 30, 2020 and 2019, respectively. See page 19 for further detail.

General Fund Budgetary Highlights

Material differences between the original budget and the actual results can be briefly summarized as follows:

- The actual District tax revenue for 2019-2020 went up slightly, and non-tax revenue decreased due to reduced CAL FIRE rental of our engines.
- This is the District's fourth operating period, which allowed budgeting to be somewhat more precise based on the previous fiscal year experience

Capital Assets

The District's investment in capital assets, as of June 30, 2020 and 2019, amounts to \$908,516 and \$515,876 (net of accumulated depreciation), respectively. This investment in capital assets is principally fire fighting vehicles and equipment.

Additional information on the District's capital assets can be found on Note 1 on page 25 and Note 5 on pages 29 of this report.

Debt Administration

The District acquired a Westamerica note payable to purchase equipment before the year ended June 30, 2018. The District acquired another loan from Westamerica to purchase a new engine in November 2018. The payments for the first Westamerica loan began July 2018 and payment for a second Westamerica loan began in November 2019. See Note 5 on page 30 for further detail.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Economic Factors and Budgeting

Our third budget, FY 2018-2019:

We budgeted conservatively and covered our operational requirements. The District added \$426,649 to the reserve.

Our fourth budget, FY 2019-2020:

This fiscal year is the subject of this audit.

We continued to budget conservatively and were able to project a small surplus for FY 2019-2020 that somewhat increased our reserves.

In the end we were able to put a somewhat larger amount into our reserves than what was budgeted as the end of year fund balance. This increase was due mainly to an increase in tax revenues, a small grant, and lower than expected expenses from the CAL FIRE contract.

The effect of conservative budgeting of revenue is that we have to be cautious in our funding beyond strictly operational expenses (insurance, minor equipment, CAL FIRE contract, etc.). We do, however, need to look somewhat beyond operational expenses in our budgeting and consider the major funding requirement for capital equipment, essentially the replacement of our fleet of aging vehicles.

It should be noted here that the contract with CAL FIRE is about 83 percent of our budget and is considered absolutely critical to the effectiveness of our fire department. See further comments on this in the District Operations section of this report.

In the course of this last fiscal year, we have continued to update our vehicle replacement plan. The plan provides for the regular and constant replacement of the three main fire engines over time. This appears to be manageable within the bounds of our current tax revenue. The rest of the vehicles are prioritized in order of replacement and will be dealt with "opportunistically" as needed and as possible revenue becomes available. Much of the opportunistic replacement will be dealt with year by year as we see how well we do in receiving non-tax revenues such as donations and vehicle rental income.

As an example of the above approach, in 2017 we acquired a new emergency rescue vehicle on a ten-year payoff. The Volunteer Firefighters Association has continued to contribute funds to pay all loan payments. Further, in 2017 and 2018, we "opportunistically" acquired a "new" used "tactical water tender" a "new" used Type 6 small firefighting engine. As part of our long-term apparatus replacement plan, we

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Economic Factors and Budgeting, (continued)

purchased a new, custom-built "Type 1" engine in 2020 on a seven-year loan. In FY 20-21 we will be purchasing a second water tender for \$124,036. Because of the much greater than expected revenue from apparatus rental during the 2020 fire season we will be able to pay for his vehicle with cash.

Improving our apparatus fleet and especially improving our ability to respond to fires in the Annapolis area has been a key operational objective. We have been able to seize some opportunities because of the non-tax revenues. We could not budget for them, but when the extra funding became available, we could then act.

Our current level of tax revenue now allows us to fund basic operational needs and mostly cover the costs of replacing our three main engines. The non-tax revenues are allowing us to opportunistically replace other vehicles in our fleet on a year-to-year basis.

What our current funding levels do not cover is the buildup of significant reserves to provide major reserves for dealing with major new needs such as enlarging the north fire station, increasing the CAL FIRE coverage, or staff funding.

