

MONTE RIO FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2019

MONTE RIO FIRE PROTECTION DISTRICT

Table of Contents

Independent Auditor's Report.....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities.....	4
Fund Financial Statements	
Governmental Funds:	
Balance Sheet.....	5
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities.....	6
Statement of Revenues, Expenditures and Changes in Fund Balances.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities.....	8
Notes to the Financial Statements.....	9
Required Supplementary Information:	
Budgetary Comparison Schedule:	
General Fund	16
Note to the Required Supplementary Information.....	17

LARRY BAIN, CPA

An Accounting Corporation

2148 Frascati Drive, El Dorado Hills, CA 95762 / 916.601-8894

lpbain@sbcglobal.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Monte Rio Fire Protection District
Monte Rio, California

We have audited the accompanying financial statements of the governmental activities and fund information which comprise the basic financial statements of Monte Rio Fire Protection District as of and for the fiscal year ended June 30, 2019, and the related notes to the 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 the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 District'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 District'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 financial statement presentation.

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

Basis for Qualified Opinion on Governmental Activities and on Fund Information

Management has not included the activities of the Monte Rio Fire Foundation in these financial statements. Because members of the Board of Directors for Monte Rio Fire Foundation sit on the Board of Monte Rio Fire Protection District the activities of the Foundation should be audited and included as a component unit in these financial statements.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities and on Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Monte Rio Fire Protection District as of June 30, 2019, and the changes in financial position, of those activities and funds for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

The Monte Rio Fire Protection District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison for the General fund on page 16 is 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Larry Bain, CPA
An Accounting Corporation

December 1, 2019

MONTE RIO FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 974,498
Due from other governments	27,342
Capital assets:	
Non-depreciable	185,095
Depreciable capital assets-net	<u>761,106</u>
Total Assets	<u>\$ 1,948,041</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ -
Accrued payroll	<u>10,183</u>
Total current liabilities	<u>10,183</u>
Net Position	
Net investment in capital assets	946,201
Unrestricted	<u>991,657</u>
Total Net Position	<u>\$ 1,937,858</u>

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

MONTE RIO FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES
JUNE 30, 2019**

	Program Revenues			
	Expenses	Charges for Services	Operating grants And Contributions	Total
Governmental Activities:				
Fire protection services	\$ 553,073	\$ -	\$ 217,197	\$ (335,876)
Total Governmental Activities	\$ 553,073	\$ -	\$ 217,197	(335,876)

General Revenues:

 Taxes:

Property tax, levied for general purposes	496,407
Investment income	2,079
Other	25,205
Total general revenues	523,691
Change in net position	187,815
Net position - beginning	1,750,043
Net position - ending	\$ 1,937,858

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

MONTE RIO FIRE PROTECTION DISTRICT

GOVERNMENT FUNDS
BALANCE SHEET
JUNE 30, 2019

	<u>General Fund</u>
Assets	
Cash and investments	\$ 974,498
Due from other governments	<u>27,342</u>
Total Assets	\$ <u><u>1,001,840</u></u>
Liabilities and Fund Balance	
Liabilities	
Claims payable	\$ -
Accrued payroll	<u>10,182</u>
Total Liabilities	<u>10,182</u>
Fund Balance	
Assigned	381,446
Unassigned	<u>610,212</u>
Total Fund Balance	<u>991,658</u>
Total Liabilities and Fund Balance	\$ <u><u>1,001,840</u></u>

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

MONTE RIO FIRE PROTECTION DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund Balance	\$ 991,658
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	<u>946,200</u>
Net position of governmental activities	\$ <u><u>1,937,858</u></u>

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

MONTE RIO FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2019

	<u>General Fund</u>
Revenues	
Property taxes	\$ 494,860
Intergovernmental revenues	218,744
Use of money and property	2,079
Contributions and other	<u>25,205</u>
Total Revenues	<u>740,888</u>
Expenditures	
Public Protection:	
Salaries and benefits	244,721
Services and supplies	219,605
Capital outlay	<u>37,334</u>
Total Expenditures	<u>501,660</u>
Net Change in Fund Balance	<u>239,228</u>
Fund Balance, July 1, 2018	<u>752,430</u>
Fund Balance, June 30, 2019	<u>\$ 991,658</u>

