

Vista Fire Protection District

**COUNTY OF SAN DIEGO
VISTA, CALIFORNIA**

**AUDIT REPORT
JUNE 30, 2019**

Vista Fire Protection District
955 Vale Terrace Dr, #A
Vista, CA 92084
760-758-3815

Presented By

***Douglas R. Ashbrook, CPA
San Diego, CA***

INTRODUCTORY SECTION

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vista Fire Protection District
Vista, California

I have audited the accompanying financial statements of the governmental activities of the Vista Fire Protection District (the "District") as of and for the year ended June 30, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Vista Fire Protection District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller and state regulations governing special districts.

Report on Summarized Comparative Information


I have previously audited Vista Fire Protection District's 2018 financial statements, and my report dated November 20, 2018, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - on pages 3-9 and page 20, respectively, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

January 31, 2020


Digitally signed by Douglas R. Ashbrook
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ou,
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Douglas R. Ashbrook, CPA

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019**

The Vista Fire Protection District (the "District") management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (4) identify any material changes from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the *Governmental Accounting Standards Board* (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements.

The District funds its operations from the property tax revenues assessed and collected by the County of San Diego (County) from District residents. A portion of these tax revenues, which vary according to each resident's property location, are then allocated by the County to the District, net of County administration fees.

The District uses its portion of the County's tax revenues to provide fire protection and emergency medical services to residents located within the District boundaries. The services are provided by the City of Vista's Fire Department under a twenty-five year contract executed in 2010 between the District and the City of Vista (the City). The cost of services is fixed at a fee equal to 90% of District revenues, excluding investment income. Under this contractual fee arrangement, the District is guaranteed in each fiscal year to have sufficient revenue to pay for the City's services.

FINANCIAL HIGHLIGHTS

The District ended the year with a total net increase to fund balance and net assets of \$566,765 from operations with a balance of \$11,434,455. This is an increase of 5.22% over the prior year and can be illustrated from the Table A-1 that compares the various categories of assets, liabilities and net position for the two fiscal years ending June 30, 2019 and 2018.

During the year the District's tax revenues were \$217,685 more than its fire protection and medical services expenditures. Other revenues, from Fire Mitigation fees, Ambulance Fees and other sources (a total of \$108,472) and interest on investments of \$242,093, before valuation gain on a mark to market basis, provided additional revenues. Combined revenues for the fiscal year totaled \$3,868,331 compared to a prior year of \$3,348,064. There is an increase of 15.54%. Combined expenses for the fiscal year totaled \$3,301,566 compared to a prior year of \$3,107,490. There is an increase of 6.25%. Table A-2 presents a comparison of revenues and expenses by category for the two fiscal years 2019 & 2018. The net revenues exceeded the expenditures by \$581,600, before depreciation.

In addition to providing fire and emergency medical services, the District manages several programs for contingency planning and general fire prevention. These programs are funded from the residual 10% of annual tax revenue that is left after funding its contract with the City. Specifically, the District improves and maintains emergency access roads. This is an ongoing program. The District also provides a uniformed fire inspector to

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019**

FINANCIAL HIGHLIGHTS (cont.)

educate residents on how to improve the safety of their real property, as well as protect their personal safety in the event of fire. The District has developed a strategic plan, including a financial plan, for the enhancement and protection of its reserves, development of a Disaster Preparedness Plan, completion of a risk analysis assessment, and evaluation of a suitable fire station site.

The District has the ability to continue increasing its reserves until a drawdown is required by a major procurement, such as acquisition of property for construction of a station site. See comments on the District Budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Analysis introduces the District's basic financial statements. The basic financial statements include: (1) combined government-wide financial statements and fund financial statements, and (2) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as the condition of equipment or infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by taxes and revenues from business-type activities that are intended to recover all or a portion of their costs through user fees and charges.

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019**

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with financial-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's funds rather than on the District as a whole.

