

Tuolumne Fire District

Financial Statements and
Independent Auditor's Report

For the Years Ended
June 30, 2022 and June 30, 2021

Tuolumne Fire District

Audit Report
June 30, 2022 and June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tuolumne Fire District
Tuolumne, California

Opinions

We have audited the accompanying financial statements of the governmental activities of the Tuolumne Fire District (District) as of and for the years ended June 30, 2022 and 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 of the District, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 opinions.

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.

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 opinions. 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 City of 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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis report, and the Pension Funding Schedules 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial 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.



Sonora, California

May 25, 2023

TUOLUMNE FIRE DISTRICT
Statements of Net Position
As Of June 30,

ASSETS	2022	2021
Current Assets		
Unrestricted Cash	\$ 958,974	\$ 797,101
Prepays	8,026	21,785
Accounts Receivable	<u>91</u>	<u>91</u>
Total Current Assets	\$ 967,091	\$ 818,977
Land	1,000	1,000
Equipment and Vehicles	1,236,261	1,236,261
Building and Improvements	234,458	234,458
Less Accumulated Depreciation	<u>(1,321,539)</u>	<u>(1,277,272)</u>
Net Capital Assets	<u>150,180</u>	<u>194,447</u>
TOTAL ASSETS	<u>\$ 1,117,271</u>	<u>\$ 1,013,424</u>
Deferred Outflows of Resources	<u>\$ 13,431</u>	<u>\$ 11,366</u>
 LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 7,508	\$ 10,254
Other Current Liabilities	<u>11,100</u>	<u>25,890</u>
Total Current Liabilities	\$ 18,608	\$ 36,144
Long-Term Liabilities		
Compensated Absences	19,681	20,496
Net Pension Liability	<u>78,613</u>	<u>146,572</u>
Total Long-Term Liabilities	<u>98,294</u>	<u>167,068</u>
TOTAL LIABILITIES	<u>\$ 116,902</u>	<u>\$ 203,212</u>
Deferred Inflows of Resources	<u>\$ 46,790</u>	<u>\$ 489</u>
 NET POSITION		
Net Investment in Capital Assets	150,180	194,447
Unrestricted	<u>816,830</u>	<u>626,642</u>
TOTAL NET POSITION	<u>\$ 967,010</u>	<u>\$ 821,089</u>

The accompanying notes are an integral part of these financial statements.

TUOLUMNE FIRE DISTRICT
Statements of Activities For
the Years Ended June 30,

	<u>2022</u>	<u>2021</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>Fire Protection</u>	<u>Fire Protection</u>
EXPENSES		
Salaries and Benefits	\$ 457,600	\$ 505,079
Supplies and Services	63,961	66,919
Depreciation	<u>44,267</u>	<u>62,455</u>
TOTAL EXPENSES	565,828	634,453
PROGRAM REVENUE		
Tuolumne Rancheria	400,000	-
Tuolumne Band of Me-Wuk Indians	-	400,000
Charges for Services		
Intergovernmental		
Federal and State Fires	204,731	94,950
Local Governments	613	613
Private Insurance	<u>-</u>	<u>-</u>
TOTAL PROGRAM REVENUE	<u>605,344</u>	<u>495,563</u>
NET PROGRAM REVENUE (EXPENSE)	39,516	(138,890)
GENERAL REVENUE		
Property Taxes	88,645	79,644
Interest Income	8,188	7,053
Other Income	<u>9,572</u>	<u>92,041</u>
TOTAL GENERAL REVENUE	<u>106,405</u>	<u>178,738</u>
CHANGE IN NET POSITION	145,921	39,848
NET POSITION - BEGINNING OF YEAR	<u>821,089</u>	<u>781,241</u>
NET POSITION - END OF YEAR	<u>\$ 967,010</u>	<u>\$ 821,089</u>

The accompanying notes are an integral part of these financial statements.

