MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

FINANCIAL REPORT

JUNE 30, 2022 AND 2021

CONTENTS

Schwartz
Giannini
Lantsberger
& Adamson
ACCOUNTANCY CORPORATION

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, 2022 and June 30, 2021, 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, 2022 and June 30, 2021, 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.

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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, Lantsberger & Adamson

Stockton, California
October 16, 2023

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
ASSETS		
Cash and investments	$ 196,366	$ 226,229
Prepaid expenses	5,205	5,205
Capital assets (Note 6)		
Nondepreciable	139,944	139,944
Depreciable, net	1,449,608	1,516,574
Total assets	1,791,123	1,887,952
DEFERRED OUTFLOWS		
Pension (Note 8)	334,817	276,905
LIABILITIES		
Current liabilities		
Accounts payable	94,742	8,495
Accrued payroll	35,110	26,393
Accrued interest	18,147	18,147
Current portion of long-term debt (Note 7)	79,799	81,633
Total current liabilities	227,798	134,668
Noncurrent liabilities		
Accrued compensated absences	83,601	83,601
Net pension liability (Note 8)	301,112	701,187
Long-term debt, net of current portion (Note 7)	557,410	637,210
Total noncurrent liabilities	942,123	1,421,998
Total liabilities	1,169,921	1,556,666
DEFERRED INFLOWS		
Pension (Note 8)	198,476	7,235
NET POSITION		
Net investment in capital assets	952,343	937,675
Unrestricted	(194,800)	(336,719)
Total net position	$ 757,543	$ 600,956

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		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	$ 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			
		Property taxes and assessments			1,362,738
		Interest income			130
		Total general revenue			1,362,868
		(Loss) on sale of asset			(19,650)
		Increase in net position			156,587
		Net position - beginning of year			600,956
		Net position - end of year			$ 757,543

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operation Contributions and Grants	Program Revenue: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
Governmental activities					
Fire Protection Services	$ 1,993,581	$ 420,212	$ 129,852	$ 110,999	$ (1,332,518)
Total governmental activities	$ 1,993,581	$ 420,212	$ 129,852	$ 110,999	(1,332,518)
		General revenue			
		Property taxes and assessments			1,286,407
		Interest income			2,067
		Total general revenue			1,288,474
		(Decrease) in net position			(44,044)
		Net position - beginning of year, as previously reported			1,135,170
		Prior-period adjustment (Note 13)			(490,170)
		Net position at beginning of year, as restated			645,000
		Net position - end of year			$ 600,956

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2022 AND 2021

	General Fund	
	2022	2021
ASSETS		
Cash in county treasury	$ 196,366	$ 226,229
Prepaid expenses	5,205	5,205
Total assets	201,571	231,434
LIABILITIES		
Accounts payable	94,742	8,495
Accrued payroll	35,110	26,393
Total liabilities	129,852	34,888
FUND BALANCE		
General - Unassigned	41,719	152,863
Capital outlay - Assigned	30,000	42,753
Special fire prevention bureau - Assigned	-	930
Total fund balance	71,719	196,546
Total liabilities and fund balances	$ 201,571	$ 231,434

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		(1,296,426)		
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		637,209		(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			$	757,543

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, 2021

Total fund balance - governmental funds		$ 196,546
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	$ 3,152,996	
Accumulated depreciation	(1,496,478)	
Net capital assets		1,656,518
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	701,187	
Long-tern debt	718,843	(1,503,631)
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 $276,905 and deferred inflows of $(7,235) is:		269,670
Total net position - governmental activities		$ 600,956

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, 2022 AND 2021

	General Fund	
	2022	2021
REVENUES		
Taxes and assessments	$ 1,270,206	$ 1,239,580
Facilities impact and plan check fees	92,532	46,827
Charges for services	448,668	390,292
Interest income	130	2,067
Grant revenue	121,013	240,851
Miscellaneous income	32,410	29,920
Total revenues	1,964,959	1,949,537
EXPENDITURES		
Salaries and wages	1,157,367	1,004,698
Fringe benefits	466,919	384,054
Professional services	59,334	98,363
Insurance	21,678	16,978
Maintenance and repairs	130,338	81,368
Supplies and other costs	52,476	189,419
Capital outlay	118,878	210,418
Total general expenditures	2,006,990	1,985,298
Debt service:		
Interest and fees	21,163	13,439
Principal payments	81,633	60,217
Total debt service	102,796	73,656
Total expenditures	2,109,786	2,058,954
(Excess) of expenditures over revenues	(144,827)	(109,417)
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of assets	20,000	-
Total other financing sources (uses)	20,000	-
(Excess) of expenditures and other (uses) over revenues and other sources	(124,827)	(109,417)
Fund balance - beginning	196,546	305,963
Fund balance - ending	$ 71,719	$ 196,546

