

Schell-Vista Fire Protection District

**Annual Report
For the Fiscal Year Ended
June 30, 2010**



DONNA DUNK
Interim Auditor-Controller
Treasurer-Tax Collector

Schell-Vista Fire Protection District

**Annual Report
For the Fiscal Year Ended
June 30, 2010**

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ASSISTANT
TREASURER

Board of Directors
Schell Vista Fire Protection District
Sonoma, CA

Auditor-Controller's Report

We have audited the accompanying financial statements of the Schell Vista Fire Protection District, (the District) as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note IV.B of the Notes to the Basic Financial Statements, the Auditor-Controller is mandated by various statutes within the California Government Code to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. However, we believe adequate safeguards and divisions of responsibility exist.

In our opinion, except for the effects, if any, of the impairment to auditor independence, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2010, and the respective changes in its financial position for the year then ended, in conformity with accounting principals generally accepted in the United States of America.

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

Sonoma County Auditor-Controller

May 12, 2011

Schell-Vista Fire Protection District
Statement of Net Assets
June 30, 2010

Assets	
Cash and investments	\$ 1,196,313
Cash with fiscal agent	4,490
Accounts receivable	1,385
Due from other governments	26,020
Prepaid insurance	9,877
Capital assets (net of accumulated depreciation)	
Land	299,567
Construction in Progress - New volunteer housing	36,251
Construction in Progress - Sewer Project	1,872
Building and improvements	2,441,485
Equipment	<u>1,221,396</u>
Total assets	<u>5,238,656</u>
 Liabilities	
Accounts payable	7,702
 Net Assets	
Invested in capital assets, net of related debt	4,000,571
Unrestricted	<u>1,230,383</u>
Total net assets	<u>\$ 5,230,954</u>

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

Schell-Vista Fire Protection District
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Program Expenses

Public safety - fire protection	
Salaries and employee benefits	\$ 145,100
Services and supplies	305,907
Depreciation	218,241
	<hr/>
Total program expenses	669,248
	<hr/>

Program Revenues

Charges for services	
Intergovernmental revenue	80,181
Other charges for services	1,310
	<hr/>
Total charges for services	81,491
	<hr/>
Net program revenues (expenses)	(587,757)
	<hr/>

General revenues

Property taxes	635,146
Investment earnings	9,369
Rental income	20,085
	<hr/>
Total general revenues	664,600
	<hr/>
Change in net assets	76,843
Net assets, beginning of year, as restated	5,154,111
	<hr/>
Net assets, end of year	\$ 5,230,954
	<hr/> <hr/>

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

**Schell-Vista Fire Protection District
Balance Sheet
Governmental Fund
June 30, 2010**

Assets

Cash and investments	\$ 1,196,313
Cash with fiscal agent	4,490
Accounts receivable	1,385
Due from other government	26,020
Prepaid insurance	<u>9,877</u>
Total assets	<u><u>\$ 1,238,085</u></u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 7,702
Fund balance:	
Unreserved:	<u>1,230,383</u>
Total liabilities and fund balance	<u><u>\$ 1,238,085</u></u>

Reconciliation of Balance Sheet to Statement of Net Assets

Fund balance - total government funds	\$ 1,230,383
Amount reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>4,000,571</u>
Net assets of governmental activities	<u><u>\$ 5,230,954</u></u>

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

**Schell-Vista Fire Protection District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010**

Revenues

Property taxes	\$ 635,146
Investment income	9,369
Intergovernmental revenue	80,181
Charges for services	1,310
Rental income	<u>20,085</u>
Total revenues	<u>746,091</u>

Expenditures

Current:

Salaries and employee benefits	145,100
Services and supplies	305,907
Capital outlay	<u>16,309</u>
Total expenditures	<u>467,316</u>

Net change in fund balances	278,775
Fund balance, beginning of year, as restated	<u>951,608</u>
Fund balance, end of year	<u>\$ 1,230,383</u>

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

**Schell-Vista Fire Protection District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of Governmental Funds to the
 Statement of Activities
 For the Fiscal Year Ended June 30, 2010**

**Amount reported for governmental activities in the statement of activities
 is different because:**

Net change in fund balance - governmental funds	\$	278,775
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditure for capital assets		16,309
Current year depreciation		<u>(218,241)</u>
Change in net assets of governmental activities	\$	<u><u>76,843</u></u>