TUOLUMNE FIRE DISTRICT

Balance Sheets Governmental Funds As Of June 30,

	2022	2021
ASSETS		
Unrestricted Cash	\$ 958,974	\$ 797,101
Prepays	8,026	21,785
Accounts Receivable	91	91
TOTAL ASSETS	\$ 967,091	\$ 818,977
LIABILITIES		
Accounts Payable	\$ 7,508	\$ 10,254
Other Current Liabilities	11,100	25,890
TOTAL LIABILITIES	\$ 18,608	\$ 36,144
FUND BALANCE		
Nonspendable (Prepaid)	-	-
Unassigned	948,483	782,833
TOTAL FUND BALANCE	948,483	782,833
TOTAL LIABILITIES AND FUND BALANCE	\$ 967,091	\$ 818,977

Reconciliation of the Balance Sheets To The Statements of Net Position

Fund Balance - Total Government Funds	\$ 948,483	\$ 782,833
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the governmental fund	150,180	194,447
Liabilities not due within the current period are not reported in the governmental funds balance sheet	(98,294)	(167,068)
Deferred Outflows of Resources and Deferred Inflows of Resources are not reported in the governmental funds balance sheet	(33,359)	10,877
Net Position of Governmental Activities	\$ 967,010	\$ 821,089

The accompanying notes are an integral part of these financial statements.

TUOLUMNE FIRE DISTRICT

Statements of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Years Ended June 30,

	2022	2021
REVENUE		
Tuolumne Rancheria	\$ 400,000	\$ -
Tuolumne Band of Me-Wuk Indians	-	400,000
Energy Loan Program	-	-
Charges for Services		
Intergovernmental		
Federal and State Fires	204,731	94,950
Local Governments	613	613
Property Taxes	88,645	79,644
Interest Income	8,188	7,053
Other Income	9,572	92,041
TOTAL REVENUE	\$ 711,749	\$ 674,301
EXPENDITURES		
Salaries and Benefits	482,138	490,648
Supplies and Services	63,961	82,994
TOTAL EXPENDITURES	546,099	573,641
CHANGE IN FUND BALANCE	165,650	100,659
FUND BALANCE - BEGINNING OF YEAR	782,833	682,174
FUND BALANCE - END OF YEAR	\$ 948,483	\$ 782,833

The accompanying notes are an integral part of these financial statements.

Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance To The Statements of Activities

	2022	2021
Net Change to Fund Balance - Total Governmental Funds	\$ 165,650	\$ 100,659
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are recognized as expenditures in the fund financial statements, while in the Statement of Activities, their cost is expensed over their useful lives</p>		
Depreciation	(44,267)	(62,455)
Capital asset acquisitions	-	16,075
<p>The employer net pension liability expense is recognized in the fund financial section when the liability is paid but in the period accrued on the statement of net position.</p>		
	23,722	(14,431)
<p>The employer expense for (increase)/decrease in Compensated Absences is recognized in the fund financial section when the accrued time is paid but in the period accrued on the statement of net position</p>		
	816	-
Change in Net Position of Governmental Activities	\$ 145,921	\$ 39,848

The accompanying notes are an integral part of these financial statements.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Tuolumne Fire District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies are described below:

A. Reporting Entity

The District is a California Special District formed February 14, 1903 to provide protection to the West Side Lumber Mill (operating from 1901 to 1961) and growing Tuolumne City. The District operates a single firehouse on Main Street in Tuolumne City. Currently, as part of the agreements with the local governments, the District resources cooperate with the other local fire agencies to also serve the Black Oak Casino, the Tuolumne Rancheria, and surrounding rural areas and environment.

The District operates under a Board of Directors form of government. The Board of Directors consists of five members elected by the voters within the District boundaries. Day-to-day operations are overseen by the Department Chief or Captain, who is appointed by the Board.

Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, levy taxes, and otherwise influence operations, and account for fiscal matters, is exercised by the District's governing board. Accordingly, the District is considered to be a separate reporting entity for financial reporting purposes and the accompanying financial statements reflect only the assets, liabilities, fund balances, revenues and expenditures of the District.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates 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) operating revenues as 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) non-operating revenues as 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.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

B. Government-wide and fund financial statements (continued)

Implementation of New Accounting Pronouncements

For the fiscal year ended June 30, 2015, the Agency was required to adopt GASB Statement No. 68: Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources and expenditures for defined benefit pension plans. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the District and are recognized as revenue at that time.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District. The District follows the practice of pooling the cash from all funds for investment purposes. Investments consist primarily of Tuolumne County Treasurer’s Pool public deposits. All investments are stated at cost, which approximates market value.