Because of the above, the District continues to pursue litigation with Sonoma County to get a reduction in our ERAF (Educational Revenue Augmentation Fund) shift of funds by the state from our fire protection taxes to education. The district loses about 45 percent of potential tax revenue to this shift. In turn, the money shifted from NSCFPD to education is about 45 percent of the entire ERAF shift for all of the county's many special districts. This is clearly a disproportionate and unfair burden for one small fire district. The District has also pursued, but so far has not been successful at changing the ERAF shift with state legislation.

It is also clear that a reduction in this shift of our tax revenues would significantly improve our capacity to provide long-term major funding for future needs.

Budget for FY 2020-2021:

The budget for the current fiscal year, FY 2020-2021, is, of necessity, another conservative budget. Equipment rental income (non-tax revenue) is probable but not guaranteed, but we have no commitment and cannot budget to spend this probable revenue. We are projecting again a small addition to reserves based on known revenue.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Economic Factors and Budgeting, (continued)

The actual reserve contribution for FY 2020/ 2021 may go up or vary downward depending on how the year progresses.

This pattern is likely to continue for the next several years due to the increasing fire season needs statewide. Because of this we are being careful to spec our engines to meet CAL FIRE standards for vehicle rental. This gives us appropriate engines for our District and for mutual support assistance in current and future fire seasons and may help us with continued non-property tax revenue in the form of vehicle rental income.

With regard to our reserves:

By board policy we designate a dollar amount equal to one-fourth of our year's budget as set aside for operational / budget contingencies that might arise due to a severe economic downturn or some other expensive event.

The balance of our reserves (somewhat more than half of total reserves) is designated as contingency money for covering annual payments on vehicles being purchased over 7 or 10 years. The intent is to be able to cover three or more years of such payments in the event of a major economic downturn.

These designated reserves are not legally restricted reserves but are set aside by policy to provide prudent contingency reserves. Changes to these reserves or alternative uses of these reserves can only be affected by a vote of approval by the NSCFPD board of directors.

District Operations

The District covers 172 square miles in the northwest corner of Sonoma County. Emergency services are provided by North Sonoma Coast Volunteer Firefighters, with the continued support of CAL FIRE. Services provided by CAL FIRE, in addition to responding to emergency calls, are administration, training, and management of day-to-day operations, maintenance and service for all District vehicles, business life & safety inspections, vehicle fuel, community education, and fire investigations. The CAL FIRE contract provides a minimum of two permanent staff 24 hours a day, 7 days a week. In addition, while not part of the District's contract for permanent staff, CAL FIRE staffs one wildland firefighting engine with 3 or 4 personnel during fire season. CAL FIRE staff and District volunteers respond together as one department, North Sonoma Coast Fire (NSC Fire).

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

District Operations, (continued)

All CAL FIRE personnel are quartered at the Sea Ranch CAL FIRE station on Annapolis Road. Several of the NSC vehicles are also at the Sea Ranch CAL FIRE station and are used by both CAL FIRE contracted staff and NSC Fire volunteers to respond to incidents.

NSC Fire uses three other locations which are unstaffed but which house District vehicles and equipment. The Sea Ranch North Fire Station (NFS) on Highway 1 is owned by the North Sonoma Coast Volunteer Firefighter Association (NSCVFA), a 501(c)(3) fundraising arm, and is maintained for the use by NSC Fire. While it would be difficult to place a monetary value on the use of the NFS, it should be noted that the provisions of the station by NSCVFA is of great value to the District.

The Annapolis Station, on Annapolis Road is owned by Sonoma County but is provided, by license, for use by the NSC Fire. A metal shed on the grounds of Horicon School in Annapolis is also used to house one piece of firefighting equipment.

The NSC Volunteer firefighting crew currently consists of 18 active firefighters, and/or EMTs, including one Fire Chief, one Assistant Fire Chief, and three Fire Captains. In addition, there are 3 support members. Volunteers attend one scheduled training every two weeks, with occasional additional training events added in as needed. Volunteer firefighters receive no salary or hourly pay. Volunteers do receive a modest stipend of \$10 per call for responding to emergency calls. In addition, if personnel revenue is received from other sources when our firefighters participate in larger mutual-aid incidents, pre-positioning/upstaffing during high fire danger periods, or "wet-hires" to CAL FIRE, any compensation for the engine crew is simply passed on to the crew without modification. The average age of the volunteer firefighters is 58.

