

MOKELUMNE RURAL COUNTY
FIRE PROTECTION DISTRICT

FINANCIAL REPORT

JUNE 30, 2023 AND 2022

CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statements of Net Position	4
Statements of Activities	5-6
Fund Financial Statements	
Governmental Fund Balance Sheets	7
Reconciliation of the Governmental Fund Balance Sheets to the Statements of Net Position	8-9
Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances	10
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances to the Statements of Activities	11-12
Statements of Fiduciary Net Position	13
NOTES TO FINANCIAL STATEMENTS	14-33
SUPPLEMENTARY INFORMATION	
Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances – Budget to Actual – General Fund	34-35
Schedule of Proportionate Share of Net Pension Liability	36
Schedule of Pension Contributions	37



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mokelumne Rural County Fire Protection District
Lockeford, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mokelumne Rural County Fire Protection District (the "District") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2023 and 2022, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Philip Lantsberger, CPA
Robert Gross, CPA
Nikolas A. Torres, CPA

3461 Brookside Road
Suite E
Stockton, California 95219
Ph: 209.474.1084
Fx: 209.474.0301
www.sglacpas.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary information on page 34 and 35, the schedule of proportionate share of net pension liability on page 36, and the schedule of pension contributions on page 37, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Schwartz, Giannini, Lantberger & Adamson

Stockton, California
March 29, 2024

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	Governmental Activities	
	2023	2022
ASSETS		
Cash and investments	\$ 185,685	\$ 196,366
Accounts receivable	26,726	
Prepaid expenses	8,765	5,205
Capital assets (Note 6)		
Nondepreciable	139,944	139,944
Depreciable, net	<u>1,772,063</u>	<u>1,449,608</u>
Total assets	<u>2,133,183</u>	<u>1,791,123</u>
DEFERRED OUTFLOWS		
Pension (Note 8)	<u>597,895</u>	<u>334,817</u>
LIABILITIES		
Current liabilities		
Due to the County	172,351	-
Accounts payable	230,236	94,742
Accrued payroll	31,084	35,110
Accrued interest	17,476	18,147
Current portion of long-term debt (Note 7)	<u>82,337</u>	<u>79,799</u>
Total current liabilities	<u>533,484</u>	<u>227,798</u>
Noncurrent liabilities		
Accrued compensated absences	54,418	83,601
Net pension liability (Note 8)	866,170	301,112
Long-term debt, net of current portion (Note 7)	<u>466,364</u>	<u>557,410</u>
Total noncurrent liabilities	<u>1,386,952</u>	<u>942,123</u>
Total liabilities	<u>1,920,436</u>	<u>1,169,921</u>
DEFERRED INFLOWS		
Pension (Note 8)	<u>30,132</u>	<u>198,476</u>
NET POSITION		
Net investment in capital assets	1,363,306	952,343
Unrestricted	<u>(582,796)</u>	<u>(194,800)</u>
Total net position	<u>\$ 780,510</u>	<u>\$ 757,543</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenue			
	Expenses	Charges for Services	Operation Contributions and Grants	Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
Governmental activities					
Fire Protection Services	\$ 2,147,252	\$ 48,657	\$ 105,234	\$ 595,485	\$ (1,397,876)
Total governmental activities	\$ 2,147,252	\$ 48,657	\$ 105,234	\$ 595,485	(1,397,876)
General revenue					
					1,413,929
					2,661
					1,416,590
					4,253
					22,967
					757,543
					\$ 780,510

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operation Contributions and Grants</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
Fire Protection Services	\$ 1,788,722	\$ 481,078	\$ 121,013	\$ -	\$ (1,186,631)
Total governmental activities	\$ 1,788,722	\$ 481,078	\$ 121,013	\$ -	(1,186,631)
General revenue					
					1,362,738
					130
					<u>1,362,868</u>
					(19,650)
					156,587
					<u>600,956</u>
					<u>\$ 757,543</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