California State statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

2. Property Taxes

Property tax revenues are recognized by the District when available and measurable. Taxes are levied on July 1 for liens established for real property on the previous January 1st. The County of Tuolumne is responsible for assessing and collecting property taxes for the District in accordance with state legislation. Taxes are apportioned to the District under the “Teeter Plan”, wherein the District receives exactly 100% of assessed amounts. Any late collection deficiencies and collection costs as well as penalty revenues and related interest are absorbed by the County.

Article 13A of the California Constitution states, “The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property.” The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties.”

The District has elected under state law (Teeter) to receive all of the annual property assessments in three installments as follows:

December 25	55%
April 25	40%
June 25	<u>5%</u>
	<u>100%</u>

3. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the June 30 year-end are recorded as prepaid items. At June 30, 2022, the District had prepaid workman’s compensation insurance premiums in the amount of \$8,026. At June 30, 2021, the District had prepaid workman’s compensation insurance premiums in the amount of \$21,785.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 for property, plant, and equipment. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is recorded in the Governmental Fund in the amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service life using the straight-line method. Depreciation expense for the years ended June 30, 2022 and 2021 was \$44,267 and \$62,455, respectively.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

5. Compensated Absences

District employees earn paid time off. It may be either taken or accumulated until paid upon termination or retirement. Sick leave may be accumulated with a cap on accrual of 48 hours. Sick leave is not paid if an employee quits or is terminated. In accordance with generally accepted accounting principles, an accrual for compensated absences is reflected in the accompanying general purpose financial statements.

6. Pensions

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	<u>Safety</u>	
<u>Hire Date</u>	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit Formula	3.0% @55	2.7% @ 57
Benefit Vesting Schedule	5 years' service	5 years' service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50	50
Monthly Benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required Employee Contribution Rates	8.980%	12.250%
Required Employer Contribution Rates	18.191%	11.923%

TUOLUMNE FIRE DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Pensions (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

For the year ended June 30, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety</u>
Contributions - employer	\$13,653

For the year ended June 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety</u>
Contributions - employer	\$48,364

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability (Asset)</u>
Safety	<u>\$78,613</u>
Total Net Pension Liability	<u>\$78,613</u>

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability (Asset)</u>
Safety	<u>\$146,572</u>
Total Net Pension Liability	<u>\$146,572</u>

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Pensions (continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 and 2021 was as follows:

	<u>Safety Pool</u>
Proportion – June 30, 2022	0.0000224%
Proportion – June 30, 2021	0.0000220%
Change – Increase (Decrease)	0.0000004%

For the year ended June 30, 2022, the District's contributions to the Plan were \$14,630. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Balance of Deferred Outflows and Inflows Due To:</u>		
Pension Contributions subsequent to measurement date	\$ 11,366	\$ 489
Differences between expected and actual experience	-0-	-0-
Changes in assumptions	-0-	-0-
Net difference between projected and actual earnings	2,065	46,301
Changes proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-
Total	<u>\$ 13,431</u>	<u>\$ 46,790</u>

For the year ended June 30, 2021, the District's contributions to the Plan were \$31,657. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Balance of Deferred Outflows and Inflows Due To:</u>		
Pension Contributions subsequent to measurement date	\$ 12,071	\$ -0-
Differences between expected and actual experience	-0-	-0-
Changes in assumptions	-0-	489
Net difference between projected and actual earnings	(705)	-0-
Changes proportion and differences between employer contributions and proportionate share of contributions	-0-	-0-
Total	<u>\$ 11,366</u>	<u>\$ 489</u>

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Pensions (continued)

\$13,431 and \$11,366 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022 and June 30, 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended	Amount
June 30	
2023	4,726
2024	6,399
2025	9,357
2026	12,965
2027	-0-
Thereafter	-0-

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

	Miscellaneous & Safety Plans
Valuation Date	June 30, 2022
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	3.2% - 20% (1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvement using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

The underlying mortality assumptions and all other assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% as of June 30, 2022 for each Plan. 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 (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2021. 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 67 and 68 calculations through at least the 2022-2023 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 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.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Pensions (continued)

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>
Global Equity	50.0%
Private Equity	8.0%
Fixed Income	28.0%
Liquidity	1.0%
Real Assets	13.0%
Inflation Sensitive Assets	0.0%
Absolute Return Strategy	<u>0.0%</u>
Total	<u>100.0%</u>