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

Schell-Vista Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budgets and Actual
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 593,300	\$ 593,300	\$ 635,146	\$ 41,846
Investment income	18,000	18,000	9,369	(8,631)
Intergovernmental revenue	35,000	35,000	80,181	45,181
Charges for services	3,000	3,000	1,310	(1,690)
Rental income	19,000	19,000	20,085	1,085
Miscellaneous	1,700	1,700	0	(1,700)
	<u>670,000</u>	<u>670,000</u>	<u>746,091</u>	<u>76,091</u>
Expenditures				
Current:				
Salaries and employee benefits	230,000	230,000	145,100	84,900
Services and supplies	417,312	417,312	305,907	111,405
Debt service				
Principal	10,000	10,000	0	10,000
Income allocation	20,000	20,000	0	20,000
Capital outlay	375,846	375,846	16,309	359,537
	<u>1,053,158</u>	<u>1,053,158</u>	<u>467,316</u>	<u>585,842</u>
Net change in fund balance	(383,158)	(383,158)	278,775	661,933
Fund balance, beginning of year, as restated	<u>951,608</u>	<u>951,608</u>	<u>951,608</u>	<u>0</u>
Fund balance, end of year	<u>\$ 568,450</u>	<u>\$ 568,450</u>	<u>\$ 1,230,383</u>	<u>\$ 661,933</u>

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

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Schell Vista Fire Protection District (the District) serves taxpayers and residents in a specific unincorporated area of the County of Sonoma, the boundaries of which are set by resolution of the Board of Supervisors. The District's governmental powers are exercised through a Board of Directors.

The Community Facilities District No. 1 (Schell Vista Fire Station Project) (CFD No. 1) was established to provide financing for the Schell Vista Fire Protection District's new fire station. The CFD No. 1 provides financing for the Schell Vista Fire Station Project exclusively. The entity is presented as supplementary information as an agency fund to the Schell Vista Fire Protection District.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Agency funds are used to account for debt service transactions involving special assessment debt for which the District is not obligated in any manner.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

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

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

2. Receivables and Payables

a. Property Taxes

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

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

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

b. Prepaid Insurance

Prepaid insurance represents expenditures for benefits which have not yet been received.

3. Capital Assets

Capital assets, which include land, buildings and improvements, construction in progress and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of

**Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010**

normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	30 years
Equipment	5 – 20 years

4. Net Assets

Net assets are classified into three components – 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. These classifications are defined as follows:

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

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources have been depleted.

5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reports amounts of assets and

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgetary revenue estimates represent original estimates modified for any authorized adjustment which was contingent upon new or additional revenue sources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. The District does not make use of encumbrance accounting when developing the budget. Therefore, budgetary amounts for the District are adopted on a GAAP basis.

III. Detailed Notes

A. Deposits and Investments

The District follows the County's practice of pooling cash and investments of all funds with the County Treasurer, except for funds held by Sonoma Valley Bank for the purpose of payroll distribution. Deposits with Sonoma Valley Bank are FDIC insured up to \$250,000.

The amount of cash at June 30, 2010 is as follows:

Cash in County Treasury	\$ 1,196,313
Cash with fiscal agent	<u>4,490</u>
Total	<u><u>\$ 1,200,803</u></u>

Investment in the Sonoma County Treasurer's Investment Pool

The District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Interest earned on

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

Investment Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Auditor-Controller Treasurer-Tax Collector at 585 Fiscal Drive, Room 100-F, Santa Rosa, California, 95403-2871.

Interest Rate Risk

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

As of June 30, 2010, approximately 65 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 6 percent have a maturity of more than five years.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

Custodial Credit Risk

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

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.
- The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

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

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2010 Sonoma County CAFR

B. Due from Other Government

On June 30, 2010 the District was owed \$20,000 from the Community Facilities District No. 1 (Schell Vista Fire Station Project) (CFD No. 1). This receivable is for the reimbursement of CDF No. 1 expenses paid by the District during the fiscal year 2008/2009. An additional \$6,020 was owed to the District from the County of Sonoma for mutual aid responses during Fiscal Year 2009/2010.

**Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010**

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 299,567	\$	\$	\$	\$ 299,567
CIP - Vol. Housing	21,814	14,437			36,251
CIP - Sewer Project	0	1,872			1,872
Total capital assets, not being depreciated	<u>321,381</u>	<u>16,309</u>	<u>0</u>	<u>0</u>	<u>337,690</u>
Capital assets, being depreciated:					
Buildings and improvements	3,505,408				3,505,408
Equipment	2,019,945				2,019,945
Total capital assets, being depreciated	<u>5,525,353</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,525,353</u>
Less accumulated depreciation for:					
Buildings and improvements	(947,465)	(116,458)			(1,063,923)
Equipment	(696,766)	(101,783)			(798,549)
Total accumulated depreciation	<u>(1,644,231)</u>	<u>(218,241)</u>	<u>0</u>	<u>0</u>	<u>(1,862,472)</u>
Total capital assets, being depreciated, net	<u>3,881,122</u>	<u>(218,241)</u>	<u>0</u>	<u>0</u>	<u>3,662,881</u>
Capital assets, net	<u>\$ 4,202,503</u>	<u>\$ (201,932)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,000,571</u>

Depreciation expense was charged to functions/programs of the Schell-Vista Fire Protection District government as follows:

Governmental activities:

Public safety - fire protection \$ 218,241

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

IV. Other Information

A. Risk Management

The District receives automobile and general liability coverage through Northwest Insurance Company. The District also has Workers' Compensation coverage through State Compensation Insurance Fund.