GOVERNMENTAL FUND BALANCE SHEETS
 JUNE 30, 2023 AND 2022

	General Fund	
	2023	2022
ASSETS		
Cash in county treasury	\$ 185,685	\$ 196,366
Accounts receivable	26,726	-
Prepaid expenses	8,765	5,205
	<u>221,176</u>	<u>201,571</u>
Total assets	<u>221,176</u>	<u>201,571</u>
LIABILITIES		
Accounts payable	230,236	94,742
Due to the County	172,351	-
Accrued payroll	31,084	35,110
	<u>433,671</u>	<u>129,852</u>
Total liabilities	<u>433,671</u>	<u>129,852</u>
FUND BALANCE		
Nonspendable - Prepaid expenditures	8,765	5,205
Assigned - Capital outlay	-	30,000
Unassigned - General	(221,260)	36,514
	<u>(212,495)</u>	<u>71,719</u>
Total fund balance	<u>(212,495)</u>	<u>71,719</u>
Total liabilities and fund balances	<u>\$ 221,176</u>	<u>\$ 201,571</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2023

Total fund balance - governmental funds \$ (212,495)

In governmental funds, only current assets are reported. In the Statements of Net Position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	3,352,724
Accumulated depreciation		<u>(1,440,717)</u>

Net capital assets 1,912,007

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide Statements of Activities, it is recognized in the period that it is incurred. (17,476)

In the governmental funds, only current liabilities are reported. In the Statements of Net Position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$	(54,418)
Net pension liability		(866,170)
Long-term debt		<u>(548,701)</u>

(1,469,289)

In governmental funds, pension obligations are deferred because they do not meet current financial obligations. However, in the government-wide Statement of Net Position, deferred outflows and deferred inflows related to pensions are recorded. The difference between deferred outflows of \$597,895 and deferred inflows of \$30,132 is: 567,763

Total net position - governmental activities \$ 780,510

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2022

Total fund balance - governmental funds	\$	71,719
---	----	--------

In governmental funds, only current assets are reported. In the Statements of Net Position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	2,885,978	
Accumulated depreciation		<u>(1,296,426)</u>	

Net capital assets		1,589,552
--------------------	--	-----------

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide Statements of Activities, it is recognized in the period that it is incurred. (18,147)

In the governmental funds, only current liabilities are reported. In the Statements of Net Position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$	83,601	
Net pension liability		301,112	
Long-term debt		<u>637,209</u>	(1,021,922)

In governmental funds, pension obligations are deferred because they do not meet current financial obligations. However, in the government-wide Statements of Net Position, deferred outflows and deferred inflows related to pensions are recorded. The difference between deferred outflows of \$334,817 and deferred inflows of \$198,476 is: 136,341

Total net position - governmental activities	\$	<u><u>757,543</u></u>
--	----	-----------------------

