DISCUSSION DRAFT

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

Audited Financial Statements and Compliance Report

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stanislaus Consolidated Fire Protection District
Riverbank, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and aggregate remaining fund information of the Stanislaus Consolidated Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Modified Opinion

The District has included land in the depreciable basis of several fire stations and has depreciated the land with the related buildings since the purchase date rather than reporting the land as non-depreciable capital assets. Also, the District did not record two developer contributed fire stations at the fair value at the acquisition date and instead has not assigned a value to those fire stations within capital assets. The changes necessary to report capital assets in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, could be material to the financial statements.

Opinions

In our opinion, except for the effects of not adjusting the capital assets to report land as nondepreciable capital assets and not recording contributed fire stations at fair value as described in the Basis for Modified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Correction of Error

As discussed in Note L to the financial statements, the District corrected an error that resulted in a decrease in government-wide net position as of July 1, 2019. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information related to the District's pension and other postemployment benefits plans, as listed in the accompanying table of contents, 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.

The District 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____________, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

_____________, 2021

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2020

	General Fund	Major Special Revenue Fund CEQA Fund Riverbank
ASSETS		
Cash and investments	$ 4,825,339	
Restricted cash and investments	53	$ 699,721
Accounts receivable	227,144	
Due from other governments	450,271	
Due from other funds		
Prepaid costs and other assets	75,426	
Due from the City of Waterford in less than one year	24,654	
Due from the City of Waterford in more than one year	24,654	
Capital assets:		
Non-depreciable		
Depreciable, net		
TOTAL ASSETS	5,627,541	699,721
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan		
Other postemployment benefits plan		
TOTAL DEFFERED OUTFLOWS OF RESOURCES		
TOTAL ASSETS AND DEFFERED OUTFLOWS OF RESOURCES	$ 5,627,541	$ 699,721
LIABILITIES		
Accounts payable	$ 95,557	
Accrued payroll	334,781	
Due to other funds		
Interest payable		
Long-term liabilities:		
Compensated absences due within one year		
Debt due within one year		
Compensated absences due in more than one year		
Debt due in more than one year		
Net pension liability		
Other postemployment benefits liability		
TOTAL LIABILITIES	430,338	
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	417,079	
Pension plan		
Other postemployment benefits plan		
TOTAL DEFERRED INFLOWS OF RESOURCES	417,079	
FUND BALANCES/NET POSITION		
Fund balance:		
Restricted for debt service	53	
Restricted for CEQA and development fees projects		$ 699,721
Assigned	3,276,971	
Unassigned	1,503,100	
TOTAL FUND BALANCES	4,780,124	699,721
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,627,541	$ 699,721
Net position:		
Net investment in capital assets		
Restricted for CEQA and development fees projects		
Unrestricted		
TOTAL NET POSITION		

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

	Non-major Special Revenue Funds			Total Non-major Special Revenue Funds	Total Governmental Funds	Adjustments (Note K)	Statement of Net Position
	CEQA Fund	Development Fees Funds					
	Waterford Hickman	Riverbank	Waterford Hickman				
					$ 4,825,339		$ 4,825,339
	$ 16,878	$ 94,679	$ 7,722	$ 119,279	819,053		819,053
					227,144		227,144
					450,271		450,271
			12,500	12,500	12,500	$ (12,500)	
					75,426		75,426
					24,654		24,654
					24,654		24,654
						280,000	280,000
						6,742,909	6,742,909
	16,878	94,679	20,222	131,779	6,459,041	7,010,409	13,469,450
						4,054,891	4,054,891
						213,505	213,505
						4,268,396	4,268,396
	$ 16,878	$ 94,679	$ 20,222	$ 131,779	$ 6,459,041	11,278,805	17,737,846
					$ 95,557		95,557
					334,781		334,781
	$ 12,500			$ 12,500	12,500	(12,500)	
						23,994	23,994
						450,593	450,593
						651,873	651,873
						1,110,247	1,110,247
						1,794,551	1,794,551
						13,853,467	13,853,467
						4,210,090	4,210,090
	12,500			12,500	442,838	22,082,315	22,525,153
					417,079	(417,079)	
						466,640	466,640
						5,794,232	5,794,232
					417,079	5,843,793	6,260,872
					53	(53)	
	4,378	$ 94,679	$ 20,222	119,279	819,000	(819,000)	
					3,276,971	(3,276,971)	
					1,503,100	(1,503,100)	
	4,378	94,679	20,222	119,279	5,599,124	(5,599,124)	
	$ 16,878	$ 94,679	$ 20,222	$ 131,779	$ 6,459,041		
						5,623,485	5,623,485
						819,053	819,053
						(17,490,717)	(17,490,717)
						$ (11,048,179)	$ (11,048,179)