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 STATEMENTS 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 is less than 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:	81,633
Increase in net position of governmental activities	$ 156,587

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, 2021

Net change in fund balance - governmental fund	$	(109,417)
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 $210,418 is greater than depreciation expense of $133,968. in the period.		76,450
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:		(53,147)
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 $60,217.		60,217
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:		(18,147)
(Decrease) in net position of governmental activities	$	(44,044)

See Notes to Financial Statements.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

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	Governmental Activities	
	2022	2021
ASSETS		
Investments	$ 163,845	$ 186,456
LIABILITIES		
Deferred compensation	$ 163,845	$ 186,456

See Notes to Financial Statements.

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.

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.

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.

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.

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 incurred.

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

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.

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 XIIIA 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 wells 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.

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, 2022 and 2021, consisted of the following:

	2022	2021
Cash and investments on deposit with County Treasurer	$ 190,060	$ 236,850
Cash on hand and in bank	6,306	(10,621)
Total cash and investments	$ 196,366	$ 226,229

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 the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion 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.

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).

NOTE 6. CAPITAL ASSETS AND DEPRECIATION

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	139,944	-	-	139,944
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	3,013,052	118,878	(385,896)	2,746,034
Accumulated depreciation	(1,496,478)	(146,194)	346,246	(1,296,426)
Net depreciable assets	1,516,574	(27,316)	(39,650)	1,449,608
Net capital assets	$ 1,656,518	$ (27,316)	$ (39,650)	$ 1,589,552

Capital asset activity for the year ending June 30, 2021, is as follows:

	Balance June 30, 2020	Prior Period Adjustment	Restated Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities:						
Non-depreciable assets:						
Land	$ 70,876	$ -	$ 70,876	$ -	$ -	$ 70,876
Land improvements	69,068	-	69,068	-	-	69,068
Total non-depreciable assets	139,944	-	139,944	-	-	139,944
Depreciable assets:						
Building	473,991	-	473,991	-	-	473,991
Improvements	-	-	-	33,887	-	33,887
Furniture and equipment	281,780	-	281,780	154,941	(183,685)	253,036
Trucks and apparatus	1,917,423	19,990	1,937,413	439,905	(125,180)	2,252,138
Total depreciable assets	2,673,194	19,990	2,693,184	628,733	(308,865)	3,013,052
Accumulated depreciation	(1,664,045)	(7,330)	(1,671,375)	(133,968)	308,865	(1,496,478)
Net depreciable assets	1,009,149	12,660	1,021,809	494,765	-	1,516,574
Net capital assets	$ 1,149,093	$ 12,660	$ 1,161,753	$ 494,765	$ -	$ 1,656,518

NOTE 7. LONG-TERM DEBT

	2022	2021
Loan payable to the State of California for the shortfall in funding received through supplemental roll revenues during the 1984-85 fiscal year. No due date has been assigned to the loan and it is non-interest bearing. There are no further 1984-85 fiscal supplemental taxes to be collected.	$ 8,730	$ 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.	326,668	375,397
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.	301,811	334,716
	$ 637,209	$ 718,843

Future maturities of long-term debt at June 30, 2022, are as follows:

Year	
2023	$ 79,799
2024	82,316
2025	84,933
2026	87,634
2027	90,421
Thereafter	212,106
	$ 637,209

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.

NOTE 8. PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)
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 may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

Certain defined benefit pension plan provisions and benefits are as follows:

	Safety Plan	
	Hire date prior to January 1, 2013	Hire date on or after January 1, 2013
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%

Additional defined benefit pension plan provisions and benefits are as follows:

	Safety Plan	
	Hire date prior to January 1, 2013	Hire date on or after January 1, 2013
2022:		
Required employer contribution rates	18.190%	13.130%
Required employer payment of unfunded liability	$51,886	$1,684
2021:		
Required employer contribution rates	18.152%	13.044%
Required employer payment of unfunded liability	$42,655	$1,431

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. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer 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, 2022 and 2021,were $182,498 and $153,540, respectively.