The District's *Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements; however, the focus is different, with fund statements providing a distinctive view of the District's governmental funds. These statements provide short-term fiscal accountability focusing on the use of spendable resources and their balances available at the end of every year.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the required supplementary information for the general fund and special revenue funds. These statements and schedules demonstrate compliance with the District's adopted annual budget.

The basic governmental fund financial statements are combined with the government-wide statements. GASBS No. 34, paragraph 136, provides that for special-purpose governments engaged in a single government program, the fund financial statements and the government-wide statements may be combined. These financial statements are presented on pages 10-11 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The Notes to the financial statements begin on page 12.

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019
TABLE A-1**

VISTA FIRE PROTECTION DISTRICT'S NET POSITION

	<u>Governmental Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>% Change</u>
Current Assets	\$ 11,361,372	\$ 11,296,424	\$ 64,948	0.57%
Capital Assets	<u>206,080</u>	<u>220,915</u>	<u>(14,835)</u>	<u>-6.72%</u>
Total Assets	\$ <u>11,567,452</u>	\$ <u>11,517,339</u>	\$ <u>50,113</u>	<u>0.44%</u>
Current Liabilities	\$ 132,997	\$ 649,649	\$ (516,652)	-79.53%
Long Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>132,997</u>	<u>649,649</u>	<u>(516,652)</u>	<u>-79.53%</u>
<u>Net Position:</u>				
Invested in capital assets	206,080	220,915	(14,835)	-6.72%
Unrestricted	<u>11,228,375</u>	<u>10,646,775</u>	<u>581,600</u>	<u>5.46%</u>
Total Net Position	<u>11,434,455</u>	<u>10,867,690</u>	<u>566,765</u>	<u>5.22%</u>
Total Liabilities and Net Position	\$ <u>11,567,452</u>	\$ <u>11,517,339</u>	\$ <u>50,113</u>	<u>0.44%</u>

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019
TABLE A-2**

CHANGES IN VISTA FIRE PROTECTION DISTRICT'S NET POSITION

<u>Revenues:</u>	<u>2019</u>	<u>2018</u>	<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>% Change</u>
Property Taxes	\$ 3,385,328	\$ 3,178,342	\$ 206,985	6.51%
Fire Mitigation Revenue	67,707	46,765	20,942	44.78%
Interest	242,093	170,347	71,746	42.12%
Unrealized Gain (Loss) on Investment	132,438	-86,533	218,971	-253.05%
Ambulance Fees	41,686	39,043	2,643	6.77%
Other Service Fees	0	97	(97)	-100.00%
Gain on Assets Disposal	-921	3	(923)	-35780.23%
Total Revenue	<u>3,868,331</u>	<u>3,348,064</u>	<u>520,267</u>	<u>15.54%</u>
<u>Expenditures:</u>				
General Government	3,167,643	2,960,845	206,798	6.98%
Depreciation	14,835	14,835	0	0.00%
Other operations	119,088	131,810	-12,722	-9.65%
Total Expenditures	<u>3,301,566</u>	<u>3,107,490</u>	<u>194,076</u>	<u>6.25%</u>
Change in Net Position	566,765	240,574	326,192	135.59%
Net Position, Beginning of Year	<u>10,867,690</u>	<u>10,627,116</u>	<u>240,574</u>	<u>2.26%</u>
Net Position, End of Year	\$ <u>11,434,455</u>	\$ <u>10,867,690</u>	\$ <u>566,765</u>	<u>5.22%</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The majority of the District's assets are in government sponsored treasury pools and short term securities, having duration of five years or less. For the last ten years the District has been actively investigating the availability of a suitable site for constructing a fire station that will be operated by the City under its contract with the District. The contract provides that the City must approve the site location and, under its contractual authority, the City has imposed on the District a narrow geographic boundary for such location. Consequently,

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

this project has been prolonged by the chronic lack of properties available for purchase within the boundaries approved by the City. This uncertainty as to when a suitable property will become available, and when the purchase and construction funds will be needed, is one important factor that guides the District's investment policy for managing its short term reserves.