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2020

	General Fund	Major Special Revenue Fund CEQA Fund Riverbank
PROGRAM REVENUES		
Charges for services		
Oakdale coverage	$ 70,494	
Reimbursements from other agencies	212,632	
Fire investigation unit	165,000	
Development fees		
CEQA Fees		$ 11,767
Operating grant revenue	13,255	
TOTAL PROGRAM REVENUES	461,381	11,767
EXPENDITURES/EXPENSES		
Current:		
Salaries and benefits	9,419,858	
Services and supplies	1,596,411	
Capital outlay	21,816	
Depreciation		
Debt service:		
Principal	1,560,770	
Interest	114,371	
TOTAL EXPENDITURES/EXPENSES	12,713,226	
NET PROGRAM REVENUES (EXPENSES)	(12,251,845)	11,767
GENERAL REVENUES		
Special assessments	7,163,228	
Property taxes	3,313,409	
RDA pass-through revenue	155,827	
Investment earnings	68,307	988
Miscellaneous	127,373	671
TOTAL GENERAL REVENUES	10,828,144	1,659
EXCESS OF REVENUES OVER EXPENDITURES	(1,423,701)	13,426
OTHER FINANCING SOURCES/(USES)		
Proceeds from line of credit	950,000	
Transfers in	199	
Transfers out		(199)
TOTAL OTHER FINANCING SOURCES/(USES)	950,199	(199)
EXCESS OF REVENUES AND EXPENDITURES OVER (UNDER) OTHER FINANCING SOURCES/(USES)	(473,502)	13,227
CHANGE IN NET POSITION		
Fund balance/net position, beginning of year - as previously reported	5,253,626	686,494
Restatement		
Fund balance/net position, beginning of year	5,253,626	686,494
FUND BALANCE/NET POSITION, AT END OF YEAR	$ 4,780,124	$ 699,721

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

Non-major Special Revenue Funds						
CEQA Fund	Development Fees Funds		Total			
Waterford Hickman	Riverbank	Waterford Hickman	Non-major Special Revenue Funds	Total Governmental Funds	Adjustments (Note K)	Statement of Activities
				$ 70,494	$ (70,494)	
				212,632		$ 212,632
				165,000		165,000
	$ 3,485	$ 18,362	$ 21,847	21,847		21,847
$ 2,503			2,503	14,270		14,270
				13,255	42,370	55,625
2,503	3,485	18,362	24,350	497,498	(28,124)	469,374
				9,419,858	2,154,133	11,573,991
				1,596,411		1,596,411
				21,816	(21,816)	
					519,824	519,824
				1,560,770	(1,560,770)	
				114,371	(8,234)	106,137
				12,713,226	1,083,137	13,796,363
2,503	3,485	18,362	24,350	(12,215,728)	(1,111,261)	(13,326,989)
				7,163,228	63,305	7,226,533
				3,313,409		3,313,409
				155,827		155,827
1,874	133	55	2,062	71,357		71,357
	484			128,528		128,528
1,874	617	55	2,546	10,832,349	63,305	10,895,654
4,377	4,102	18,417	26,896	(1,383,379)	(1,047,956)	(2,431,335)
				950,000	(950,000)	
				199	(199)	
				(199)	199	
				950,000	(950,000)	
4,377	4,102	18,417	26,896	(433,379)	433,379	
					(2,431,335)	(2,431,335)
1	90,577	1,805	92,383	6,032,503	(14,400,554)	(8,368,051)
					(248,793)	(248,793)
1	90,577	1,805	92,383	6,032,503	(14,649,347)	(8,616,844)
$ 4,378	$ 94,679	$ 20,222	$ 119,279	$ 5,599,124	$ (16,647,303)	$ (11,048,179)

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		(Budgetary Basis) Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Oakdale coverage			$ 70,494	$ 70,494
Reimbursements from other agencies	$ 150,000	$ 150,000	212,632	62,632
Fire investigation unit	185,000	185,000	165,000	(20,000)
Operating grant revenue			13,255	13,255
Special assessments	7,185,067	7,185,067	7,163,228	(21,839)
Property taxes	3,085,023	3,085,023	3,313,409	228,386
RDA pass-through revenue	83,772	83,772	155,827	72,055
Use of money and property	30,000	30,000	68,307	38,307
Miscellaneous	43,624	43,624	127,373	83,749
TOTAL REVENUES	10,762,486	10,762,486	11,289,525	527,039
EXPENDITURES				
Current				
Salaries and benefits	9,202,772	9,655,608	9,419,858	235,750
Services and supplies	1,345,058	1,345,058	1,596,411	(251,353)
Capital outlay	290,000	290,000	21,816	268,184
Debt service:				
Principal	359,300	359,300	1,560,770	(1,201,470)
Interest	65,970	65,970	114,371	(48,401)
TOTAL EXPENDITURES	11,263,100	11,715,936	12,713,226	(997,290)
EXCESS OF REVENUES OVER EXPENDITURES	(500,614)	(953,450)	(1,423,701)	(470,251)
OTHER FINANCING SOURCES/(USES)				
Proceeds from line of credit			950,000	950,000
Transfers in			199	199
TOTAL OTHER FINANCING SOURCES/(USES)			950,199	950,199
NET CHANGE IN FUND BALANCE	$ (500,614)	$ (953,450)	(473,502)	$ 479,948
Fund balance, beginning of year			5,253,626	
FUND BALANCE, END OF YEAR			$ 4,780,124	

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Stanislaus Consolidated Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Background: The Stanislaus Consolidated Fire Protection District, (the District) was formed on March 3, 1995 by the reorganization of the Riverbank, Waterford-Hickman and the Empire Fire Protection Districts. The District is governed by a five-member Board of Directors serving four-year terms. Three members of the Board of Directors are appointed by Stanislaus County (the County) Board of Supervisors from the community of Empire, County Board of Supervisors District 1 and County Board of Supervisors District 2 and the other two members are appointed by the Cities of Riverbank and Waterford. The District is currently subject to various State of California statutes including Health and Safety Code Sections 13800-13960 "The Fire Protection District Law of 1987" and others. The District provides direct fire protection and related services within its boundaries and provides coordinated non-emergency fire services support to all other fire protection districts through the County. The District's boundaries are detailed on the official records of Stanislaus County.