The apparatus fleet of NSC Fire consists of four fire engines, four rescue trucks, one pickup truck, one chief's vehicle, and one water tender.

In addition to routine tasks associated with responding to calls, training, and running day-to-day operations, volunteer staff continue to work on additional projects related to setup of the new district to insure continued support for future firefighters and District boards. These projects include long- term replacement plans for apparatus and capital equipment, creation of robust policy and procedure documents using the "Lexipol" system, applications for state and local grant funds, and documentation of the district's nuts-and-bolts of operations. NSC Fire also works on public outreach and information programs in order to keep the community informed and educated about the District and fire safety. Information is made available by occasional articles in local newspapers, one or two public meetings each year, participating in a biennial community safety fair, information in an annual holiday news and fundraising mailer, and publication of a website, <http://nscfpd.org>.

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

District Operations, (continued)

The charts below show the call types and locations for calendar year 2019:

Totals by Month and Call Type													
	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
Fire	0	0	1	0	3	5	1	4	2	4	3	0	23
Medical Aid	10	13	14	13	16	13	9	10	20	10	13	17	158
Vehicle Accident	0	3	2	3	6	1	1	5	2	2	0	0	25
Rescue	0	3	0	2	0	2	0	0	0	0	1	0	8
Public Assist	0	1	0	3	2	0	5	1	1	2	2	1	18
Agency Assist	0	0	1	0	1	1	0	1	0	1	0	0	5
Alarm Sounding	2	2	1	0	2	1	1	0	0	1	0	1	11
Smoke Check	0	0	0	1	0	0	2	0	1	1	1	0	6
Haz-Conditions	11	17	4	0	10	1	1	1	2	0	5	10	62
Haz-Mat	0	0	0	0	0	0	0	0	0	0	0	0	0
Search and Rescue	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	1	0	0	0	0	1	0	0	2
Total	23	39	23	22	41	24	20	22	28	22	25	29	318

Totals by Month and Location													
	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
The Sea Ranch	17	21	11	15	30	11	16	14	21	14	18	19	207
Annapolis	5	9	3	1	7	8	1	6	4	1	4	5	54
Timber Cove	0	2	1	3	3	3	1	0	0	2	2	2	19
Mendocino County	0	0	0	0	0	1	1	0	0	1	1	0	4
Kasha-Ya	1	5	7	1	1	1	1	0	1	3	0	3	24
Other	0	2	1	2	0	0	0	2	2	1	0	0	10
Total	23	39	23	22	41	24	20	22	28	22	25	29	318

**NORTH SONOMA COAST FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 and 2019**

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North Sonoma Coast Fire Protection District, Post Office Box 386, The Sea Ranch, California 95497.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and Investments	\$ 1,154,737	\$ 1,283,986
Account Receivable	6,962	60,699
	<u>1,161,699</u>	<u>1,344,685</u>
Capital Assets		
Equipment	1,096,110	659,400
Accumulated Depreciation	(187,594)	(143,524)
	<u>908,516</u>	<u>515,876</u>
Total Assets	<u><u>\$ 2,070,215</u></u>	<u><u>\$ 1,860,561</u></u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,383	\$ 15,326
Accrued Expenses	10,983	12,749
Current portion of Note Payable	55,804	21,512
	<u>69,170</u>	<u>49,587</u>
Non-Current Liabilities		
Note Payable	351,880	440,026
	<u>351,880</u>	<u>440,026</u>
Total Liabilities	<u>421,050</u>	<u>489,613</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	500,832	353,125
Restricted for New Engine	-	297,878
Unrestricted	1,148,333	719,945
	<u>1,649,165</u>	<u>1,370,948</u>
Total Liabilities and Net Position	<u><u>\$ 2,070,215</u></u>	<u><u>\$ 1,860,561</u></u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statement of Activities