The District's financial position remains strong primarily due to its property tax base and its prudent investment in secure short-term securities. The District closely monitors its investments to protect reserves that have been designated for future fire protection and emergency services requirements. The majority of its reserves are managed by Zion's Capital Advisors, an affiliate of Zions Bank, pursuant to a written investment policy.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

GOVERNMENTAL FUNDS

Governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming cash requirements. Unassigned Governmental funds reported ending fund balance of \$11,228,375. Of this year-end total, the assigned fund balance is \$11,005,832 that includes \$6,721,990 for a fire station construction and equipment, \$3,200,000 for emergency operating funds, \$500,000 for fire station site acquisition, \$250,000 for emergency access easements, \$300,000 for 2019 operations expense, and \$33,842 of undesignated funds. These designations result in a overage in unreserved, unassigned funds of \$222,543 at year-end.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2018-2019 Budget year, the District adopted the annual operating Budget. The General Fund is reported as the only fund and accounts for the operations of the District including the provision of fire protection and emergency medical services. Revenues in the General Fund were \$3,868,331 which was \$401,554 over budget. Expenditures were \$3,286,731 which was \$12,539 over budget. The net budget variance was \$389,015. The favorable variance was due primarily to higher property tax revenues and fire mitigation fees.

CAPITAL ASSETS

The District's investment in Capital assets, net of accumulated depreciation for governmental type assets, as of June 30, 2019 is \$206,080. This was a decrease from 2018 in the amount of \$14,835 which was the result of current year depreciation.

**VISTA FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSIONS AND ANALYSIS
June 30, 2019**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's service contract with the City reduces the cost of fire and emergency medical services to a fixed percentage (90%) of the District's tax and operating revenues. This pricing model, based on a fixed percentage of District revenue, protects the District from the City's costs of operations, which in prior years increased at a rate faster than the District's revenues. The contract term of 25 years, expiring in 2035, provides reasonable protection from deficits due to routine operations for the foreseeable future. With cautious budgeting, the District can use the surplus revenue to augment its reserves for emergency operations and, possibly, the acquisition of a site and construction of a District station staffed by the City. It is anticipated that a District station could improve the quality of operations provided to the District by the City, as well as response times for some District residents.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, please contact Jeff Golden, CPA, Treasurer, Vista Fire Protection District, 955 Vale Terrace Drive, Suite A, Vista, CA 92084.

VISTA FIRE PROTECTION DISTRICT
Statement of Net Position and Government Funds Balance Sheet
June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	General Fund	Adjustments	2019	2018
<u>ASSETS</u>				
<u>Current assets:</u>				
Cash and investments (Note 2)	\$ 11,228,583	\$ -	\$ 11,228,583	\$ 11,220,245
Taxes receivable	17,885	-	17,885	18,081
Other receivables	113,415	-	113,415	53,630
Prepaid expenses	1,489	-	1,489	4,468
Total Current assets	11,361,372	-	11,361,372	11,296,424
<u>Capital assets (Note 6):</u>				
Land	40,000	-	40,000	40,000
Other capital assets	327,214	-	327,214	327,214
Less: accumulated depreciation	(146,299)	(14,835)	(161,134)	(146,299)
Net capital assets	220,915	(14,835)	206,080	220,915
Total Assets	\$ 11,582,287	\$ (14,835)	\$ 11,567,452	\$ 11,517,339
<u>LIABILITIES</u>				
Accounts payable	\$ 7,041	\$ -	\$ 7,041	\$ 13,644
Due to City of Vista (Note 4)	125,141	-	125,141	634,944
Payroll taxes payable	815	-	815	1,061
Total Liabilities	132,997	-	132,997	649,649
<u>FUND BALANCE/NET POSITION</u>				
<u>Fund Balance Assigned:</u>	11,449,290	(11,449,290)	-	-
Total Fund Balance	11,449,290	(11,449,290)	-	-
Total Liabilities and Fund Balance	\$ 11,582,287			
<u>Net Position:</u>				
Unrestricted		11,213,540	11,228,375	10,646,775
Investment in capital assets		220,915	206,080	220,915
Total Net Position		\$ 11,434,455	\$ 11,434,455	\$ 10,867,690