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN GOVERNMENTAL FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	General Fund	
	2023	2022
REVENUES		
Taxes and assessments	\$ 1,339,277	\$ 1,270,206
Facilities impact and plan check fees	74,652	92,532
Charges for services	48,657	448,668
Interest income	2,661	130
Grant revenue	595,485	121,013
Miscellaneous income	96,504	32,410
Total revenues	<u>2,157,236</u>	<u>1,964,959</u>
EXPENDITURES		
Salaries and wages	1,027,959	1,157,367
Fringe benefits	472,670	466,919
Professional services	84,502	59,334
Insurance	19,319	21,678
Maintenance and repairs	99,217	130,338
Supplies and other costs	145,241	52,476
Capital outlay	523,570	118,878
Total general expenditures	<u>2,372,478</u>	<u>2,006,990</u>
Debt service:		
Interest and fees	24,693	21,163
Principal payments	79,779	81,633
Total debt service	<u>104,472</u>	<u>102,796</u>
Total expenditures	<u>2,476,950</u>	<u>2,109,786</u>
(Excess) of expenditures over revenues	(319,714)	(144,827)
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of assets	35,500	20,000
Total other financing sources (uses)	<u>35,500</u>	<u>20,000</u>
(Excess) of expenditures and other (uses) over revenues and other sources	(284,214)	(124,827)
Fund balance - beginning	<u>71,719</u>	<u>196,546</u>
Fund balance - ending	<u>\$ (212,495)</u>	<u>\$ 71,719</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balance - governmental fund	\$ (284,214)
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Capital assets are reported in governmental funds as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$523,570 exceeds depreciation expense of \$168,233 in the period.	353,700
In governmental funds, pension costs are recognized when employer contributions are made. In the Statements of Activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between pension costs and actual employer contributions was:	(133,635)
In governmental funds, the entire proceeds from disposal of capital assets are recorded as revenue. In the Statements of Activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:	(31,247)
In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Payment of long-term debt was:	79,779
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide Statements of Activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period was:	671
In the Statement of Activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amounts of financial resources used (essentially the amounts paid.) For this fiscal year, vacation earned exceeded the amounts used by:	29,183
In governmental funds, long-term debt is recorded when proceeds are received and payments are made. Debt forgiveness is, therefore, not recorded in the Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances since payment was not actually made.	<u>8,730</u>
Increase in net position of governmental activities	<u>\$ 22,967</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balance - governmental fund	\$ (124,827)
Amounts reported for governmental activities in the Statements of Net Position are different because:	
Capital assets are reported in governmental funds as expenditures. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$118,878 differs from depreciation expense of \$146,194 in the period.	(27,316)
In governmental funds, pension costs are recognized when employer contributions are made. In the Statements of Activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between pension costs and actual employer contributions was:	266,747
In governmental funds, the entire proceeds from disposal of capital assets are recorded as revenue. In the Statements of Activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:	(39,650)
In governmental funds, repayments of long-term debt are reported as expenditures. In government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Payment of long-term debt was:	<u>81,633</u>
Increase in net position of governmental activities	<u><u>\$ 156,587</u></u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2023 AND 2022

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
ASSETS		
Investments	<u>\$ 188,754</u>	<u>\$ 163,845</u>
LIABILITIES		
Deferred compensation	<u>\$ 188,754</u>	<u>\$ 163,845</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. ORGANIZATION

The Mokelumne Rural County Fire Protection District (the “District”) was organized for the purpose of offering fire protection to residents and landowners in the Victor and Lockeford areas of San Joaquin County. The District operates under the authority of the State of California Health and Safety Code, Section 13801.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The reporting entity is the Mokelumne Rural County Fire Protection District. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Government activities* are normally supported by taxes and intergovernmental revenues.

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment are 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 segment and 2) grants and contributions that are restricted to meeting the 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Presentation

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The government-wide statements of activities present a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds, if applicable, are aggregated into one column.

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 Governmental 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.

Basis of Accounting

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

Revenue – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measureable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenues:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Expenses/expenditures:

Under the accrual basis of accounting, expenses are recognized at the time a liability is incurred. Under the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

Fund Accounting

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

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

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances and Net Position

Fund balance is the difference between the assets and liabilities reported in the governmental general fund. In compliance with GASB Statement No. 54, the District has established the following fund balance types:

Nonspendable – This non-spendable fund balance classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted – The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance, etc.) it employed to previously commit those amounts.

Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted or committed. Such intent is to be established by a) the governing body itself or b) a body or official to which the governing body had delegated the authority to assign amounts to be used for specific purposes.

Unassigned – The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified in the following categories:

Net Investment in Capital Assets – Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by outstanding debt directly attributed to the acquisition, construction, or improvement of the assets.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances and Net Position (Continued)

Restricted Net Position – The restricted net position is the portion of net position that has external constraints placed on it by external creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation.

Unrestricted Net Position – The unrestricted net position classification is the amount remaining that does not fall into one of the above two categories.

The District’s policy is that when an expenditure is incurred for which both restricted and unrestricted fund balances are available, the restricted fund balance be spent first followed by committed, then assigned, and if applicable, unassigned.

Cash and Investments

The District’s cash is held in an agency capacity by San Joaquin County. San Joaquin County operates a pooled cash fund for all its agency funds. The cash on deposit with San Joaquin County may be invested in an external investment pool sponsored by San Joaquin County.