Basis of Presentation – Government-wide 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 District. The District has only governmental activities which are supported primarily by taxes and intergovernmental revenues.

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) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest, taxes, internally dedicated resources and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities (whether current or noncurrent), as well as deferred outflows and inflows of resources, associated with the District's activities are reported. 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 in the year which they are levied. Exchange transactions are reported when the exchange takes place. Nonexchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include grants and entitlements. Revenues from nonexchange transactions are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting except for debt service expenditures, claims and judgements and compensated absences, which are recognized as expenditures to the extent they have matured and are payable from current financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

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

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District and accounts for revenues collected to provide services and finance the fundamental operations of the District. The fund is charged with all costs of operations.

Riverbank CEQA Special Revenue Fund: Used to account for California Environment Quality Act (CEQA) revenues and expenditures within the City of Riverbank.

The District also reports three nonmajor special revenue funds: The Waterford-Hickman CEQA Special Revenue Fund and the Riverbank and Waterford-Hickman Development Fees Special Revenue Funds. These funds are maintained to account for fees collected on new development as Fire Protection Facilities Fees under the authority of California Government Code 66000 et. Seq. and Stanislaus County Ordinance Code (County Code) Section 364(1) (part) 1991, which added Title 24, Fire Protection Facilities Fees, to the County Code. Development fees are collected only on those development projects not subject to the CEQA. These funds are held for the "construction, expansion or improvement of fire protection facilities" per Title 24, Chapter 24.01.010 of the County Code. Fire protection facility, as defined in the County Code, includes public improvements, public services and community amenities pertaining to fire protection.

Budgetary Accounting: An annual appropriated budget is adopted for the General Fund by July 1 each year. The special revenue funds were unbudgeted for the year ended June 30, 2020. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgetary control is exercised by major object and fund. All budgetary changes during the fiscal year require the approval of the District's Board of Directors. Unencumbered budget appropriations lapse at the end of the fiscal year. Expenditures of the General Fund exceeded the budget during the year ended June 30, 2020.

Restricted Assets: The District has restricted cash and investments in the CEQA and development fee funds that are restricted to certain capital improvements under the related agreements, including acquiring property and equipment, expanding and constructing new fire stations, acquiring fire apparatus and vehicles and other related costs, such as financing of these costs. The District also has fiscal agent cash and investments that is restricted for debt service payments on the District's Pension Obligation Bond.

Prepaid Costs: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. Prepaid costs of governmental funds are offset by a nonspendable portion of fund balance to indicate they do not represent resources available for future appropriation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from the City of Waterford: The amount reported as due from the City of Waterford represents the amount due under an agreement requiring the City to reimburse the District for the cost of certain improvements to Fire Station 24. Under the agreement, the City will pay the District $24,654 each July from July 2018 through July 2021. No interest is due under the agreement.

Interfund Receivables and Payables: During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide statement of net position.

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the District are stated at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 with at least five years expected life. Costs of assets sold or retired are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	10-30 years
Equipment	3-20 years
Vehicles	5-20 years
Furniture	10 years

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) and inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District’s pension plan and other postemployment benefits plan as described in Note E and F, respectively. Unavailable revenues in governmental funds arise when a potential revenue source does not meet both the “measurable” and “available” criteria for recognition in the current period. Revenues unavailable because they were not received in the availability period are recognized for the government-wide presentation.

Compensated Absences: Employees accumulate vacation and sick time in accordance with the employee’s respective “Memorandum of Understanding.” The amount of vacation and sick time vested and accrued depends on the years of service, employee classification, and date of hire. All vacation hours are payable at termination. Employees who work 56 hours per week earn 144 to 336 hours per year

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and employees who work 40 hours per week earn 103 to 240 hours per year, depending on years of service. The maximum number of vacation hours that may be accrued is 756 hours for employees who work 56 hours per week and 600 hours for employees who work 40 hours per week. Sick leave may be accrued with no limit. For employees hired before April 1, 2020, sick leave is accrued at 18 hours per month for employees who work 56 hours per week and at 12 hours per month for employees who work 40 hours per week. For employees hired after April 1, 2020, sick leave is accrued at 11.2 hours per month for employees who work 56 hours per week and at 8 hours per month for employees who work 40 hours per week. Sick leave is payable up to 25% of hours accrued if the employee terminates employment for a reason other than retirement, death or merger of the District and the remaining amount is forfeited. For employees who terminate from the District due to retirement, death or merger, sick leave may be converted to service credit for the District's pension plan, converted to health insurance benefits in retirement (OPEB) or cashed out up to a maximum percentage of hours accrued based on the employees' date of hire. The maximum percentage of accrued hours that may be cashed out is 25% for employees hired on or before July 1, 2017, and 20% for employees hired between July 1, 2017 and March 31, 2020. Employees hired on or after April 1, 2020 may not cash out sick leave. The hours converted to service credit in the District's pension plan are included in the pension liability and the hours converted to health insurance benefits in retirement are included in the OPEB liability. Only the percentage of hours cashed out are included in the compensated absences liability. The current portion of the compensated absences liability is estimated based on historical trends. The cost of compensated absences is recognized in the period it is earned and is liquidated in the General Fund.

Long-term Liabilities: In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities. In the fund financial statements, the face amount of the debt issued is reported as other financing sources when received and principal and interest payments are reported as expenditures. Issuance costs are expensed when incurred.

Fund Equity: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, such as prepaid costs and long-term receivables. The District had no nonspendable fund balance.