See accompanying notes and independent auditor's report

VISTA FIRE PROTECTION DISTRICT
Statement of Activities and
Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019
(With Summarized Financial Information for the Year Ended June 30, 2018)

	<u>General Fund</u>	<u>Adjustments</u>	<u>2019</u>	<u>2018</u>
<u>EXPENDITURES:</u>				
Fire protection services	\$ 3,167,643	\$ -	\$ 3,167,643	\$ 2,960,845
Other operations	119,088	-	119,088	131,810
Depreciation	-	14,835	14,835	14,835
	<u>3,286,731</u>	<u>14,835</u>	<u>3,301,566</u>	<u>3,107,490</u>
Total Expenditures				
<u>REVENUES:</u>				
Property taxes	3,385,328	-	3,385,328	3,178,342
Fire mitigation fees	67,707	-	67,707	46,765
Interest Income	242,093	-	242,093	170,347
Unrealized Gain (Loss) on Investment	132,438	-	132,438	(86,533)
Ambulance fees	41,686	-	41,686	39,043
Gain on assets disposal	(921)	-	(921)	3
Miscellaneous	-	-	-	97
	<u>3,868,331</u>	<u>-</u>	<u>3,868,331</u>	<u>3,348,064</u>
Total Revenues				
Excess of Revenues over Expenditures	581,600	-	566,765	240,574
Change in Net Position	581,600	(14,835)	566,765	240,574
<u>FUND BALANCE/NET POSITION (Note 7)</u>				
Beginning of Year	<u>10,867,690</u>	<u>-</u>	<u>10,867,690</u>	<u>10,627,116</u>
End of Year	<u>\$ 11,449,290</u>	<u>\$ (14,835)</u>	<u>\$ 11,434,455</u>	<u>\$ 10,867,690</u>

See accompanying notes and independent auditor's report

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office and state regulations governing special districts. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The financial statements have been prepared in accordance with the American Institute of Certified Public Accountants Audit and Accounting Guide, Audits of State and Local Governments and the State Controllers Minimum Audit Requirements for California Special Districts.

Reporting Entity

The Vista Fire Protection District is adjacent to the City of Vista in San Diego County. The District is organized under the Fire Protection District Law of 1987 (Health and Safety Code section 13800 et. seq.) to provide fire protection services within the Vista Fire Protection District. An elected board of directors makes all policy decisions.

Basic Financial Statements—Government-wide Statements and Fund Financial Statements

The District implemented GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. The District's basic financial statements include combined government-wide and fund financial statements.

The District is a special-purpose government engaged in a single governmental program and therefore is given the reporting option to combine the government-wide financial statements and the fund financial statements to simplify their annual financial reports.

Government-wide Financial Statements—Financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report the assets, liabilities, revenues, expenses (rather than expenditures), and gains and losses of the District by activity rather than fund.

Fund Financial Statements—Financial statements prepared by the three major fund categories—governmental, proprietary, and fiduciary. The Districts reports all activities in a governmental fund.

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. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). Individual items are recorded as expenditures at the time of purchase.

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 District's accounts are organized in one fund, the General Fund, which is the general operating fund of the District. It is used to account for all financial resources except those to be accounted for in another fund.

Budgets and Budgetary Accounting

By state law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. The governing Board adopted the 2018-2019 budget in July, 2018.

A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. These budgets can be revised by the District's governing board and during the year to give consideration to unanticipated revenue and expenditures. It is this final revised budget that is presented in the financial statements.

Formal budgetary integration was employed as a management control device for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period. Designations are based on estimated revenues and expenditures for the coming fiscal year. Adjustment may be required for lack of or surplus of receipts.