Prepaid Expenses

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period benefitted.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

Capital Assets and Depreciation

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance or items less than \$1,000 are recorded as expenses. Capital assets are depreciated over the estimated useful life of the related asset. Depreciation is provided for under the straight-line method using the following estimated useful lives:

Buildings	20-40 years
Improvements	10-20 years
Trucks and Apparatus	5-25 years
Office Equipment	5-10 years
Furniture/Equipment	5-10 years

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District's policy allows employees to accumulate unlimited sick leave and up to 480 hours of vacation leave. Employees are entitled to be paid any accumulated vacation upon separation from the District. Upon termination, accumulated sick leave may be applied to CalPERS for additional service credit.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a computation of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred outflows of resources the District has reported.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 8 for a detailed listing of the deferred inflows of resources the District has reported.

Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plan and additions to or deductions from the PERS Plan fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting

The Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances – Budget to Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Annual budget requests are submitted by the District’s staff to the District’s Board of Directors for preliminary review and approval. After a public hearing, a final budget is approved by the District’s Board of Directors, with a resolution adopting said budget. Copies are provided to all required agencies.

NOTE 3. PROPERTY TAXES AND DIRECT ASSESSMENTS

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Property Valuations – are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies – are limited to 1% of full value, which results in a tax base of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates – are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Levy Apportionments – Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3. PROPERTY TAXES AND DIRECT ASSESSMENTS (CONTINUED)

Tax Collections – are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments. The County of San Joaquin bills and collects all property taxes and remits to the District its share of the 1% property tax allocation. Tax revenues are recognized by the District when received.

Property Tax Administration Fees – The State of California Fiscal Year 1990-1991 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

Direct Assessments- The District also applies a direct assessment per parcel based upon its square footage and zoned use. The San Joaquin County Auditor adds the District’s direct assessment to the tax rolls, but controls no other aspect of the District’s assessment. All funds collected are left on deposit with the Treasurer of San Joaquin County. The District’s obligations are paid out of these funds only upon properly verified warrant requests authorized by the District.

NOTE 4. APPROPRIATION LIMITS AND PROPOSITION #4

The District did not exceed any spending limits as regulated by Proposition 4. However, the District did exceed spending limits on certain budgeted line items. This information is disclosed on the Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances – Budget to Actual – General Fund.

NOTE 5. CASH AND INVESTMENTS

Cash and investments of the District as of June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and investments on deposit with County Treasurer	\$ 38,701	\$ 190,060
Cash on hand and in bank	<u>146,984</u>	<u>6,306</u>
Total cash and investments	<u>\$ 185,685</u>	<u>\$ 196,366</u>

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5. CASH AND INVESTMENTS (CONTINUED)

The District categorized its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the San Joaquin County Investment Pool, that external pool is measured under Level 2.

Investments Authorized by the District's Investment Policy

The District has not formally adopted a deposit and investment policy that limits the District's allowable deposits or investments and addresses the specific types of risk to which the government is exposed. However, the San Joaquin County Treasurer's investment policy contains specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market 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.

One of the ways that interest rate risk is managed is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The remaining maturity of the District's investments in the San Joaquin County Investment Pool is 12 months or less.

Disclosure 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. There is no minimum legal rating required of investment pools such as the San Joaquin County Investment Pool. Therefore, a rating is not issued.

Concentration of Credit Risk

The District has not formally adopted an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5. CASH AND INVESTMENTS (CONTINUED)

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 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 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 governmental 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 trust deed mortgage notes having a value of 150% of the secured public deposits.

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 investment or 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 investments. With respect to investments, custodial credit risk generally applies to only 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 San Joaquin County Investment Pool).