Restricted Funds – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance represents fiscal agent cash and investments held for future bond payments as well as CEQA fees and development fees collected for future capital expenditures.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by a Resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board modifies, or removes the fund balance commitment with another Resolution. The District had no committed fund balance.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Board of Directors provides authority to create an assignment of fund balance to the Fire Chief under the Finance Policy. The District's assigned fund balance represents amounts set aside for accrued leave balances and an amount set aside as an operating contingency reserve.

Unassigned Funds – Unassigned fund balance is the residual fund balance and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. The outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

Property Taxes and Special Assessments: Secured property taxes are recognized during the period when levied. The levy date is July 1. Under California law, property taxes are assessed up to 1% of the value of taxable property, plus other increases approved by the voters. The County is responsible for assessing and collecting secured property taxes for the District in accordance with enabling state legislation. The County apportions secured taxes to the district under the "Teeter plan" – California Revenue and Taxation Code Sections 4701-4717. An allocation formula is used to distribute secured and supplemental taxes to the County and its districts. The District is credited with 100 percent of its property tax apportionments regardless of the actual collections and delinquencies and accordingly, penalties and interest collected by the County are not allocated to the District. Special assessments are not subject to the Teeter Plan, so the District accrues delinquent special assessments, if collectible. Apportionments are distributed according to the following schedule:

Action	Date	Percent
1st Apportionment	by December 25th	55 Percent
2nd Apportionment	by April 25th	40 Percent
3rd Apportionement	by June 25th	5 Percent

Supplemental unsecured property taxes and special assessments are considered measurable and available when collected. The District assesses supplemental unsecured property taxes and special assessments on real property per California Government Code Section 50078. These assessments are not based on property values but on usage and are levied by parcel, square footage, dwelling unit, and/or space in accordance with Proposition 218. The assessments are remitted to the County for collection with secured property tax billings. The County deposits collections in the District's County treasury account. The County does not maintain separate accounts receivable by year but remits past due amounts upon

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

collection. The special assessments are for the purpose of obtaining, furnishing, operating and maintaining fire suppression equipment or apparatus or for the purpose of paying the salaries and benefits of firefighting personnel, or both, whether or not fire suppression services are actually used by or upon a parcel, improvement or property.

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

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District has no investments in its OPEB plan.

Interfund Transfers: Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the statement of activities, all interfund transfers within individual governmental funds have been eliminated. Interfund transfers represent the use of restricted funds for capital assets.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures. Actual results could differ from those estimates.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93 as well as Implementation Guide No's 2018-1, 2019-1 and 2019-2.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The requirements of this Statement are effective immediately.

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

At June 30, 2020, the District's cash and investments consisted of the following:

Cash and investments	$ 4,825,339
Restricted cash and investments	819,053
	$ 5,644,392

Cash on hand	$ 100
Deposits in financial institutions	1,661,295
Money market mutual funds	53
Investment in County of Stanislaus investment pool	3,982,944
Total cash and investments	$ 5,644,392

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses interest rate risk, credit risk and concentrations of credit risk.

The County of Stanislaus (the County) maintains a cash and investments pool and allocates interest to the various funds quarterly based upon the average daily balances. Investments in the County pool are available on demand and are stated at fair value. The fair value of the County's cash and investment pool is determined by the fair value of the underlying investments. Information about the County pool may be obtained from the notes to the County's financial statements at www.stancounty.com/auditor.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2020, the weighted average maturity of the investments contained in the County's investment pool and money market mutual fund was approximately 383 and 50 days, respectively.

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 issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization. The money market mutual fund was rated AAA at June 30, 2020.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a

NOTE B – CASH AND INVESTMENTS (Continued)

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. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool). 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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, the carrying amount and balance per bank of the District's bank deposits were $1,661,295 and $1,772,447, respectively. Of the balance per bank, $250,000 was covered by federal depository insurance and the remaining amount was collateralized by the pledging financial institution's investment securities, which were not in the name of the District.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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 unobservable inputs; Level 3 inputs are significant unobservable inputs. The County of Stanislaus investment pool is not categorized under the fair value hierarchy and the money market mutual fund is valued based on the net asset value of the underlying investments.

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
Capital assets, not being depreciated:				
Land	$ 280,000			$ 280,000
Total capital assets not being depreciated	280,000			280,000
Capital assets, being depreciated:				
Buildings and improvements	5,182,734	$ 9,205		5,191,939
Vehicles	5,797,868			5,797,868
Furniture and equipment	2,092,604	12,611		2,105,215
Total capital assets being depreciated	13,073,206	21,816		13,095,022
Less accumulated depreciation:				
Building and improvements	(746,275)	(174,031)		(920,306)
Vehicles	(3,469,405)	(274,141)		(3,743,546)
Furniture and equipment	(1,616,609)	(71,652)		(1,688,261)
Total accumulated depreciation	(5,832,289)	(519,824)		(6,352,113)
Total capital assets being depreciated, net	7,240,917	(498,008)		6,742,909
Capital assets, net	$ 7,520,917	$ (498,008)	$ -	$ 7,022,909

NOTE C – CAPITAL ASSETS (Continued)

Total depreciation expense for the year ended June 30, 2020 was $519,824. Buildings and improvements above include the cost of land acquired with fire stations. The District is researching the cost of land to reclassify as nondepreciable assets. The District recorded two fire stations at no value rather than at the fair value at the date of acquisition as required by generally accepted accounting principles. The District is researching the value of the fire stations and related land.

The land included in the table above represents the value of land acquired from the City of Waterford in a land swap to provide land for the Station 24 Replacement project reported as part of construction in progress above. The District provided land with a value of $280,000 to the City for a parcel of land valued at $205,000 and $76,025 in development fee credits, of which $75,000 were capitalized.