For Fiscal Years Ended June 30, 2020 and 2019

Program Expenses	2020	2019
Fire Protection:		
Services and Supplies	\$ 1,117,427	\$ 1,195,994
Depreciation	56,820	51,661
Total Program Expenses	1,174,247	1,247,655
Program Revenues		
Intergovernmental Revenues	2,841	50,460
Operating Grants and Donations	25,974	36,896
Total Program Revenues	28,815	87,356
Net Program Expenses	1,145,432	1,160,299
General Revenues		
Property Taxes	1,423,130	1,395,568
Gain (loss) on Sale of Asset	250	-
Interest Income	15,484	8,992
Interest Expense	(15,215)	(18,768)
Total General Revenues	1,423,649	1,385,792
Change in Net Position	278,217	225,493
Net Position-Beginning of Year	1,370,948	1,145,455
Net Position-End of Year	<u>\$ 1,649,165</u>	<u>\$ 1,370,948</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statements of Cash Flows

For The Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flow From Operating Activities:		
Cash received from Program Revenue	\$ 82,552	\$ 129,932
Cash paid to Vendors	<u>(1,132,136)</u>	<u>(1,190,091)</u>
Net cash Provided by (Used for) Operations	<u>(1,049,584)</u>	<u>(1,060,159)</u>
Cash Flow From Non-Capital Financing Activities		
Property Tax Received	1,423,130	1,395,568
Cash Flows From Investing Activities:		
Interest Income	15,484	8,992
Proceed from the Sale of Assets	2,500	-
Acquisition of Equipment	<u>(451,710)</u>	<u>(10,224)</u>
Cash Flows From Financing Activities:		
Principal Funding of Note payable	<u>(53,854)</u>	282,627
Interest Payment	<u>(15,215)</u>	<u>(6,019)</u>
Net Change in Cash:	(129,249)	610,785
Cash, Beginning of Period	<u>1,283,986</u>	<u>673,201</u>
Cash, End of Period	<u>\$ 1,154,737</u>	<u>\$ 1,283,986</u>
Reconciliation Of Operating Income To Net Cash Provided by (Used for) Operating Activities:		
Operating Loss (Net Program Expenses)	\$ (1,145,432)	\$ (1,160,299)
Adjustment to Reconcile Change in Net Position to Cash from Operations		
Depreciation and Amortization	56,820	51,661
(Increase) Decrease in:		
Receivables	53,737	21,064
Prepaid Expenses	-	21,512
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>(14,709)</u>	<u>5,903</u>
Total Cash Provided by (Used for) Operations	<u>\$ (1,049,584)</u>	<u>\$ (1,060,159)</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Balance Sheet

Governmental Funds

June 30, 2020 and 2019

	2020 Total Governmental Funds	2019 Total Governmental Funds
Assets	<hr/>	<hr/>
Cash and Investments	\$ 1,154,737	\$ 1,283,986
Accounts Receivable	6,962	60,699
	<hr/>	<hr/>
Total Assets	<u>\$ 1,161,699</u>	<u>\$ 1,344,685</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accrued Expenses	<u>\$ 13,366</u>	<u>\$ 28,075</u>
Total Liabilities	<hr/> 13,366	<hr/> 28,075
 Fund Balance		
Committed - purchase of New Engine	-	297,878
Unassigned	<u>1,148,333</u>	<u>1,018,732</u>
Total Fund Balance	<hr/> 1,148,333	<hr/> 1,316,610
Total Liabilities and Fund Balance	<u>\$ 1,161,699</u>	<u>\$ 1,344,685</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Reconciliation of The Governmental Funds Balance Sheet

To The Statements of Net Position

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Total Fund Balances - Governmental Funds	\$ 1,148,333	\$ 1,316,610
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds	908,516	515,876
Notes payable are not reported in government funds	<u>(407,684)</u>	<u>(461,538)</u>
Net Position of Governmental Activities	<u>\$ 1,649,165</u>	<u>\$ 1,370,948</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures and