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

June 30, 2022 Net Pension Liability	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Safety	<u>\$ 157,643</u>	<u>\$ 78,612</u>	<u>\$ 13,699</u>
Total	<u>\$ 157,643</u>	<u>\$ 78,612</u>	<u>\$ 13,699</u>

June 30, 2021 Net Pension Liability	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Safety	<u>\$ 220,614</u>	<u>\$ 146,572</u>	<u>\$ 85,813</u>
Total	<u>\$ 220,614</u>	<u>\$ 146,572</u>	<u>\$ 85,813</u>

Net Pension Expense

For the year ended June 30, 2022, the District's net pension expense was 13,653. For the year ended June 30, 2021, the District's net pension expense was \$48,364.

Pension plan fiduciary net position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

D. Assets, Liabilities, and Net Position or Equity (continued)

7. Long-term Debt

Long-term debt and other obligations are reported as liabilities. The District's long-term debt consists of accrued compensated absences in the amounts of \$19,680 and \$20,496 at June 30, 2022 and 2021, respectively.

8. Net Position & Fund Equity

In the government-wide financial statements and proprietary fund financial statements, Net Position is reported in three categories: Net Position invested in capital assets, net of related debt; restricted Net Position and assigned Net Position. Restricted Net Position represent Net Position restricted by parties outside the District (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The District's restricted Net Position is temporarily restricted (ultimately expendable assets). All other Net Position is considered assigned for District operations.

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The categories are defined as *restricted*, *committed*, *assigned*, and *unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. In the fund financial statements, the District's governmental funds report the following classifications of fund balances:

Restricted fund balance – amounts that can be spent only for specific purposes because of restrictions from external sources (creditors, laws of other governments etc.) or constitutional provisions or enabling legislation. The District has a balance in the water proprietary fund that is restricted by debt covenants, and the fund balance in the governmental activities fund is restricted for street lighting.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District's board is the highest level of decision making authority for the District and is authorized to assign amounts to a specific purpose. The District's proprietary fund balances are assigned to be used for continued operations of the respective services.

It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available; and to first apply committed, then assigned, then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

9. Use of Estimates

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

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental activities funds. All annual appropriations lapse at fiscal year end.

Prior to June 30th, the proposed budget is presented to the Board of Directors for review. The Board of Directors holds public hearings and may add to, subtract from or change appropriations.

B. Risk Management:

Risk exposures that may exist in connection with activities of the District, are addressed by the district's risk management policy. The District's risk management policy includes implementation of safety policies and procedures. As a part of the District's risk management policy, commercial insurance policies are purchased to cover substantially all expected losses from most types of routine risks of loss such as those due to torts; asset theft or damage; employee injuries; and natural disasters; accordingly, the District does not incur a significant self-insured retention.

The District believes its exposure to risks of loss due to business interruption and errors or omissions is fully provided for with purchased insurance.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash and Cash Equivalents

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Cash and Cash Equivalents	\$ 958,974	\$ 797,101

The District maintains its cash and cash equivalents in the Tuolumne County Treasurer's Pool for the purpose of increasing interest income through investment activities. This pool, which is available for use by all funds, is displayed on the statement of Net Position/balance sheet as "cash and investments". The Tuolumne County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts.

The share of each fund in the Tuolumne County Treasurer's Pool is separately accounted for and interest is apportioned quarterly based on the relationship of the fund's average daily cash balance to the total of the pooled cash and investments.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

A. Cash and Cash Equivalents (continued)

The Tuolumne County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code section 53601 et. seq. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

In addition to the restrictions and guidelines of the Government Code, cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investments, safety of principal, liquidity and yield.

Interest Rate Risk – This is the risk of loss due to the fair value of an investment falling due to rising interest rates. The County's policy for interest rate risk for The Tuolumne County Treasurer's Pool, are to allow investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six month period. Of the County's \$1.05 billion portfolio, over 36% of the investments have a maturity of one year or less. No investment has maturity greater than 5 years.

Credit Risk – This is the risk of loss due to credit quality rating of investments in debt securities as described by nationally recognized rating agencies. Tuolumne County Treasurer's Pool is permitted to hold investments of issuers with a short-term rating of "A-1" and a minimum long-term rating of "A" by two of the top nationally recognized statistical rating organizations (rating agencies). Additionally, the County is permitted to invest in U.S. Treasuries, Government Sponsored Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit that are un-rated.