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

Capital Assets

Capital assets include land, buildings, furniture, and equipment. In the governmental fund statement, capital assets are charged to expenditures as purchased. In the government-wide financial statements, capital assets are reported in the Statement of Net Assets. Such assets are recorded at historical costs. Donated assets are recorded at estimated fair market value as of the date of the donation. Depreciation expense is recognized in the Statement of Activities using the straight-line method over the following useful lives:

Equipment	7 years
Emergency vehicles	10 years
Access road improvements	20 years

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

<u>Cash at June 30, 2019 consist of the following:</u>	<u>Fair Market Value</u>	<u>Cost</u>
Cash on Hand and in Bank	\$ 48,727	n/a
California Asset Management Program (CAMP)		
Cash Reserve Portfolio	240,645	n/a
Pooled Funds:		
Cash in County Treasury	3,017,373	n/a
Total Cash	<u>\$ 3,306,745</u>	
 <u>Investments at June 30, 2019 consist of the following:</u>		
Local Agency Investment Fund	\$ 871,971	n/a
CB&T Trust Wealth Mgmt	7,049,867	
Total Investments	<u>\$ 7,921,838</u>	
 Total Cash and Investments	 <u>\$ 11,228,583</u>	

Cash balances held in banks and in revolving funds are insured up to \$250,000 by federal agencies.

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

Note 3 – FAIR VALUE OF INVESTMENTS AND ADOPTION OF ACCOUNTING PRINCIPLES

GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB No. 72, *Fair Value Measurement and Application* (GASB Cod. Secs. 150 and 3100).

During 2016, the District adopted and implemented *GASBS No. 72, Fair Value Measurement and Application*, which establishes new requirements on how fair value should be measured, which assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. GASBS No. 72, paragraph 80, requires disclosures to be organized by type of asset or liability and provides factors to take into consideration when determining the level of detail and disaggregation and how much emphasis to place on each disclosure requirement. GASBS No. 72, paragraph 81, establishes disclosure requirements for each type of asset or liability measured at fair value in the statement of net position after initial recognition.

The amendments in GASBS No. 72 update the definition of *fair value*, revise guidance on how to determine fair value measurements and on applying fair value to certain investments, and update the disclosures required for all fair value measurements. GASBS No. 72, paragraph 64, defines an *investment* as a security or other asset that (a) a government holds primarily to generate income or profit and (b) has a present service capacity based solely on that asset's ability to generate cash or to generate cash when sold. GASBS No. 72 defines *fair value* as the price received when an asset is sold or paid when a liability is transferred. The definition assumes an orderly transaction between market participants at the measurement date. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis are summarized below:

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

Note 3 – FAIR VALUE OF INVESTMENTS AND ADOPTION OF ACCOUNTING PRINCIPLES (cont.)

Assets measured at fair value on a recurring basis are summarized below:

Fair Value Measurement at June 30, 2019, Using

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash on Hand and in Bank	\$ 48,727	\$ 48,727	\$ -	\$ -
California Asset Management Program (CAMP)				
Cash Reserve Portfolio	240,645	240,645	-	-
Pooled Funds:				
Cash in County Treasury	<u>3,017,373</u>	<u>3,017,373</u>	<u>-</u>	<u>-</u>
Total Cash	<u>3,306,745</u>	<u>3,306,745</u>	<u>-</u>	<u>-</u>
 Investments at June 30, 2019 consist of the following:				
Local Agency Investment Fund	871,971	871,971	-	-
CB&T Trust Wealth Mgmt	<u>7,049,867</u>	<u>7,049,867</u>	<u>-</u>	<u>-</u>
Total Investments	<u>7,921,838</u>	<u>7,921,838</u>	<u>-</u>	<u>-</u>
 Total Cash and Investments	 <u>\$ 11,228,583</u>	 <u>\$ 11,228,583</u>	 <u>\$ -</u>	 <u>\$ -</u>

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. All of the Organization's investments are based upon Quoted Prices in Active Markets for Identical Assets at June 30, 2019.