Changes in Fund Balance

Governmental Funds

For The Years Ended June 30, 2020 and 2019

General Revenues	2020 Total Governmental Funds	2019 Total Governmental Funds
	<u> </u>	<u> </u>
Property Taxes	\$ 1,423,130	\$ 1,395,568
Intergovernmental	2,841	50,460
Interest and Investment Earnings	15,484	8,992
Operating Grants and Donations	25,974	36,896
Proceeds from the Sale of Asset	2,500	-
Loan Proceeds	-	297,878
	<u> </u>	<u> </u>
Total Revenues	1,469,929	1,789,794
	<u> </u>	<u> </u>
Expenditures		
Expenditures:		
Materials, Supplies, and Services	1,117,427	1,195,994
Loan Principal and Interest Payment	69,069	34,019
Capital Outlay	451,710	10,224
	<u> </u>	<u> </u>
Total Expenditures	1,638,206	1,240,237
	<u> </u>	<u> </u>
Excess (deficiency) of Revenues Over Expenditures	(168,277)	549,557
	<u> </u>	<u> </u>
Net Change in Fund Balances	(168,277)	549,557
	<u> </u>	<u> </u>
Fund Balances-Beginning of Year	1,316,610	767,053
	<u> </u>	<u> </u>
Fund Balances-End of Year	\$ 1,148,333	\$ 1,316,610
	<u> </u>	<u> </u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Reconciliations of Statements of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to
Statement of Activities

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net Change in Fund Balances - Governmental Funds	\$ (168,277)	\$ 549,557
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, a portion of the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current year depreciation	(56,820)	(51,661)
Capital asset expenditures	451,710	10,224
Sale of Asset - Net of Accumulated Depreciation	(2,250)	-
Loan proceeds is reported in governmental funds and reported as liabilities in the government-wide statements	-	(297,878)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Payment to a loan	<u>53,854</u>	<u>15,251</u>
Change in Net Position of Governmental Funds	<u>\$ 278,217</u>	<u>\$ 225,493</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North Sonoma Coast Fire Protection District (the District or NSCFPD) became a specialist district government on April 1, 2016. This new fire district has been made possible by years of effort by many dedicated people.

Previously, fire protection in the Sea Ranch/Annapolis/Stewarts Point area was provided by The Sea Ranch Volunteer Fire Department (TSRVFD), the Annapolis Volunteer Fire Department (AVFD) and CAL FIRE. All funds supporting these operations were from property taxes, which were transferred to County Service Area #40 (CSA40). CSA40 in turn contracted with TSRVFD, AVFD, and CAL FIRE to provide fire protection.

Surrounded by solvent and efficiently run independent fire districts in Timber Cove, Gualala and Point Arena, the area stood out as the only north coast community not in control on their own destiny (and money).

An independent district has its own publicly elected governing board. A dependent district (CSA40 is a dependent district) is governed by the County Board of Supervisors.

Forming an independent Fire Protection District (FPD) and separating from County Service Area #40 (CSA 40), allowed the District to keep all of the tax dollars allocated for fire protection (except what is lost to Educational Revenue Augmentation Fund, a transfer of property tax dollars to education-ERAF) here, to be managed by the District and eliminated the loss of funds to CSA 40 administrative overhead. It put management of funds, and fire department operations in local hands.

Those same property tax funds, including that used to go to pay for administrative overhead at the county level, go directly to NSCFPD, which in turn funds a contract with CAL FIRE for 24x7 coverage, and the operations for the NSCFPD.

The service provided by the District's volunteer and career firefighters has and continues to be excellent, but the funding mechanism that was in place was not sustainable. For some years, the amount returned from the county (after subtracting their costs) was less than the costs to contract with CAL FIRE, fund the operations of the volunteer fire departments and maintain minimal reserves. Something had to change; higher taxes or changed service. We wanted to prevent that problem before it occurred.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The new District covers the areas previously served by The Sea Ranch and Annapolis Volunteer Fire Departments, with the continued support of CAL FIRE.