At June 30, 2022 and 2021, the District reported a liability of $301,112 and $701,187, respectively, for it's proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, for fiscal year 2022, and as of June 30, 2020, for fiscal year 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and June 30, 2019, rolled forward to June 30, 2021, and June 30, 2020, using standard 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, 2021, the District's proportion was 0.01052%, which increased by 0.00069% from June 30, 2020. At June 30, 2020, the District's proportion was 0.00983%, which increased by 0.00052% from June 30, 2019.

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

For the year ended June 30, 2022, the District recognized pension credit of $66,265. For the year ended June 30, 2021, the District recognized pension expense of $206,684. 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.

NOTE 8. PENSION PLAN (CONTINUED)

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

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

At June 30, 2021, 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	$ -	$ 2,336
Differences between Expected and Actual Experience	54,373	-
Differences between Projected and Actual Investment Earnings	15,240	-
Differences between Employer's Contributions and Proportionate Share of Contributions	2,718	4,899
Change in Employer's Proportion	51,034	-
Pension Contributions Made Subsequent to Measurement Date	153,540	-
	$ 276,905	$ 7,235

NOTE 8. PENSION PLAN (CONTINUED)

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

The $200,480 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, 2023. 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	
2023	$	12,303
2024		(2,272)
2025		(24,851)
2026		(49,319)
	$	(64,139)

Actuarial Assumptions - The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.0% 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 2.5% 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 table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table please refer to the 2017 study report.

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 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, 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 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund. 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.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that was scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-2022 fiscal year. CalPERS will continue to check the materiality of the difference in calculation.

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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both the short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

NOTE 8. PENSION PLAN (CONTINUED)

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

Discount Rate (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1-10[2]	Real Return Years 11+[3]
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%		-0.92%
	100.00%		

[2] An expected inflation of 2% was used for this period.
[3] An expected inflation of 2.92% was used for this period.

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 7.15%, 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 (6.15%) or 1% point higher (8.15%) than the current rate:

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

2021	Discount Rate -1% 6.15%	Current 7.15%	Discount Rate +1% 8.15%
District's proportionate share of the net pension plan liability	$ 1,145,104	$701,187	$ 336,911

NOTE 8. PENSION PLAN (CONTINUED)

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

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, 2022 and June 30, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022 and June 30, 2021.

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.

NOTE 11. RISK MANAGEMENT AND INSURANCE (CONTINUED)

The District continues to carry commercial insurance for worker's compensation. Settled claims resulting from risks have not exceeded the commercial insurance covering the current or any past years.

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 October 16, 2023, the date the financial statements were available to be issued.

NOTE 13. PRIOR-PERIOD ADJUSTMENT

There was a prior-period adjustment of ($502,830) made to the beginning net position on the 2021 Statement of Activities due to an adjustment needed to correct net pension liability and deferred inflows and outflows related to 2020 pension activity. There was also a prior-period adjustment of $12,660 made to the beginning net position on the 2021 Statement of Activities due to a capital asset and related accumulated depreciation previously not recorded as a capital asset. The net result of both prior-period adjustments was a decrease to net position of ($490,170).

NOTE 14. 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, 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	1,486,835	1,486,835	1,964,959	478,124
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	118,879	(108,879)
Total general expenditures	1,482,705	1,482,705	2,006,991	(524,286)
Debt service:				
Interest and fees	-	-	21,163	(21,163)
Principal payments	-	-	81,633	(81,633)
Total debt service	-	-	102,796	(102,796)
Total expenditures	1,482,705	1,482,705	2,109,787	(627,082)
Excess (deficiency) of revenues over (under) expenditures	4,130	4,130	(144,828)	(148,958)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	20,000	20,000
Total other financing sources (uses)	-	-	20,000	20,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	4,130	4,130	(124,828)	(128,958)
Fund balances - beginning	196,546	196,546	196,546	-
Fund balances - ending	$ 200,676	$ 200,676	$ 71,718	$ (128,958)