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 4- DUE TO/DUE FROM CITY OF VISTA

The amounts reflected in the financial statements due from/due to the City of Vista represent the overpayment/underpayment for contracted fire protection services and other fees collected by the City of Vista on behalf of the District as follows. No allowance for uncollectible amounts is deemed necessary:

<u>Districts share of:</u>	
Fire protection and emergency medical services	\$ 3,167,643
Less: Payments remitted through 06/30/19	<u>(3,042,502)</u>
Balance due (to)/from City of Vista	<u>\$ (125,141)</u>
District fees collected by the City of Vista on behalf of the District for fiscal year 2018/19	\$ 41,686
Less: Payments received through 06/30/19	<u>(38,258)</u>
Balance due (to)/from City of Vista	<u>\$ 3,428</u>
Net due (to)/from City of Vista	<u>\$ (121,713)</u>

NOTE 5 - CAPITAL ASSETS

Capital assets are wholly owned by VFPD and consist of the following as of June 30, 2019:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Capital Assets:</u>			
Land	\$ 40,000	\$ -	\$ 40,000
Access road improvements	295,271	-	295,271
Equipment	1,541	-	1,541
Signage	8,375	-	8,375
Improvements in progress	<u>22,027</u>	-	<u>22,027</u>
Total Other Capital Assets	<u>\$ 367,214</u>	<u>\$ -</u>	<u>\$ 367,214</u>
<u>Less Accumulated Depreciation For:</u>			
Access road improvements	139,097	13,722	152,819
Equipment	924	308	1,232
Signage	<u>6,278</u>	<u>805</u>	<u>7,083</u>
Total Accumulated Depreciation	<u>146,299</u>	<u>14,835</u>	<u>161,134</u>
Other Capital Assets, Net	<u>\$ 220,915</u>	<u>\$ (14,835)</u>	<u>\$ 206,080</u>

**VISTA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6 - FUND BALANCE

Assignments of unreserved fund balance have been established as follows:

<u>Unreserved-Designated for:</u>	
Emergency access easements	\$ 250,000
Emergency operating funds	3,200,000
Fire Station Site Acquisition	500,000
Fire Station Construction/ Equipment	6,721,990
Reserve for 2019 Operations	300,000
Undesignated	256,385
Total Designated	<u>\$ 11,228,375</u>
Adjustment for Shortage of Receipts	<u>0</u>
Total Unreserved Fund Balance	<u><u>\$ 11,228,375</u></u>

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2020, the date the financial statements were available to be issued. The District does not have subsequent events that require recognition or disclosure in the financial statement for the year ended June 30, 2019.

SUPPLEMENTARY INFORMATION SECTION

**VISTA FIRE PROTECTION DISTRICT
ORGANIZATION
June 30, 2019**

The Board of Directors as of June 30, 2019, is composed of the following members:

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Read Miller	President, Director	November, 2022
Robert Fougner	Vice-President, Director	November, 2020
Wallace Stewart	Director	November, 2020
James Elliott	Director	November, 2022
Jerry Hill	Director	November, 2020

Administration:

Jeff Hahn	Fire Chief
Jeff Golden	Treasurer
Lori McCaffrey	Clerk of the Board

VISTA FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual Schedule-General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Original & Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
<u>REVENUES:</u>			
Revenues	\$ 3,466,777	\$ 3,868,331	\$ 401,554
TOTAL REVENUES	<u>3,466,777</u>	<u>3,868,331</u>	<u>401,554</u>
<u>EXPENDITURES:</u>			
Administrative	5,450	2,495	2,955
Accounting & Finance	41,143	35,615	5,528
Directors Compensation	6,000	5,383	617
Districts Share of City of Vista - Fire Protection Services	3,045,099	3,167,643	(122,544)
Education/Community Relations	5,000	864	4,136
Financial Charges	11,500	10,334	1,166
Legal & Professional	20,000	11,755	8,245
Insurance	8,000	7,339	661
Repairs & Maintenance	<u>132,000</u>	<u>45,303</u>	<u>86,697</u>
TOTAL EXPENDITURES	<u>3,274,192</u>	<u>3,286,731</u>	<u>(12,539)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>192,585</u>	\$ <u>581,600</u>	\$ <u>389,015</u>
FUND BALANCE, JUNE 30, 2018		<u>10,867,690</u>	
FUND BALANCE, JUNE 30, 2019		\$ <u>11,449,290</u>	