

CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FAIRVIEW FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020



FAIRVIEW FIRE PROTECTION DISTRICT

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To the Board of Directors of
Fairview Fire Protection District
Hayward, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fairview Fire Protection District (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Managements' Responsibility for the Financial Statements

Fairview Fire Protection District's 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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulation governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-5) and budgetary comparison information (page 8) 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 statement, 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.

Cropper Rowe, LLP

CROPPER ROWE, LLP
Walnut Creek, California
November 11, 2020

FAIRVIEW FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

As management of the Fairview Fire Protection District (District), we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Financial Highlights and Analysis

At the close of Fiscal Year (FY) 2019-2020, the District remains in a strong position. The District has no debt, a fully funded capital replacement program, and fully funded operational and emergency reserves equaling 10% and 85% of its operating budget. In addition, the District continues to experience an annual operating surplus, where revenues slightly exceed expenditures. In FY 2019-20, non-depreciation expenditures increased 2.48%, due primarily to the CPI increase in the contract with Hayward. During the same time period, revenues increased by 5.83% due to increase property tax and improved performance of reserve funds deposited with the Alameda County Investment Pool.

Due to these factors, the District increased its net position by \$352,468 in FY 2019-2020, or 5.66%. Thus far, the economic downturn has not impacted property taxes, but it is possible that the District will see a decline in revenue in FY2020-2021.

Overview of Basic Financial Statements

This annual report consists of a series of financial statements and notes. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, which has a single fund.

The following is the District's Condensed Statement of Net Position for fiscal year ended June 30, 2020 as compared to fiscal year ended June 30, 2019. As stated above, the District increased its Net Position by 5.66% over the prior year.

Statement of Net Position	FY 2019-20	FY 2018-19	Change \$	% Change
ASSETS				
Cash and Investments	5,422,920	5,329,581	93,339	1.75%
Prepaid Expenses	8,658	17,263	-8,605	-49.85%
Capital Assets, net accumulated depreciation	1,187,311	891,690	295,621	33.15%
Total Assets	6,618,889	6,238,534	380,355	6.10%
LIABILITIES				
Accounts payable and accrued expenses	36,302	8,415	27,887	331.40%
Total Liabilities	36,302	8,415	27,887	331.40%

FAIRVIEW FIRE PROTECTION DISTRICT
Management's Discussion and Analysis

NET POSITION				
Investment in capital assets, net of related debt	1,187,311	891,690	295,621	33.15%
Unrestricted Fund Balance	5,395,276	5,338,429	56,847	1.06%
Total Net Position	6,582,587	6,230,119	352,468	5.66%

The following is the District's condensed statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2020 as compared to fiscal year ended June 30, 2019. As mentioned above, revenues increased 5.83%, while expenditures increased 2.48%, not accounting for depreciation. With depreciation, the dollar increase in expenses was 1.97%. Because the district continues to have surplus revenue, the net position increased by 5.66%.

Statement of Activities	FY 2019-20	FY 2018-19	\$ Change	% Change
REVENUES				
Property tax and assessments	3,810,445	3,608,097	202,348	5.61%
Emergency medical services	27,131	26,063	1,068	4.10%
Interest of investment	123,031	108,891	14,140	12.99%
Other Revenues	409	-396	805	203.23%
Total Revenues	3,961,016	3,742,655	218,361	5.83%
EXPENSES				
Fire protection and EMS services	3,172,099	3,050,096	122,003	4.00%
General and administration	219,874	259,880	-40,006	-15.39%
Total Expenses without Depreciation	3,391,973	3,309,976	81,997	2.48%
Depreciation of Assets	216,575	228,703	-12,128	-5.30%
Total Expenses + Depreciation	3,608,548	3,538,679	69,869	1.97%
Excess of Revenue over Expenses	352,468	203,976	148,492	72.80%
Ending Net Position	6,582,587	6,230,119	352,468	5.66%

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, was \$1,187,311 as of June 30, 2020. The District's largest investments are in its improved structures and three vehicles, in addition to a range of field and office equipment.