B. Auditor Independence

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair the auditor's independence. Specifically, "Auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant or material to the subject matter of the audit." Although the office of the Auditor-Controller is statutorily obligated to maintain accounts of departments, districts or funds that are contained within the County Treasury, we believe that adequate safeguards and divisions of responsibility exist. Therefore, we believe that subject to this qualification and disclosure, the reader can rely on the auditor's opinion contained in this report.

C. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the Schell-Vista Fire Protection District was \$48,590.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A

Schell-Vista Fire Protection District
Notes to the Basic Financial Statements
June 30, 2010

Bonds”) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The Schell-Vista Fire Protection District participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

D. Restatement of Net Assets / Fund Balance

Net assets and fund balance at July 1, 2009 have been restated to recognize reimbursements for Fiscal Year 2008/2009 expenditures that were not recorded at June 30, 2009.

Required Supplementary Information

**Community Facilities District No. 1
Schell-Vista Fire Station Project
Schedule of Fiduciary Net Assets
June 30, 2010**

Assets

Cash and investments	\$	151,854
Cash with fiscal agent		93,282
Flat charges receivable		<u>9,742</u>
Total assets	\$	<u><u>254,878</u></u>

Liabilities

Due to other government	\$	20,000
Accrued interest		38,757
Due to bondholders and others		<u>196,121</u>
Total liabilities	\$	<u><u>254,878</u></u>

The notes to the required supplemental information are an integral part of this schedule.

**Community Facilities District No. 1
Schell-Vista Fire Station Project
Schedule of Changes in Fiduciary Assets and Liabilities
For the Fiscal Year Ended June 30, 2010**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Assets				
Cash and investments	\$ 239,589	\$ 222,333	\$ (216,786)	\$ 245,136
Flat charges receivable	8,489	1,253		9,742
Total assets	<u>\$ 248,078</u>	<u>\$ 223,586</u>	<u>\$ (216,786)</u>	<u>\$ 254,878</u>
Liabilities				
Due to other government	\$ 20,000	\$	\$	\$ 20,000
Accrued interest payable	37,536	38,757	(37,536)	38,757
Due to bondholders and others	<u>190,542</u>	<u>184,829</u>	<u>(179,250)</u>	<u>196,121</u>
Total liabilities	<u>\$ 248,078</u>	<u>\$ 223,586</u>	<u>\$ (216,786)</u>	<u>\$ 254,878</u>

The notes to the required supplemental information are an integral part of this schedule.

Schell-Vista Fire Protection District
Notes to the Required Supplementary Information
June 30, 2010

A. Agency Fund - Special Assessment Debt

During fiscal year 1999/2000, the District formed the Community Facilities District No. 1 (Schell Vista Fire Station Project) (CFD No. 1), a Mello-Roos Community Facilities District. The CFD No. 1 was formed in order to provide financing for the construction of a new fire station. The CFD No. 1 issued \$2,020,000 of special assessment serial bonds with semi-annual interest payments due March 1 and September 1. The first payment was due March 1, 2000. The first series of bonds matures September 1, 2001. The interest rate is 4.5% to 6.0%. The last payment will be made September 1, 2029.

During fiscal year 2005/2006, the District issued \$403,463 of special assessment serial bonds with semi-annual interest payments due March 1 and September 1. The first payment was due September 1, 2006. The first series of bonds matures September 1, 2007. The interest rate is 5.34% to 6.35%. The last payment will be made September 1, 2032.

Neither the District nor the Community Facilities District No. 1 has any obligation to pay the special assessment debt. Their only obligation is to be an agent to for the collection of the special assessment revenue and to transfer it to the Trustee, US Bank.

**Schell-Vista Fire Protection District
Roster of Board Members**

As of May 12, 2011 the District Board consisted of the following members:

<u>Directors:</u>	<u>Office</u>	<u>Term Expires</u>
Fred Unsworth	Chair	November, 2014
Joseph Petersen	Treasurer	November, 2013
Robert McLean		November, 2014

Clerk of the Board:

Jeanne Williams

Regular Meetings:

The regular meeting of the Board of Directors is held at 7:30 P.M. on the first Wednesday of each month at the Schell Vista Station #1, located at 22950 Broadway, Sonoma CA. (707)938-2633.