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Repayments	Balance June 30, 2020	Due Within One Year	Due in More Than One Year
Direct Borrowings and Direct Placements:						
Pension obligation bond	$ 1,406,300		$ (359,300)	$ 1,047,000	$ 392,700	$ 654,300
Bank loan	1,304,511		(140,479)	1,164,032	143,770	1,020,262
Capital lease	346,383		(110,991)	235,392	115,403	119,989
Total debt	3,057,194		(610,770)	2,446,424	651,873	1,794,551
Compensated absences	2,110,932	$ 1,007,749	(1,557,841)	1,560,840	450,593	1,110,247
	$ 5,168,126	$ 1,007,749	$ (2,168,611)	$ 4,007,264	$ 1,102,466	$ 2,904,798

Pension Obligation Bond: On May 26, 2011 the District's Board of Directors authorized the issuance of the 2011 Taxable Pension Obligation Bonds to refinance outstanding side fund obligations of the District's pension plan with the California Public Employee's Retirement System (CalPERS) in the amount of $3,209,800. Principal and interest payments are due each January 15 and July 15 through July 15, 2022. Principal and interest payments range from $163,589 to $231,753 semi-annually. The bond is payable at a fixed 5% interest rate per annum unless in default when the rate would increase to 8%. Upon default, the trustee may declare all payments immediately due and payable.

Bank Loan: On October 1, 2017, the District entered into a $1,500,000 lease purchase agreement with a bank to finance a portion of the improvements on Station 24 in Waterford, California. The agreement is structured as a sale by the District to the bank and lease-back by the District of two 2016 Pierce/Velocity Engines (Engines #26 and #21) and a 2013 Pierce/Velocity Engine, secured by a lien on the engines. Since the agreement has provisions that limit the transfer of risks and rewards of ownership to the bank, the agreement is accounted for as a secured financing under GASB Statement No. 62. Principal and interest payments will range from $80,236 to $85,030 and are due each April 1 and October 1 from April 1, 2018 to October 1, 2027. The loan is payable at a fixed interest rate of 2.33% per annum unless in default when the rate would increase to 12%.

Capital Lease: On May 10, 2018, the District entered into a $576,490 master equipment lease purchase agreement with a bank to purchase a 2018 Rosenbauer Engine. The lease is secured by a lien on the engine. Principal and interest payments of $124,758 are due on each June 1 from June 1, 2018 to June 1, 2022 at approximately 4% unless in default when the rate would increase to 10%. The District would

NOTE D – LONG-TERM LIABILITIES (Continued)

also be liable for any unpaid lease payments not covered by the repossession of the leased asset and the bank may declare all payments immediately due and payable under default provisions. The leased asset had a cost of $576,490 and accumulated amortization of $69,179 at June 30, 2020.

Future payments on the bond, bank loan and capital lease will be as follows:

Ended	Pension Bond			Bank Loan		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2021	$ 392,700	$ 47,595	$ 440,295	$ 143,770	$ 26,290	$ 170,060
2022	428,200	27,525	455,725	147,141	22,919	170,060
2023	226,100	5,652	231,752	150,589	19,471	170,060
2024				154,117	15,943	170,060
2025				157,730	12,330	170,060
2026-2028				410,685	14,465	425,150
	$ 1,047,000	$ 80,772	$ 1,127,772	$ 1,164,032	$ 111,418	$ 1,275,450

	Capital Lease		
	Principal	Interest	Total
2021	$ 115,403	$ 9,355	$ 124,758
2022	119,989	4,769	124,758
	$ 235,392	$ 14,124	$ 249,516

Debt covenants for the pension obligation bond include requirements to present audited financial statements annually within 240 days after the close of the fiscal year. The District was not in compliance with this covenant for the years ended June 30, 2020 and 2019 as the audits were both completed after February 25, 2021 and 2020, respectively. Management believes the bank will waive this noncompliance.

Line of Credit: On October 4, 2019, the District entered into a line of credit agreement with Westamerica Bank in the amount of $1,000,000 that expired on November 30, 2020. The line of credit was renewed and increased to $1,500,000 in July 2020 and has a maturity date of November 30, 2021. The line of credit is collateralized by substantially all of the assets of the District as defined in the agreement. This agreement was entered into as part of the District's Dry Period Funding Plan to fund operating expenses prior to property tax and special assessments being received. The line of credit carries a variable interest rate that is based on an index called the "Westamerica Bank Index Rate" plus 0.5% and it is paid monthly. The District drew down $950,000 of on the line of credit from December 16, 2019 to January 8, 2020. The outstanding principal balance along with interest of $4,322 was repaid by January 17, 2020. The effective rate was 6.75% as of the date of the borrowing and at June 30, 2020. An out of debt provision requires the debt to be cleared for 30 consecutive days during the term of the line of credit. If the required payment is 15 or more days late, a penalty of 2% of the payment would be charged by the bank and upon default, 4% would be added to the interest rate.