Committed Funds: Capital Replacement Program

The District has one fund. Within this fund, the District has formally committed money towards the future replacement of its capital assets. The committed balances by category for FY 2018-2019 and FY 2019-2020 are listed below.

FAIRVIEW FIRE PROTECTION DISTRICT
 Management's Discussion and Analysis

Committed Funds	Apparatus	Equipment	Facilities	Total
FY 2018-19				
Starting Balance	1,194,746	148,957	59,532	1,403,235
Expenses	-	109,230	-	109,230
Capital Contribution	167,385	32,973	49,842	250,200
Ending Balance	1,362,131	72,700	109,374	1,544,205
FY 2019-20				
Starting Balance	1,362,131	72,700	109,374	1,544,205
Expenses	358,299	21,537	-	379,836
Capital Contribution	151,839	24,488	107,197	283,524
Ending Balance	1,155,671	75,651	216,571	1,447,893

Assigned Funds: Operating and Emergency Reserves

The District has adopted a policy of assigning funds into an operating reserve equaling 10% of its operating budget and an emergency reserve equaling 85% of its operating budget. Both reserves are currently fully funded.

Debt Administration

The District has no debt.

Request for Information

Questions about this report and requests for additional information can be sent to:

Mike Preston, General Manager, FFPD

C/O Hayward Fire Department, 777 B St, Hayward, CA 94541

Ph# 510-583-4940

www.fairviewfiredistrict.org/contact/

FAIRVIEW FIRE PROTECTION DISTRICT
COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2020

	<u>General Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Net Position</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 5,422,920	\$ -	\$ 5,422,920
Prepaid expenses	8,658	-	8,658
Capital Assets, net of accumulated depreciation	-	<u>1,187,311</u>	<u>1,187,311</u>
Total Assets	<u>\$ 5,431,578</u>	<u>1,187,311</u>	<u>6,618,889</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Accounts payable and accrued expenses	<u>36,302</u>	-	<u>36,302</u>
Total Liabilities	<u>36,302</u>	-	<u>36,302</u>
FUND BALANCE			
Nonspendable	8,658	(8,658)	-
Restricted	-	-	-
Committed	1,447,893	(1,447,893)	-
Assigned	3,545,158	(3,545,158)	-
Unassigned	<u>393,567</u>	<u>(393,567)</u>	-
Total Fund Balance	<u>5,395,276</u>	<u>(5,395,276)</u>	-
Total Liabilities and Fund Balance	<u>\$ 5,431,578</u>		
NET POSITION			
Investment in capital assets, net of related debt		1,187,311	1,187,311
Unrestricted		<u>5,395,276</u>	<u>5,395,276</u>
Total Net Position		<u>\$ 6,582,587</u>	<u>\$ 6,582,587</u>

The accompanying notes are an integral part of the financial statements

FAIRVIEW FIRE PROTECTION DISTRICT
COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Adjustments (Note 5)</u>	<u>Statement of Activities</u>
GENERAL REVENUES			
Property tax and assessments	\$ 3,810,445	\$ -	\$ 3,810,445
Emergency medical services	27,131	-	27,131
Interest of investments	123,031	-	123,031
Other revenues	<u>409</u>	<u>-</u>	<u>409</u>
 Total Revenues	 <u>3,961,016</u>	 <u>-</u>	 <u>3,961,016</u>
EXPENDITURES			
Fire protection services	3,172,099	-	3,172,099
Management	44,005	-	44,005
County administrative and collection fees	38,461	-	38,461
Insurance	10,101	-	10,101
Legal and accounting	32,485	-	32,485
Meeting and Conventions	3,930	-	3,930
Chipping program	35,045	-	35,045
Bookkeeping and clerical	6,738	-	6,738
Utilities	703	-	703
Director fees and training	2,300	-	2,300
Landscape and janitorial services	3,900	-	3,900
Website related	1,496	-	1,496
Repairs and maintenance	2,407	-	2,407
Depreciation	-	216,575	216,575
Permit fees	834	-	834
Notices and mailers	8,564	-	8,564
Capital outlay - replacement/improvement	512,196	(512,196)	-
Miscellaneous administrative costs	<u>28,905</u>	<u>-</u>	<u>28,905</u>
 Total Expenditures	 <u>3,904,169</u>	 <u>(295,621)</u>	 <u>3,608,548</u>
 Excess of revenues over (under) Expenditures	 56,847	 295,621	 352,468
 Fund Balance July 1, 2019	 <u>5,338,429</u>	 <u>891,690</u>	 <u>6,230,119</u>
Fund Balance June 30, 2020	<u>\$ 5,395,276</u>	<u>\$ 1,187,311</u>	<u>\$ 6,582,587</u>