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

MONTE RIO FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019

Net Change in Fund Balance - Total Governmental Fund \$ 239,228

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balance because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	37,333
Depreciation expense	<u>(88,746)</u>

Change in net position of governmental activities \$ 187,815

MONTE RIO FIRE PROTECTION DISTRICT

Notes to the Financial Statements June 30, 2019

Note 1: Summary of Significant Accounting Policies

The Monte Rio Fire Protection District was formed in 1920 under Health and Safety Code Section 14271. The District serves taxpayers and residence within the 45 miles from Northwood to Jenner in Sonoma, County. The District's governmental powers are exercised through the Board of Directors.

The District receives revenues from taxes levied upon property located within the District by the County of Sonoma. The assessor of the County of Sonoma determines the assessed valuations of such property, and the taxes are collected by the tax collector of that County.

The accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Based on the aforementioned oversight criteria, the Monte Rio Fire Foundation is a component unit of Monte Rio Fire Protection District in accordance with Governmental Accounting Standards Board.

B. Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

MONTE RIO FIRE PROTECTION DISTRICT

Notes to the Financial Statements June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following is the District's governmental fund:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Fund Equity

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

MONTE RIO FIRE PROTECTION DISTRICT

Notes to the Financial Statements June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

H. Property Taxes

The District receives property taxes from Sonoma County, which has been assigned the responsibility for assessment, collections, 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, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest. 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.

I. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$3,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Building improvements	20 to 40 years
Equipment	10 to 20 years

Note 2: Cash and Investments

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

Checking	\$ 296,169
Liquid savings	301,118
Money market	356,935
Cash and investment in the County Treasurer	<u>20,276</u>
Total cash and investments	<u>\$ 974,498</u>

MONTE RIO FIRE PROTECTION DISTRICT

**Notes to the Financial Statements
June 30, 2019**

Note 2: Cash and Investments (Continued)

A. Investments Authorized by the California Government Code and the Entity’s Investment Policy

The table below identifies the **investment types** that are authorized for the Monte Rio Recreation Fire Protection 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 trustees 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 investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Investment pools authorized under CA			
Statutes governed by Government Code	N/A	None	\$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. 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 and 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 investment maturity:

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining Maturity (in Months)</u>	
		<u>12 Months or Less</u>	<u>13-48 Months</u>
Money Market*	\$ 356,935	\$ 356,935	\$ -
Totals	\$ 356,935	\$ 356,935	\$ -

*Not subject to categorization

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. 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 deposit 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 (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its

MONTE RIO FIRE PROTECTION DISTRICT

**Notes to the Financial Statements
June 30, 2019**

Note 2: Cash and Investments (Continued)

D. Custodial Credit Risk (Continued)

investment of collateral securities that are in the possession of another party. The California Government Code and the District'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; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2019, the District's deposits balance was \$611,779 and the carrying amount was \$597,287. The difference between the bank balance and the carrying amount was due to normal outstanding checks and/or deposits in transit. Of the bank balance, all was covered by the Federal Depository Insurance and/or collateral held in the pledging bank's trust department in the District's name.

E. Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Sonoma County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Capital Assets

Activity for general fixed assets capitalized by the District for the year ended June 30, 2019 is summarized below:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	Retirement/ <u>Adjustments</u>	Balance <u>June 30, 2019</u>
Capital assets, not being depreciated				
Land	\$ 41,480	\$ -	\$ -	\$ 41,480
Work in progress	143,615	-	-	143,615
Capital assets, being depreciated:				
Buildings and improvements	728,641			728,641
Vehicles and Equipment	1,067,555	37,334	-	1,104,889
Total capital assets, being depreciated	1,796,196	37,334	-	1,833,530
Less accumulated depreciation	(983,678)	(88,746)	-	(1,072,424)
Governmental activities, capital assets, net	<u>\$ 997,613</u>	<u>\$ (51,412)</u>	<u>\$ -</u>	<u>\$ 946,201</u>

MONTE RIO FIRE PROTECTION DISTRICT

Notes to the Financial Statements June 30, 2019

Note 4: Joint Power Authority

On September 1, 2013 the District entered into a Joint Powers Agreement establishing the Creekside Wastewater Authority (CWA). The District along with Monte Rio Recreation and Park District are the parties to this agreement and collectively have agreed to build a wastewater treatment system on the Monte Rio Recreation and Park District property to serve both Districts wastewater needs. The CWA system is owned by the Authority and the Districts have agreed to share equally in the cost of building, operating, maintaining and repairing the CWA System. During the 2013/14 fiscal year the Monte Rio Fire Protection District transferred \$131,424 to Monte Rio Recreation and Park District as their half of the cost to build the CWA system. Each District has agreed to transfer \$2,500 to the CWA designated for the CWA maintenance contingency. The CWA has its own 5 member Board of Directors two of which are appointed by each District and the fifth selected by the four appointed members. The fifth Board member cannot be affiliated with either the Recreation and Park District or the Fire District.

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover the risk of loss for general liability, auto liability, property liability and workers compensation. The District pays an annual premium for its insurance coverage.

Note 6: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 7: Gann Limit

Total Subject Revenue 2018-19	\$ 496,939
Amount of limit for 2018-19	<u>512,675</u>
Amount (under)/over limit	<u>\$ (15,736)</u>

Note 8: Related Parties

Two of the District Board members are also firefighter who receive stipends and are assigned to work on District sponsored strike team fires. One of the Board members contracted with the District to perform electrical services during the 2018/19 fiscal year. The amount received by the Board Members for these activities during the 2018/19 fiscal year was \$765 to one Board Member and \$3,395 to the second Board Member.

Note 9: Stewardship, Compliance and Accountability

Excess of Expenditures Over Appropriations

The final amended general fund budget had the following accounts with excess expenditures over appropriations.

Salary and benefits was over expended by \$28,666 and services and supplies was over expended by \$56,410.

MONTE RIO FIRE PROTECTION DISTRICT

**Notes to the Financial Statements
June 30, 2019**

Note 10: Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

In the normal course of business, the District is a defendant in various lawsuits. Defence of lawsuits are typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

MONTE RIO FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues				
Property taxes	\$ 444,931	\$ 444,931	\$ 494,860	\$ 49,929
Intergovernmental revenues	35,898	35,898	218,744	182,846
Use of money and property			2,079	2,079
Other revenues	<u>1,000</u>	<u>1,000</u>	<u>25,205</u>	<u>24,205</u>
Total Revenues	<u>481,829</u>	<u>481,829</u>	<u>740,888</u>	<u>259,059</u>
Expenditures				
Salaries and benefits	216,055	216,055	244,721	(28,666)
Services and supplies	163,204	163,204	219,605	(56,401)
Capital outlay	<u>66,128</u>	<u>66,128</u>	<u>37,334</u>	<u>28,794</u>
Total Expenditures	<u>445,387</u>	<u>445,387</u>	<u>501,660</u>	<u>(56,273)</u>
Net Change in Fund Balance	\$ <u>36,442</u>	\$ <u>36,442</u>	<u>239,228</u>	\$ <u>315,332</u>
Fund Balance, July 1, 2018			<u>752,430</u>	
Fund Balance, June 30, 2019			\$ <u>991,658</u>	

MONTE RIO FIRE PROTECTION DISTRICT

**Note to the Required Supplementary Information
June 30, 2019**

Note 1. Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the sources of financing. The District approved the final 2018-2019 budget on September 4, 2018.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general fund is the only legally adopted budget.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the accompanying financial statements includes all revisions approved by the Board of Directors.