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ending June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities:				
Non-depreciable assets:				
Land	\$ 70,876	\$ -	\$ -	\$ 70,876
Land improvements	69,068	-	-	69,068
Total non-depreciable assets	<u>139,944</u>	<u>-</u>	<u>-</u>	<u>139,944</u>
Depreciable assets:				
Building	473,991	-	-	473,991
Improvements	78,187	-	-	78,187
Furniture and equipment	258,342	459,948	(1,635)	716,655
Trucks and apparatus	1,935,514	63,622	(55,189)	1,943,947
Total depreciable assets	<u>2,746,034</u>	<u>523,570</u>	<u>(56,824)</u>	<u>3,212,780</u>
Accumulated depreciation	<u>(1,296,426)</u>	<u>(168,233)</u>	<u>23,942</u>	<u>(1,440,717)</u>
Net depreciable assets	<u>1,449,608</u>	<u>355,337</u>	<u>(32,882)</u>	<u>1,772,063</u>
Net capital assets	<u>\$ 1,589,552</u>	<u>\$ 355,337</u>	<u>\$ (32,882)</u>	<u>\$ 1,912,007</u>

Capital asset activity for the year ending June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities:				
Non-depreciable assets:				
Land	\$ 70,876	\$ -	\$ -	\$ 70,876
Land improvements	69,068	-	-	69,068
Total non-depreciable assets	<u>139,944</u>	<u>-</u>	<u>-</u>	<u>139,944</u>
Depreciable assets:				
Building	473,991	-	-	473,991
Improvements	33,887	44,300	-	78,187
Furniture and equipment	253,036	5,306	-	258,342
Trucks and apparatus	2,252,138	69,272	(385,896)	1,935,514
Total depreciable assets	<u>3,013,052</u>	<u>118,878</u>	<u>(385,896)</u>	<u>2,746,034</u>
Accumulated depreciation	<u>(1,496,478)</u>	<u>(146,194)</u>	<u>346,246</u>	<u>(1,296,426)</u>
Net depreciable assets	<u>1,516,574</u>	<u>(27,316)</u>	<u>(39,650)</u>	<u>1,449,608</u>
Net capital assets	<u>\$ 1,656,518</u>	<u>\$ (27,316)</u>	<u>\$ (39,650)</u>	<u>\$ 1,589,552</u>

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Loan payable to the State of California for the shortfall in funding received through supplemental roll revenues during the 1984-85 fiscal year. The State has yet to request payment for the loan, therefore, the District has determined removal of this loan payable is appropriate as no further 1984-85 fiscal supplemental taxes are expected to be collected.	\$ -	\$ 8,730
Contract payable for the purchase of a Hi-Tech Spartan engine. Interest accrues at 3.18% per year and requires annual payments of \$60,666 through November 2027.	276,392	326,668
Contract payable for the purchase of a 2020 Freightliner Type III engine. Interest accrues at 3.18% per year and requires annual payments of \$39,098 through July 2030.	272,309	301,811
	<u>\$ 548,701</u>	<u>\$ 637,209</u>

Future maturities of long-term debt at June 30, 2023, are as follows:

<u>Year</u>	
2024	\$ 82,337
2025	84,933
2026	87,634
2027	90,421
2028	93,263
Thereafter	110,113
	<u>\$ 548,701</u>

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8. PENSION PLAN

General Information about the Pension Plan

Plan Description, Benefits Provided, and Employees Covered - Effective October 25, 1999, the District participates in the Public Agency portion of the California Public Employees' Retirement System (CalPERS). The District's retirement plan is administered by CalPERS, a multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within California.

A menu of benefit provisions, as well as other requirements, are established by State statutes within the Public Employees' Retirement law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Governmental Resolution. The District is enrolled in one plan; the Safety plan. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report can be found on CalPERS website.

The Plan's provisions and benefits in effect at June 30, 2023 and June 30, 2022, are summarized as follows:

	<u>Safety Plan</u>	
	<u>Hire date prior to January 1, 2013</u>	<u>Hire date on or after January 1, 2013</u>
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	57
Required employee contribution rates	9%	13%
 <u>2023:</u>		
Required employer contribution rates	18.170%	12.780%
Required employer payment of unfunded liability	\$60,064	\$1,842
 <u>2022:</u>		
Required employer contribution rates	18.190%	13.130%
Required employer payment of unfunded liability	\$51,886	\$1,684

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8. PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contribution Description - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employees be actuarially determined on an annual basis and shall be effective on July 1 following notice of a change in rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contributions to the pension plan during the years ended June 30, 2023 and 2022 were \$171,455 and \$182,498, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2023 and 2022, the District reported a liability of \$866,170 and \$301,112 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, for fiscal year 2023, and as of June 30, 2021, for fiscal year 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, and June 30, 2020, rolled forward to June 30, 2022, and June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on an actuarially-determined projection of the District's long-term share of contributions to the pension plan relative to the actuarially-determined projected contributions of all Pension Plan participants.