The accompanying notes are an integral part of the financial statements

FAIRVIEW FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020

REVENUES	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Taxes	\$ 3,648,820	\$ 3,648,820	\$ 3,810,445	\$ 161,625
Emergency medical services	26,842	26,842	27,131	289
Interest income	70,006	70,006	123,031	53,025
Other revenues	-	-	409	409
Total Revenues	<u>3,745,668</u>	<u>3,745,668</u>	<u>3,961,016</u>	<u>215,348</u>
EXPENDITURES				
Fire protection services	3,172,099	3,172,099	3,172,099	-
Management	40,000	40,000	44,005	(4,005)
Call dispatch services - 911	42,100	42,100	-	42,100
County administrative and collection fees	30,000	30,000	32,183	(2,183)
Insurance	14,500	14,500	10,101	4,399
Weed abatement	3,200	3,200	-	3,200
Chipping program	29,250	29,250	35,045	(5,795)
Legal assistance	25,000	25,000	22,490	2,510
Recording secretary/ clerical services	5,000	5,000	240	4,760
Audit services	10,000	10,000	9,995	5
Utilities	6,000	6,000	703	5,297
Bookkeeping services	7,000	7,000	6,498	502
Landscape services	4,200	4,200	3,900	300
Fire protection staff (event staffing)	10,000	10,000	5,277	4,723
Director fees and mileage	8,500	8,500	2,300	6,200
Website	2,500	2,500	1,496	1,004
Alarm system	2,750	2,750	2,442	308
Director training	5,000	5,000	-	5,000
Janitorial services	500	500	-	500
LAFCO cost	700	700	1,001	(301)
Meeting and Conventions	-	-	3,930	(3,930)
Notices and mailers	2,000	2,000	8,564	(6,564)
Permits, fees and dues	950	950	834	116
Disaster preparedness program	10,000	10,000	-	10,000
Firewise/Residential Assistance	10,000	10,000	-	10,000
Travel	-	-	-	-
Maintenance	5,000	5,000	(35)	5,035
Supplies	5,500	5,500	-	5,500
Miscellaneous / other	3,515	3,515	28,905	(25,390)
Capital outlay - replacement/improvements	283,525	283,525	512,196	(228,671)
Total Expenditures	<u>3,738,789</u>	<u>3,738,789</u>	<u>3,904,169</u>	<u>(165,380)</u>
Excess of revenues over (under) Expenditures	<u>\$ 6,879</u>	<u>\$ 6,879</u>	<u>\$ 56,847</u>	<u>\$ 49,968</u>
Fund Balance July 1, 2019			5,338,429	
Fund Balance June 30, 2020			<u>\$ 5,395,276</u>	

The accompanying notes are an integral part of the financial statements

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Fairview Fire Protection District (District) was established to provide fire protection services within the District's boundaries. Under the terms of a contract between the City of Hayward (COH) and the District on February 1, 1993, the City of Hayward Fire Department took responsibility of providing fire protection services within the district. On February 1, 1993, all District employees became employees of the City of Hayward. The District pays the City of Hayward annually for the cost of these services. The District owns the equipment which is made available to the City of Hayward Fire Department at no cost. The City of Hayward Fire Department is responsible for the maintenance and replacement of the District equipment not included in the Capital replacement schedule. But all the more expensive items with life over 5 years the District is responsible for replacement. The purchase of fire engines and trucks are registered as property of the District.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. 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.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. The General Fund is the District's only fund.

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 current assets.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total.

The District reported the following major governmental fund in the accompanying financial statements:

- General Fund – The General Fund is the main operating fund of the District. This fund is used to account for financial resources not accounted for in other funds.

Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when *earned* and expenses are recorded when a liability is *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent that have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. The District's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device.

Property Taxes

The District receives property taxes from the County of Alameda (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

The District participated in the County's "Teeter Plan" method of property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimated and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date on donation. The District's policy is to capitalize all capital assets. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives are as follows:

Equipment	5 to 20 years
Software	7 years
Vehicles	10 years
Structures	30 years

Net Position and Fund Balances

Fund Balance Reporting

Under GASB Statement No. 54, Fund Balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Board of Directors, as the highest level of decision-making authority of the District, commits fund balances through resolutions. The Board has designated certain members of management staff to assign fund balances. These captions apply only to Fund Balance classifications:

- *Nonspendable fund balances* are those amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balances* are those amounts that should be reported as restricted when constraints placed on the use of resources are either
 - Externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation
- *Committed fund balances* are those amounts that cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- *Assigned fund balances* are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements.
- *Unassigned fund balances* are those residual funds that have not been assigned to other funds, restricted, committed, or assigned to specific purposes. The general fund should be the only fund that reports a positive unassigned fund balance amount.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balances (continued)

It is the policy of the district to spend funds in order from restricted to unassigned, as listed above.

Net Position

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

- *Investment in Capital, net of related debt* describes the portion of Net Position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.
- *Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.
- *Unrestricted* describes the portion of Net Position that does not meet the definition of "restricted" or "investment in capital, net of related debt."

2. CASH AND INVESTMENTS

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

Cash with County	\$ 5,422,920
Petty Cash	-
Total Cash and investments	<u>\$ 5,422,920</u>

Investment Authorized by the California Government Code and the District's Investment Policy

The table below identifies the **investment types** that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk**, **credit risk** and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California government Code or the District's investment policy.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

*Investment Authorized by the California Government Code and the District's Investment Policy
(continued)*

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
County of Alameda investment pool	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>					
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>	<u>More than 60 Months</u>
<i>Deposits with</i>							
County of Alameda	<u>\$5,422,920</u>	<u>\$5,422,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$5,422,920</u>	<u>\$5,422,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
<i>Deposits with</i>							
County of Alameda	<u>\$5,422,920</u>	N/A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,422,920</u>
Total	<u>\$5,422,920</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,422,920</u>

There are no investments in any one issuer other than deposits with the County of Alameda that represent 5% or more of total District investments.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 28,000	\$ -	\$ -	\$ 28,000
Capital assets, being depreciated				
Structures and improvements	399,015	153,355	-	552,370
Software	88,534	-	-	88,534
Vehicles and equipment	1,520,801	358,841	-	1,879,642
Total capital assets, being depreciated	2,008,350	512,196	-	2,520,546
Less accumulated depreciation	(1,144,660)	(216,575)	-	(1,361,235)
Total capital assets, being depreciated, net	863,690	295,621	-	1,159,311
Total capital assets, net	<u>\$ 891,690</u>	<u>\$ 295,621</u>	<u>\$ -</u>	<u>\$ 1,187,311</u>

Land is comprised of two lots. The original lot was acquired July 1962 and is valued at historical cost. The second lot was donated to the District in April 1974, with restrictions on use and is recorded at estimated fair value at the time of donation. Structures and improvements consist of the Old Fairview Fire Protection District Station. The value has not changed since June 1992. The station is currently used to store equipment. Depreciation expense was charged to function/program of the District's Governmental Activities.

In fiscal year 2019-2020, Fairview Fire Protection District purchased a Type 3 Model 34 fire apparatus and installed Four-Fold Glazed Doors.

4. RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Total Fund Balance – Governmental General Fund (page 6)	\$ 5,395,276
Capital assets, net of depreciation	<u>\$ 1,187,311</u>
	<u>1,187,311</u>
Total net position – Government-wide	<u>\$ 6,582,587</u>

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2020

5. RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Excess of Revenues over/(under) Expenditures (page 7)	\$ 56,847
Less depreciation expense not reported on Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>295,621</u>
Change in Net Position of Governmental Activities	<u><u>\$ 352,468</u></u>

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the audit report date, the date from which the financial statements were available to be issued.