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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes and assessments	$ 1,149,306	$ 1,194,084	$ 1,239,580	$ 45,496
Facilities impact and plan check fees	54,763	54,763	46,827	(7,936)
Strike team income	60,000	60,000	390,292	330,292
Interest income	5,690	5,690	2,067	(3,623)
Grant revenue	-	-	240,851	240,851
Miscellaneous income	67,771	67,771	29,920	(37,851)
Total revenues	1,337,530	1,382,308	1,949,537	567,229
EXPENDITURES				
Salaries and wages	702,470	747,470	1,004,698	(257,228)
Fringe benefits	396,974	396,974	384,054	12,920
Professional services	43,700	43,700	98,363	(54,663)
Insurance	21,000	21,000	16,978	4,022
Maintenance and repairs	77,500	77,500	81,368	(3,868)
Supplies and other costs	60,500	60,500	189,419	(128,919)
Capital Outlay	10,000	10,000	210,418	(200,418)
Total general expenditures	1,312,144	1,357,144	1,985,298	(628,154)
Debt service:				
Interest and fees	-	-	13,439	(13,439)
Principal payments	-	-	60,217	(60,217)
Total debt service	-	-	73,656	(73,656)
Total expenditures	1,312,144	1,357,144	2,058,954	(701,810)
Excess (deficiency) of revenues over (under) expenditures	25,387	25,164	(109,417)	(134,581)
OTHER FINANCING SOURCES (USES)				
Transfers to reserves	(20,000)	(20,000)	-	20,000
Total other financing sources (uses)	(20,000)	(20,000)	-	20,000
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	5,387	5,164	(109,417)	(114,581)
Fund balances - beginning	305,963	305,963	305,963	-
Fund balances - ending	$ 311,350	$ 311,127	$ 196,546	$ (114,581)

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, 2022

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

	2022	2021	2020	2019
Proportion of the net pension liability	0.00858%	0.01052%	0.00983%	0.00931%
Proportionate share of the net pension liability	$ 301,112	$ 701,187	$ 613,454	$ 546,191
Covered payroll	$ 814,263	$ 684,409	$ 584,769	$ 540,861
Proportionate share of the net pension liability as percentage of covered payroll	37%	102%	105%	101%
Plan's total pension liability	$ 26,210,348,159	$ 24,782,493,361	$ 23,442,265,225	$ 22,053,702,155
Plan's fiduciary net position	$ 22,700,862,352	$ 18,120,140,152	$ 17,199,726,799	$ 16,186,149,467
Plan fiduciary net position as a percentage of the total pension liability	86.61%	73.12%	73.37%	73.39%

	2018	2017	2016
Proportion of the net pension liability	0.00904%	0.00873%	0.00809%
Proportionate share of the net pension liability	$ 540,235	$ 451,996	$ 333,309
Covered payroll	$ 519,657	$ 479,181	$ 450,370
Proportionate share of the net pension liability as percentage of covered payroll	104%	94%	74%
Plan's total pension liability	$ 21,144,800,930	$ 18,961,274,094	$ 18,131,714,318
Plan's fiduciary net position	$ 15,169,595,595	$ 13,782,056,004	$ 14,011,269,803
Plan fiduciary net position as a percentage of the total pension liability	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 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 seven years are presented.

MOKELUMNE RURAL COUNTY FIRE PROTECTION DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS
LAST 10 YEARS*
FOR THE YEAR ENDED JUNE 30, 2022

For Year Ended June 30,	2022	2021	2020	2019
Actuarially determined contribution	$ 182,498	$ 153,540	$ 126,254	$ 108,126
Contribution in relation to the actuarially determined contributions	(182,498)	(153,540)	(126,254)	(108,126)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 814,263	$ 684,409	$ 584,769	$ 540,861
Contributions as a percentage of covered payroll	-22.41%	-22.43%	-21.59%	-19.99%

For Year Ended June 30,	2018	2017	2016
Actuarially determined contribution	$ 93,326	$ 81,905	$ 60,423
Contribution in relation to the actuarially determined contributions	(93,326)	(81,905)	(60,423)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 519,657	$ 479,181	$ 450,370
Contributions as a percentage of covered payroll	-17.96%	-17.09%	-13.42%

Notes to Schedule

Measurement Date June 30,	2019	2018	2015-2017	2014
Valuation Date June 30,	2018	2017	2014-2016	2013
Actuarial Cost Method	Entry Age Normal			
Actuarial Assumptions:				
Discount Rate	7.15%	7.38%	7.65%	7.50%
Inflation	2.50%	2.75%	2.75%	2.75%
Investment Rate of Return (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)	7.15%	7.375%	7.65%	7.50%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds			
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies			

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