NOTE E – DEFINED BENEFIT PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The District participates in CalPERS PERF C Plan,

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

which is made up of the Miscellaneous and Safety cost sharing pools and the following rate plans:

Miscellaneous Classic Rate Plan	Safety Fire Rate Plan
Miscellaneous PEPRA Rate Plan	Safety Fire PEPRA Rate Plan

Benefit provisions under the Plan are established by State statute and resolution of the Board of Directors. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

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 (52 for PEPRA Miscellaneous rate plan) 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 1959 Survivor Benefit level 4 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 Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Pool		Safety Pool	
	Prior to	On or after	Prior to	On or after
CalPERS membership date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula (at full retirement)	2.7% @ 55	2% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-67	52-67	50-55	50-57
Monthly benefits, as a % of compensation	2% to 2.7%	1% to 2.5%	3.00%	2.0% to 2.7%
Final average compensation period	1 year	3 years	1 year	3 years
Required employer contributions rates	13.182%	6.985%	21.927%	13.034%
Required employee contributions rates	8.000%	6.750%	9.000%	12.000%

The Miscellaneous Classic and Safety Fire rate plans are closed to new members that were not CalPERS eligible participants as of December 31, 2012.

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 the 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, 2020, the contributions made to the Plan were as follows:

	Miscellaneous Pool	Safety Pool	Total
Actual contribution - employer	$ 48,061	$ 1,672,572	$ 1,720,633

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability: As of June 30, 2020, the District reported a net pension liability for its proportionate share of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Pool	$ 455,072
Safety Fire Pool	13,398,395
Total Net Pension Liability	$ 13,853,467

The District's net pension liability for each risk pool is measured as the proportionate share of the net pension liability. The net pension liability of each of the risk pools is measured as of June 30, 2019, and the total pension liability for each risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the risk pools relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each risk pool as of June 30 was as follows:

	Miscellaneous	Safety Fire
Proportion - June 30, 2019	0.01102%	0.21818%
Proportion - June 30, 2020	0.01136%	0.21463%
Change - Increase (Decrease)	0.00034%	-0.00355%

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended June 30, 2020, the District had pension expense of $3,566,879. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Miscellaneous Pool		Safety Pool		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 48,061		$ 1,672,572		$ 1,720,633	
Changes in Assumptions	21,700	$ (7,692)	549,177	$ (107,171)	570,877	$ (114,863)
Difference between expected and actual experience	31,607	(2,449)	874,794		906,401	(2,449)
Difference between employer's contributions and the employer's proportionate share of contributions		(20,086)	211,452	(136,968)	211,452	(157,054)
Change in employer's proportion	11,547		633,981		645,528	
Net differences between projected and actual earnings on plan investments		(7,956)		(184,318)		(192,274)
Total	$ 112,915	$ (38,183)	$ 3,941,976	$ (428,457)	$ 4,054,891	$ (466,640)

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

The amount 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2021	$ 1,494,092
2022	194,255
2023	141,801
2024	37,470
	$ 1,867,618

Actuarial Assumptions: The total pension liabilities in the June 30, 2019 measurement date for each of the risk pools were determined using the following actuarial assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	Level percent of payroll
Asset valuation method	Market value
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	Varies by Entry Age and Service
Projected Salary Increase	0,4% - 8.5% miscellaneous (1)
	0.97% - 17.0% safety (1)
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS Membership Data for all Funds

(1) Depending on age, service and type of employment

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. All other actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study Report can be found on the CalPERS website under Forms and Publications.

Discount Rate: The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on all plan investments was

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

applied to all periods of projected benefit payments to determine the total pension liability.

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.

The table below reflects the long-term expected real rate of return by asset class for each of the risk pools. 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.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

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 risk pool, calculated using the discount rate for each risk pool, 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-percentage point lower or 1-percentage point higher than the current rate:

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

	Miscellaneous	Safety Fire	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 720,670	$ 20,832,690	$ 21,553,360
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 455,072	$ 13,398,395	$ 13,853,467
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 235,839	$ 7,303,438	$ 7,539,277

Pension Plan Fiduciary Net Position: Detailed information about each risk pool's fiduciary net position is available in the separately issued CalPERS financial reports.

Payables to the Plan: Employer contributions payable to the Plan were $41,115 at June 30, 2020.

Change in Census Data at Measurement Date: Effective June 30, 2019, the City of Oakdale and Oakdale Fire Protection District terminated their fire services agreements with the District. The District laid-off 26 employees as a result of this action. CalPERS determined the net pension liability using a valuation date of June 30, 2018, so this change was not reflected at June 30, 2020. This change in the number of participants is expected to result in a reduction in the net pension liability at June 30, 2021 when the valuation date used to compute the pension liability reflects this change.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The District's other postemployment benefits (OPEB) plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides access to healthcare benefits for eligible retirees and their dependents. Employees are eligible to participate in the District's Retiree Healthcare Plan if they have accrued sick leave. The Board of Directors has the authority to establish and amend the benefit provisions of the Plan subject to collective bargaining arrangements. The District's Plan does not issue separate financial statements. No assets are accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy: The District provides retiree medical benefits through the California Public Employees' Medical and Hospital Care Act (PEMHCA). The District pays the PEMHCA minimum contribution for active employees up to a limit related to a percentage of accrued sick leave the employee has at the date of retirement. Participants are not required to contribute to the Plan. The District allows retired employees to use the value of 25% of their accrued sick leave to pay medical insurance premiums in retirement at the District's health plan premium rate rather than taking a cash payment for sick leave. The District funds the benefits on a pay-as-you-go basis. No trust has been established to hold plan assets. In May 2014, the Actuarial Standards Board released revisions to ASOP 6 requiring that the implied subsidy for claims in excess of premiums be valued for community rated plans such as PEMHCA.