B. Basis of Presentation

Government-Wide Financial Statements:

The District is a legally separate and independent entity that is not a component unit of the County of Sonoma. Further, the District has no component unit organization under its control. Therefore, this comprehensive annual financial report and the financial statements contained within represent solely the activities, transactions and status of the District.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statement but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide-statements and the statements for the governmental funds.

The government-wide statement of activities presents direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first for designated purposes, then unrestricted resources as they are needed.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. All of the District's funds were considered major.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues considered susceptible to accrual include property taxes and interest income. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received, or services are rendered).

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund types and funds utilized by the District are described as follows:

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Governmental Funds:

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Budgets and Budgetary Accounting

The District's annual or final budget is the initial budget and any revisions to the budget that have been approved by the Board of Directors. The Board may amend the budget during the fiscal year.

F. Cash and Investments

The District reports certain investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investment in the year in which the change occurred.

G. Capital Assets

Capital assets, which include land, buildings and improvements (none at this time), and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as an asset with an initial, individual cost of more than \$5,000 and an estimated useful life of at least five years. Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

Depreciation and all capital assets are computed using a straight-line basis over the following estimated useful lives:

Equipment	5 - 20 years
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NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Notes Payable

The District has two notes from Westamerica Bank, one started in April 2017 and the other in November 2018. Note 6 on page 30 provides additional information about long-term liabilities.

I. Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance Classifications

The District has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

Non-Spendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provision or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned: This category is for any balances that have no restrictions placed upon them.

Changes in reserve use or a new use of reserve requires board approval.

K. Use of Estimates

The District's management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

2. PROPERTY TAX REVENUE

The District receives property tax revenue from the County of Sonoma (the "County"). The County is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 1st for the ensuing fiscal year.

Since the passage of California's Proposition 13, 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 1975/1976 valuation. Taxable values on properties (excluding increases related to sales, transfers, and construction) can increase at a maximum rate 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 taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. CASH AND CASH INVESTMENTS

The District holds the majority of reserve funds in investment accounts approved for use by public agencies.

Cash and investments consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 1,154,737	\$ 1,283,986
Total Cash and Investments	\$ 1,154,737	\$ 1,283,986

4. ACCOUNTS RECEIVABLE

Accounts Receivable represents amount due from Sonoma County and other governmental units for balances collected on behalf of the District, principally property tax revenue. Management believes receivables on June 30, 2020 and 2019 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded.

Accounts Receivable consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Accounts Receivable	\$ 6,962	\$ 60,699
Total Accounts Receivable	\$ 6,962	\$ 60,699

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. CAPITAL ASSETS

An analysis of capital asset balances as of June 30, 2020 and 2019 is as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets, being depreciated				
Equipment	\$ 659,400	\$ 451,710	\$ 15,000	\$ 1,096,110
Total capital assets, being depreciated	<u>659,400</u>	<u>451,710</u>	<u>15,000</u>	<u>1,096,110</u>
Less Accumulated Depreciation for:				
Equipment	<u>(143,524)</u>	<u>(56,820)</u>	<u>(12,750)</u>	<u>(187,594)</u>
Total capital assets, being depreciated, net	<u>(143,524)</u>	<u>(56,820)</u>	<u>(12,750)</u>	<u>(187,594)</u>
Capital assets, net	<u>\$ 515,876</u>	<u>\$ 394,890</u>	<u>\$ 2,250</u>	<u>\$ 908,516</u>

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets, being depreciated				
Equipment	\$ 649,176	\$ 10,224	\$ -	\$ 659,400
Total capital assets, being depreciated	<u>649,176</u>	<u>10,224</u>	<u>-</u>	<u>659,400</u>
Less Accumulated Depreciation for:				
Equipment	<u>(91,863)</u>	<u>(51,661)</u>	<u>-</u>	<u>(143,524)</u>
Total capital assets, being depreciated, net	<u>(91,863)</u>	<u>(51,661)</u>	<u>-</u>	<u>(143,524)</u>
Capital assets, net	<u>\$ 557,313</u>	<u>\$ (41,437)</u>	<u>\$ -</u>	<u>\$ 515,876</u>