At June 30, 2022, the District's proportion was 0.00858%, which decreased by 0.00194% from June 30, 2021. At June 30, 2021, the District's proportion was 0.01052%, which increased by 0.00069% from June 30, 2020.

For the year ended June 30, 2023, the District recognized pension expense of \$305,090. For the year ended June 30, 2022, the District recognized pension credit of \$66,265. Pension expense/credit represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial assumptions or method, and plan benefits.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the District reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 87,336	\$ -
Differences between Expected and Actual Experience	35,848	9,406
Differences between Projected and Actual Investment Earnings	136,780	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	20,726
Change in Employer's Proportion	166,476	-
Pension Contributions Made Subsequent to Measurement Date	171,455	-
	\$ 597,895	\$ 30,132

At June 30, 2022, the District reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	51,444	-
Differences between Projected and Actual Investment Earnings	-	179,219
Differences between Employer's Contributions and Proportionate Share of Contributions	897	19,257
Change in Employer's Proportion	81,996	-
Pension Contributions Made Subsequent to Measurement Date	200,480	-
	\$ 334,817	\$ 198,476

The \$171,455 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending June 30:	Safety Plan
2024	\$ 140,204
2025	112,309
2026	60,358
2027	83,438
	\$ 396,309

Actuarial Assumptions - The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

	Safety Plan
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions	
Discount Rate	6.9%
Inflation	2.3%
Salary Increases	Varies by entry age and service
Investment Rate of Return	6.9% net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Change in Assumptions – For the measurement date of June 30, 2022, the discount rate was lowered from 7.15% to 6.9% and the inflation rate was decreased from 2.5% to 2.3%.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2021

NOTE 8. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.9%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9% will be applied to all plans in the Public Employees Retirement Fund including PERF C. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS staff took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes, are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as followed:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^{1,2}
Global equity- cap-weighted	30%	4.45%
Global equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	10%	0.50%
Investment Grade Corporates	5%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

¹ An expected inflation of 2.3% was used for this period.

² Figures are based on the 2021-2022 Asset Liability Management study.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.9%) or 1% point higher (7.9%) than the current rate:

	2023		
	1% Decrease	Current	1% Increase
	5.90%	Discount Rate 6.90%	7.90%
District's proportionate share of the net pension plan liability	\$ 1,389,600	\$ 866,170	\$ 438,384

	2022		
	1% Decrease	Current	1% Increase
	6.15%	Discount Rate 7.15%	8.15%
District's proportionate share of the net pension plan liability	\$ 784,114	\$ 301,112	\$ (95,615)

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2023 and June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2023 and June 30, 2022.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9. EMPLOYEE THRIFT PLAN

District employees may elect to defer a portion of their gross wages to a non-qualified thrift savings plan. Participating employees can direct the trustee with respect to the investment of all contributions and the earnings thereon in securities obtainable “over the counter” or on recognized exchanges. Alternative investment vehicles would include savings accounts or certificates of deposits.

NOTE 10. DEFERRED COMPENSATION PLAN

The District, in a fiduciary capacity, holds an account in the Nationwide Retirement Solutions Deferred Compensation Plan. Under the plan, employees may make bi-weekly automatic payroll deduction contributions, subject to limitations. The District does not make any additional contributions.

NOTE 11. RISK MANAGEMENT AND INSURANCE

The District is exposed to various risks of loss relating to worker’s compensation liability. The District participates in a joint powers agreement established in July 1984 to provide coverage for worker’s compensation liability exposures and to pay for the administration of the Fire District’s Association of California-Fire Agency Self Insurance System (FDAC-FASIS, or Association), on behalf of its members. The District currently reports all of its risk management activities in its general fund. Premiums due to the Association are reported when incurred.