Concentration of Credit Risk – This is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in the mutual funds, external investment pool and other pooled investments are not considered at risk.

In the Tuolumne County Treasurer's Pool, over 59% of the County's investments, including collateral on repurchase agreements, were in the U.S. Government or Government Sponsored Enterprises (Agencies). Of the 41% of the portfolio invested in other types of investments, no investment in a single issuer exceeds 5%.

Custodial Risk – This is the risk of loss due to uninsured or uncollateralized deposits.

In the Tuolumne County Treasurer's Pool, all negotiable instruments are held by the County's custodian or a third party in the County's name. The County did not participate in securities lending.

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

B. Accounts Receivable

The direct write-off method is used for bad debts in which individual accounts are expensed as they become uncollectible. Accounting principles generally accepted in the United States of America require that accounts receivable be presented net of an allowance for uncollectible accounts. The difference between these two methods is not material to these financial statements.

Receivables for the District's individual major funds in the aggregate are as follows. All receivables are expected to be collected within one year.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Property Taxes Receivable	\$ 91	\$ 91
Total	\$ 91	\$ 91

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Program Activities:				
Capital assets not being depreciated:				
Land	\$ 1,000	\$ -0-	\$ -0-	\$ 1,000
Total capital assets not being depreciated	1,000	-0-	-0-	1,000
Capital assets being depreciated:				
Equipment and Vehicles	1,236,261	-0-	-0-	1,236,261
Building and Improvements	234,458	-0-	-0-	234,458
Total capital assets being depreciated:	1,470,719	-0-	-0-	1,470,719
Less accumulated depreciation	(1,277,272)	(44,267)	-0-	(1,321,539)
Net capital assets being depreciated	193,447	(44,267)	-0-	149,180
Total net capital assets – program activities	\$ 194,447	\$ (44,267)	\$ -0-	\$ 150,180

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

C. Capital Assets (continued)

Capital asset activity for the year ended June 30, 2021 was as follows:

Program Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,000	\$ -0-	\$ -0-	\$ 1,000
Total capital assets not being depreciated	<u>1,000</u>	<u>-0-</u>	<u>-0-</u>	<u>1,000</u>
Capital assets being depreciated:				
Equipment and Vehicles	1,220,186	16,075	-0-	1,236,261
Building and Improvements	<u>234,458</u>	<u>-0-</u>	<u>-0-</u>	<u>234,458</u>
Total capital assets being depreciated:	<u>1,454,644</u>	<u>16,075</u>	<u>-0-</u>	<u>1,470,719</u>
Less accumulated depreciation	<u>(1,214,817)</u>	<u>(62,455)</u>	<u>-0-</u>	<u>(1,277,272)</u>
Net capital assets being depreciated	<u>239,827</u>	<u>(46,380)</u>	<u>-0-</u>	<u>193,447</u>
Total net capital assets – program activities	<u>\$ 240,827</u>	<u>\$ (46,380)</u>	<u>\$ -0-</u>	<u>\$ 194,447</u>

D. Accounts Payable and Other Liabilities

Payables for the District in the aggregate are as follows:

Program Activities	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Accounts Payable	\$ 7,508	\$ 10,254
Payroll Taxes Payable	3,512	9,969
Salaries and Benefits Payable	7,588	15,906
Sales and Use Tax Payable	<u>-0-</u>	<u>15</u>
Total Payables and Other	<u>\$ 18,068</u>	<u>\$ 36,144</u>

TUOLUMNE FIRE DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 and JUNE 30, 2021

IV. OTHER DISCLOSURES

A. Evaluation of Subsequent Events

The District has evaluated subsequent events through May 25, 2023 the date which the financial statements were available to be issued.