Depreciation expense for the fiscal years ended June 30, 2020 and 2019 was \$56,820 and \$51,661, respectively.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. LONG-TERM LIABILITIES

Long-term liabilities for the years ended June 30, 2020 and 2019 is as follows:

	2020				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
Notes payable- Westamerica	\$ 163,660	\$ -	\$ 15,795	\$ 147,865	\$ 16,337
Notes payable - Westamerica R-4483	<u>297,878</u>	<u>-</u>	<u>38,059</u>	<u>259,819</u>	<u>39,467</u>
Total long-term Liabilities	<u>\$ 461,538</u>	<u>\$ -</u>	<u>\$ 53,854</u>	<u>\$ 407,684</u>	<u>\$ 55,804</u>
	2019				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One year</u>
Notes payable- Westamerica	\$ 178,911	\$ -	\$ 15,251	\$ 163,660	\$ 15,251
Notes payable - Westamerica R-4483	<u>-</u>	<u>297,878</u>	<u>-</u>	<u>297,878</u>	<u>38,059</u>
Total long-term Liabilities	<u>\$ 178,911</u>	<u>\$ 297,878</u>	<u>\$ 15,251</u>	<u>\$ 461,538</u>	<u>\$ 53,310</u>

Note Payable- Westamerica

The District has a note payable dated April 2017 and funded July 2017. The loan is for \$178,911, has an interest rate of 3.5 percent and matures July 2027. The balance due on June 30, 2020 and 2019 is \$147,865 and \$163,660, respectively. Payments at June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>
2021	\$ 16,337	\$ 5,176
2022	16,909	4,604
2023	17,500	4,012
Thereafter	<u>97,119</u>	<u>10,433</u>
	<u>\$147,865</u>	<u>\$24,225</u>

Note Payable- Westamerica

The District has a second note payable November 2018. The loan is for \$297,878, has an interest rate of 3.7 percent and matures November 2024. The balance due on June 30, 2020 and 2019 is \$259,819 and \$297,878, respectively. Payments at June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>
2021	\$ 39,467	\$ 9,613
2022	40,927	8,153
2023	42,443	6,639
Thereafter	<u>136,982</u>	<u>10,259</u>
	<u>\$259,819</u>	<u>\$34,664</u>

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. LONG-TERM LIABILITIES (Continued)

Leases

The District occupies three stations. One station is owned by Sonoma County and licensed for use by the District. There is no rent payment. A second station that is owned by The Sea Ranch Volunteer Fire Department, Inc (a 501(c)(3) corporation) is used by the District under the terms of a Memorandum of Understanding; no rent is paid. The third station is owned by CAL FIRE and is where the full-time CAL FIRE staff are housed, as well as some District apparatus. The District does pay rent on this situation, but the rent is embedded in the CAL FIRE contract and is not paid separately.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and, errors and omissions and natural disasters for which the government provides coverage through its participations with other Fire District's in the Fire Agencies Insurance Risk Authority (FAIRA) system. As a member of a public entity risk pool, the District and FAIRA, implementing all policies of FAIRA, promptly paying all contributions, and cooperating with FAIRA and any insurer of FAIRA. FAIRA 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 FAIRA.

The District also is a member of the Fire District Association of California/Fire Agency Self-Insurance System (FDAC/FASIS) for workers' compensation coverage.

8. PRIOR PERIOD ADJUSTMENT

The District has no prior period adjustment.

9. CONTINGENCIES

Litigation – No claims involving the District are currently outstanding. Management believes that there are no material adverse effects on the District's financial position or results of operations.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 10, 2020, the date these financial statements were available for release.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
ROSTER OF BOARD MEMBERS
JUNE 30, 2020

Directors:

Jackie Gardener

Chair

Mike Scott

Member

Bob Pounds

Member

Clerk of the Board:

Paul Mundy

Secretary

Treasurer of the District:

Bonnie Plakos (Fire Chief)