Employees Covered by Benefit Terms: At the June 30, 2019 measurement date, the following employees were covered by the Plan's benefit terms:

Active employees	42
Inactive employees or beneficiaries currently receiving benefit payments	8
	50

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Contributions: The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Directors subject to the District's Memorandums of Understanding with bargaining units. The required contribution is based on the actual retiree health insurance premium stipend required under the Plan. For the year ended June 30, 2020, the District contributed $102,862 to the Plan through pay-as-you-go health and dental insurance benefit payments on behalf of Plan members. Plan members did not make any contributions to the Plan and the Plan is unfunded. The District does not contribute to a trust fund on behalf of employees.

OPEB Liability: The District's OPEB liability of $4,210,090 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions: The net OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

ıluation date	June 30, 2019
easurement date	June 30, 2019
turial cost method	Entry-age normal cost method
turial assumption:	
Discount rate	3.50%
Inflation	2.75%
Aggregate salary increase	3.00%
Healthcare cost trend rates	Non-Medicare - 7.0% for 2022, decreasing to 4.0% in 2076 and later years. Medicare - 5.0% for 2022, decreasing to 4.0% in 2076 and later years.
Dental and vision trend rate	3.00%
Mortality, Retirement, Disability, Termination	Derived using CalPERS 1997-2015 Experience Study
Contribution Policy	No pre-funding
Participation rates	Active medial 100%; dental 0% and vision current election.

Mortality improvements were based on a Society of Actuaries table. Short-term medial trend was developed based on consultation with a healthcare actuary. Long-term medical trend was developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends. CalPERS experience study reports may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Change in Assumptions: The discount rate was changed to 3.50% at the June 30, 2019 measurement date. The discount rate at the June 30, 2018 measurement date was 3.87%.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.50%. The discount rate is based on a Bond Buyer 20-bond Index: The 20-Bond index consist of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Changes in the OPEB Liability:

	Total and Net OPEB Liability
Balance at June 30, 2019	$ 8,877,367
Changes for the year:	
Service cost	702,668
Interest on the total OPEB liability	367,392
Actual vs expected experience	(5,686,341)
Assumption changes	122,413
Benefit payments	(173,409)
Net changes	(4,667,277)
Balance at June 30, 2020	$ 4,210,090

Sensitivity of the OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	$ 4,570,590	$ 4,210,090	$ 3,876,611

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 3,868,455	$ 4,210,090	$ 4,607,250

OPEB Plan Fiduciary Net Position: The Plan does not have fiduciary net position as the District does not contribute to a qualified trust fund on behalf of the participants.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2020, the District recognized OPEB expense of $463,838. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$ (5,139,577)
Changes in assumptions	$ 110,643	(654,655)
Employer contributions made subsequent to the measurement date	102,862	
Total	$ 213,505	$ (5,794,232)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the following fiscal year. Other amount reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30	
2021	$ (606,222)
2022	(606,222)
2023	(606,222)
2024	(606,222)
2025	(606,222)
Thereafter	(2,652,479)
	$ (5,683,589)

Change in Census Data at Measurement Date: Effective June 30, 2019, the City of Oakdale and Oakdale Fire Protection District terminated their fire services agreements with the District. The District laid-off 26 employees as a result of this action. This decrease contributed to significant changes to the OPEB balances at June 30, 2020, including a decrease of $4,667,277 in the net OPEB liability and an increase of $5,068,349 in deferred inflows of resources.

NOTE G – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance to cover claims and judgements against it. The District also participates in two Joint Powers Authorities (JPA), which are public entity risk pools that provide worker's compensation insurance coverage, risk management and excess insurance.

Fire Agencies Self Insurance System: The District participates in the Fire Agencies Self Insurance System (FASIS) for worker' compensation insurance coverage. FASIS was created pursuant to a Joint Powers Agreement between several California fire districts. FASIS exists to provide a program to pool worker's compensation coverage for participating agencies. Each agency pays an annual premium to the system based on the number of personnel, estimated payroll and an experience factor, which is adjusted to reflect actual payroll and experience. FASIS reinsures through the Local Agency Excess Worker's

NOTE G – RISK MANAGEMENT (Continued)

Compensation Authority, a joint powers authority, for claims in excess of $750,000 per insured event. The District has no self-insured retention under the policy. Withdrawal from FASIS may be made only at the end of the fiscal year, and with twelve months' notice. Separate financial statements are available at www.fasisjpa.org.

SDRMA: The District participates in the Special Districts Risk Management Authority (SDRMA) for general and auto liability, public officials' and employees' errors and omissions, employment practices, employee dishonesty, property loss, boiler and machinery, public officials' personal liability and comprehensive and collision coverage. SDRMA is a risk-pooling self-insurance authority created under the provisions of the California Government Code Sections 6500 et. seq. Its purpose is to provide a full risk management program for California local governments. The District pays an annual premium based on its pro-rata share of charges for the pooled risk, claims adjusting, legal costs and administrative costs to operate the SDRMA.

The District's deductible and coverage for SDRMA are as follows:

	Coverage	Deductible
General and auto liability (includes errors and omissions)	$1,000,000 to 2,500,000	$ 500-25,000
Personal injury	1,000,000 to 5,000,000	25,000
Employee dishonesty	1,000,000	none
Property loss	1 billion	1,000
Boiler and machinery	100,000,000	1,000
Public officials personal liability	500,000	1,000
Comprehensive and collision	fully insured	250-1,000

The District has not had any claims exceed insurance coverage and has not had any reductions of insurance coverage during the past three years.

NOTE H –COMMITMENTS AND CONTINGENCIES

Contingencies: The District is a party to claims and lawsuits arising in the normal course of business. The District's management does not believe that the ultimate liability, if any, arising from these claims will have a material adverse impact on the financial position of the District.