TUOLUMNE FIRE DISTRICT
Budgetary Comparison Schedule
Governmental Fund Basis
For Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues				
Tuolumne Rancheria	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Charges for Services				
Intergovernmental				
Federal and State Fires	-	-	204,731	204,731
Local Governments	613	613	613	-
Private Insurance	-	-	-	-
Property Taxes	81,076	81,076	88,645	7,569
Other Income	822	822	9,572	8,750
Interest Income	5,000	5,000	8,188	3,188
Total Revenues	<u>487,511</u>	<u>487,511</u>	<u>711,749</u>	<u>224,238</u>
Expenditures				
Salaries and Wages	304,476	304,476	359,068	54,592
Employee Benefits	74,377	74,377	73,561	(816)
Payroll Taxes	21,000	21,000	26,934	5,934
Workers Compensation Insurance	10,193	10,193	22,575	12,382
Professional Services				
Accounting & Admin	5,000	5,000	4,044	(956)
Legal	8,215	8,215	8,215	-
Director Stipends	5,000	5,000	1,350	(3,650)
Board Stipends	1,050	1,050	600	(450)
Repairs & Maintenance				
Building	416	416	416	-
Vehicles	8,594	8,594	5,604	(2,990)
Equipment	3,700	3,700	2,734	(966)
Fuel	6,000	6,000	5,434	(566)
Supplies	10,016	10,016	8,187	(1,829)
Insurance	13,127	13,127	13,127	-
Utilities	7,590	7,590	7,589	(1)
Employee Physicals	1,000	1,000	32	(968)
Office Expenses	1,500	1,500	789	(711)
Dues & Memberships	4,600	4,600	4,200	(400)
Training and Seminars	1,007	1,007	1,007	-
Tax Parcell	650	650	633	(17)
Capital Outlay	-	-	-	-
Contingency	678,653	678,653	-	(678,653)
Total Expenditures	<u>1,166,164</u>	<u>1,166,164</u>	<u>546,099</u>	<u>(620,065)</u>
Change in Fund Balance	<u>\$ (678,653)</u>	<u>\$ (678,653)</u>	<u>\$ 165,650</u>	<u>\$ 844,303</u>
Fund Balance - Beginning of Year			<u>782,833</u>	
Fund Balance - End of Year			<u>\$ 948,483</u>	

The accompanying notes are an integral part of these financial statements.

TUOLUMNE FIRE DISTRICT
Budgetary Comparison Schedule
Governmental Fund Basis
For Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
Revenues				
Tuolumne Band of Me-Wuk Indians	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Energy Program Grant	-	-	-	-
Charges for Services				
Intergovernmental				
Federal and State Fires	-	-	94,950	94,950
Local Governments	613	613	613	-
Private Insurance	-	-	-	-
Property Taxes	80,639	80,639	79,644	(995)
Other Income	821	821	92,041	91,220
Interest Income	8,000	8,000	7,053	(947)
Total Revenues	<u>490,073</u>	<u>490,073</u>	<u>674,301</u>	<u>184,228</u>
Expenditures				
Salaries and Wages	374,575	374,575	374,575	-
Employee Benefits	69,850	69,850	69,850	-
Payroll Taxes	28,046	28,046	28,046	-
Workers Compensation Insurance	18,064	18,064	18,177	113
Professional Services				
Accounting & Admin	157	157	(1,368)	(1,525)
Legal	4,140	4,140	4,140	-
Director Stipends	5,644	5,644	5,644	-
Board Stipends	1,050	1,050	1,050	-
Repairs & Maintenance				
Building	528	528	528	-
Vehicles	3,811	3,811	3,810	(1)
Equipment	3,838	3,838	3,838	-
Fuel	5,186	5,186	5,185	(1)
Supplies	34,634	34,634	34,634	-
Insurance	8,641	8,641	8,641	-
Utilities	6,425	6,425	6,425	-
Employee Physicals	1,393	1,393	1,393	-
Office Expenses	1,041	1,041	1,041	-
Dues & Memberships	4,639	4,639	4,639	-
Training and Seminars	172	172	172	-
Tax Parcell	633	633	633	-
Capital Outlay	2,589	2,589	2,589	-
Contingency	499,124	499,124	-	(499,124)
Total Expenditures	<u>1,074,180</u>	<u>1,074,180</u>	<u>573,642</u>	<u>(500,538)</u>
Change in Fund Balance	<u>\$ (584,107)</u>	<u>\$ (584,107)</u>	<u>\$ 100,659</u>	<u>\$ 684,766</u>
Fund Balance - Beginning of Year			<u>682,174</u>	
Fund Balance - End of Year			<u>\$ 782,833</u>	

The accompanying notes are an integral part of these financial statements.