The agreement for the formation of the FDAC-FASIS provides that the system will be self-sustaining through member premiums and will reimburse, through a commercial insurance company, claims in excess of a self-insured retention of \$300,000. Above the self-insured retention, excess insurance coverage is in place to a limit of \$10,000,000.

As defined by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, FDAC-FASIS is a “risk-sharing pool.” The Association manages one pool for all members. The arrangement allows its members to pool risks and share in the cost of losses. Each member of the Association pays an annual premium to the insurance system. This premium is evaluated each year based on a District’s number of personnel, its estimated payroll, and a historical experience factor.

NOTE 12. DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 29, 2024, the date the financial statements were available to be issued.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13. OTHER MATTER

Department management and the board of directors have initiated an investigation, in conjunction with the San Joaquin County District Attorney, related to alleged actions of a former Department employee. The magnitude of the financial impact to the Department has not yet been determined.

SUPPLEMENTARY INFORMATION

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
GOVERNMENTAL FUND BALANCES - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes and assessments	\$ 1,292,654	\$ 1,292,654	\$ 1,339,277	\$ 46,623
Facilities impact and plan check fees	79,310	79,310	74,652	(4,658)
Strike team income	60,000	60,000	48,657	(11,343)
Interest income	381	381	2,661	2,280
Grant revenue	-	-	595,485	595,485
Miscellaneous income	21,389	21,389	96,504	75,115
Total revenues	<u>1,453,734</u>	<u>1,453,734</u>	<u>2,157,236</u>	<u>703,502</u>
EXPENDITURES				
Salaries and wages	880,255	880,255	1,027,959	(147,704)
Fringe benefits	452,160	452,160	472,670	(20,510)
Professional services	58,400	58,400	84,502	(26,102)
Insurance	21,000	21,000	19,319	1,681
Maintenance and repairs	93,500	93,500	99,217	(5,717)
Supplies and other costs	66,100	66,100	145,241	(79,141)
Capital Outlay	10,000	10,000	523,570	(513,570)
Total general expenditures	<u>1,581,415</u>	<u>1,581,415</u>	<u>2,372,478</u>	<u>(791,063)</u>
Debt service:				
Interest and fees	-	-	24,693	(24,693)
Principal payments	-	-	79,779	(79,779)
Total debt service	<u>-</u>	<u>-</u>	<u>104,472</u>	<u>(104,472)</u>
Total expenditures	<u>1,581,415</u>	<u>1,581,415</u>	<u>2,476,950</u>	<u>(895,535)</u>
Excess (deficiency) of revenues over (under) expenditures	(127,681)	(127,681)	(319,714)	(192,033)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	35,500	20,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>35,500</u>	<u>20,000</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(127,681)	(127,681)	(284,214)	(172,033)
Fund balances - beginning	<u>71,719</u>	<u>71,719</u>	<u>71,719</u>	<u>-</u>
Fund balances - ending	<u>\$ (55,962)</u>	<u>\$ (55,962)</u>	<u>\$ (212,495)</u>	<u>\$ (172,033)</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
GOVERNMENTAL FUND BALANCES - BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes and assessments	\$ 1,356,361	\$ 1,356,361	\$ 1,270,206	\$ (86,155)
Facilities impact and plan check fees	40,699	40,699	92,532	51,833
Strike team income	60,000	60,000	448,668	388,668
Interest income	-	-	130	130
Grant revenue	25,889	25,889	121,013	95,124
Miscellaneous income	3,886	3,886	32,410	28,524
Total revenues	<u>1,486,835</u>	<u>1,486,835</u>	<u>1,964,959</u>	<u>478,124</u>
EXPENDITURES				
Salaries and wages	836,386	836,386	1,157,367	(320,981)
Fringe benefits	424,619	424,619	466,919	(42,300)
Professional services	52,700	52,700	59,334	(6,634)
Insurance	21,000	21,000	21,678	(678)
Maintenance and repairs	77,500	77,500	130,338	(52,838)
Supplies and other costs	60,500	60,500	52,476	8,024
Capital Outlay	10,000	10,000	118,878	(108,878)
Total general expenditures	<u>1,482,705</u>	<u>1,482,705</u>	<u>2,006,990</u>	<u>(524,285)</u>
Debt service:				
Interest and fees	-	-	21,163	(21,163)
Principal payments	-	-	81,633	(81,633)
Total debt service	<u>-</u>	<u>-</u>	<u>102,796</u>	<u>(102,796)</u>
Total expenditures	<u>1,482,705</u>	<u>1,482,705</u>	<u>2,109,786</u>	<u>(627,081)</u>
Excess (deficiency) of revenues over (under) expenditures	4,130	4,130	(144,827)	(148,956)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	20,000	20,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	4,130	4,130	(124,827)	(128,956)
Fund balances - beginning	<u>196,546</u>	<u>196,546</u>	<u>196,546</u>	<u>-</u>
Fund balances - ending	<u>\$ 200,676</u>	<u>\$ 200,676</u>	<u>\$ 71,719</u>	<u>\$ (128,956)</u>

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

The following table provides required supplementary information regarding the District's Pension Plan.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.012610%	0.00858%	0.01052%	0.00983%
Proportionate share of the net pension liability	\$ 866,170	\$ 301,112	\$ 701,187	\$ 613,454
Covered payroll	\$ 728,502	\$ 814,263	\$ 684,409	\$ 584,769
Proportionate share of the net pension liability as percentage of covered payroll	119%	37%	102%	105%
Plan's total pension liability	\$ 28,076,076,740	\$ 26,210,348,159	\$ 24,782,493,361	\$ 23,442,265,225
Plan's fiduciary net position	\$ 21,204,498,824	\$ 22,700,862,352	\$ 18,120,140,152	\$ 17,199,726,799
Plan fiduciary net position as a percentage of the total pension liability	75.53%	86.61%	73.12%	73.37%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.00931%	0.00904%	0.00873%	0.00809%
Proportionate share of the net pension liability	\$ 546,191	\$ 540,235	\$ 451,996	\$ 333,309
Covered payroll	\$ 540,861	\$ 519,657	\$ 479,181	\$ 450,370
Proportionate share of the net pension liability as percentage of covered payroll	101%	104%	94%	74%
Plan's total pension liability	\$ 22,053,702,155	\$ 21,144,800,930	\$ 18,961,274,094	\$ 18,131,714,318
Plan's fiduciary net position	\$ 16,186,149,467	\$ 15,169,595,595	\$ 13,782,056,004	\$ 14,011,269,803
Plan fiduciary net position as a percentage of the total pension liability	73.39%	71.74%	72.69%	77.27%

Notes to Schedule:

2015 supplementary information

The information pertaining to 2015 has been omitted due to a lack of records. Amounts being amortized from changes in assumptions are believed to now be immaterial.

Changes in assumptions

In 2023, the discount rate was decreased to 6.90% and the inflation rate was decreased to 2.30%.

In 2018, inflation was changed from 2.75 to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

* Fiscal year 2015 was the first year of implementation. Due to lack of records pertaining to 2015, the information for 2015 has been omitted. As such, only eight years are presented.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS
 LAST 10 YEARS*
 FOR THE YEAR ENDED JUNE 30, 2023

For Year Ended June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 171,455	\$ 182,498	\$ 153,540	\$ 126,254
Contribution in relation to the actuarially determined contributions	(171,455)	(182,498)	(153,540)	(126,254)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 728,502	\$ 814,263	\$ 684,409	\$ 584,769
Contributions as a percentage of covered payroll	-23.54%	-22.41%	-22.43%	-21.59%
For Year Ended June 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 108,126	\$ 93,326	\$ 81,905	\$ 60,423
Contribution in relation to the actuarially determined contributions	(108,126)	(93,326)	(81,905)	(60,423)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 540,861	\$ 519,657	\$ 479,181	\$ 450,370
Contributions as a percentage of covered payroll	-19.99%	-17.96%	-17.09%	-13.42%

Notes to Schedule

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Investment Rate of Return (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)	6.90%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.330% thereafter

* The 2014-2015 fiscal year was the first year of implementation, therefore, only eight years are shown. Information for the 2015 year was not available due to a lack of records.