In August and September 2019, the District received a petition for parcel review and claim for refund from taxpayers within its jurisdiction. The taxpayers claimed their parcels were not properly categorized under the District's assessment and seek a refund of fire assessment fees. Management believes the parcels were properly categorized. Should the petition be successful, the District could be required to refund up to $1.4 million in fire assessment fees.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the taxpayers, employees and vendors, all of which are uncertain and cannot be predicted. At

NOTE H –COMMITMENTS AND CONTINGENCIES

this point, the extent to which COVID-19 may impact the financial condition and operations is uncertain. The possible effects include a reduction in the District's property taxes and special assessments if taxpayers are unable to pay the assessed amounts, which are the District's largest revenue sources.

NOTE I – REGIONAL FIRE TRAINING COST SHARING AGREEMENT

Stanislaus Consolidated Fire Protection District is part of an agreement between Stanislaus County, City of Modesto and the Yosemite Community College District for construction and operation of the Regional Fire Training Center (RFTC) located in Modesto, California. There are approximately fifteen districts involved in this agreement. In the past, the county fire agencies' portion of the Regional Fire Training Center agreement was paid individually by each signatory agency. With the approval to use Less Than County-Wide dollars to fund the county fire agency portion of the contract, each agency will no longer need to individually budget for reimbursement.

NOTE J - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the governmental funds balance sheet are being adjusted to arrive at the statement of net position. The adjustments are as follows at June 30, 2020:

Fund balances - total governmental funds	$ 5,599,124
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, therefore, are not reported in the governmental funds.	7,022,909
Deferred outflows of resources related to the pension and OPEB plans will reduce the pension and OPEB liability in the future.	
Pension deferred outflows	4,054,891
OPEB deferred outflows	213,505
Long-term liabilities are not due and payable in the current period and accordingly are not reported in governmental funds. All liabilities, both current and long-term, are reported in the statement of net position. Those liabilities consist of:	
Interest payable	(23,994)
Compensated absences	(1,560,840)
Debt	(2,446,424)
Net pension liability	(13,853,467)
Other postemployment benefits liability	(4,210,090)
Long-term receivables are not available to pay current period expenditures and, therefore, are not recognized in the governmental funds. This amount represents deferred inflows of resources related to unavailable revenues recognized.	417,079
Deferred inflows of resources related to the pension and OPEB plans will be reflected in the pension and OPEB liability in the future.	
Pension deferred inflows	(466,640)
OPEB deferred inflows	(5,794,232)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (11,048,179)

NOTE J – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Amounts reported for governmental activities in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances are adjusted to arrive at the Statement of Activities for Government-wide presentation. The adjustments for the fiscal year ended June 30, 2020 are as follows:

Net change in fund balance - Governmental Funds	$ (433,379)
The change in net position for governmental activities in the statement of activities is different because:	
Some receivables that are deferred in governmental funds because the amounts do not represent current financial resources are recognized in the statement of net position. This amount represents the change in deferred inflows of resources - unavailable revenues.	35,181
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlay	21,816
Depreciation	(519,824)
Deferred outflows and inflows related to the District's pension and OPEB plans do not result in the receipt or use of current financial resources and are not reported in the governmental funds.	
Change in deferred outflows of resources - pension plan	(962,301)
Change in deferred outflows of resources - OPEB plan	40,096
Change in deferred inflows of resources - pension plan	(247,657)
Change in deferred inflows of resources - OPEB plan	(5,068,349)
Governmental funds report debt issuance as revenue and debt service payments as expenditures. However, in the statement of activities, borrowing and repayments of principal of indebtedness increase and reduce long-term liabilities in the statement of net position.	
Principal payments	1,560,770
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest payable	8,234
Change in compensated absences liability	53,089
Change in net pension liability	(636,288)
Change in other postemployment benefits liability	4,667,277
NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (2,431,335)

NOTE K – RELATED PARTY TRANSACTIONS

The District's Board of Directors is appointed by the County of Stanislaus, City of Riverbank and City of Waterford. The County of Stanislaus collected tax revenue on behalf of the District for an administration fee of $47,071 and provided dispatch services to the District for $144,520 during the year ended June 30, 2020. The District had an outstanding receivable for the City of Waterford's share of Station 24 costs in the amount of $49,308 at June 30, 2020.

NOTE L – RESTATEMENT

During the year ended June 30, 2020, the District determined it accrued delinquent special assessments receivable on a parcel owned by the federal government where the federal government has not paid the special assessments and the District's Board of Directors has approved writing-off as uncollectible the delinquent special assessments receivable in the past. The District has determined special assessments receivable in the amount of $248,793 at July 1, 2019 to be uncollectible and offset the receivable with a valuation allowance for uncollectible accounts. The special assessments receivable was reported as deferred inflows of resources for unavailable revenue in the General Fund. Consequently, this change had no effect on fund balance in the General Fund at July 1, 2019. However, this change resulted in a reduction of government-wide due from other governments/total assets, net position and change in net position of $248,793 at July 1, 2019.

NOTE M – SUBSEQUENT EVENTS

In August 2020, the District extended its line of credit through November 2021 and increased the borrowing limit to $1.5 million under the same terms as disclosed in Note D. In December 2020 and January 2021, the District borrowed $1,000,000 on the line of credit, which was repaid in January 2021.

In December 2020, the District purchased land in the amount of $400,537 for a future fire station in Riverbank, California.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS RISK POOL (UNAUDITED)
Last 10 Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.01136%	0.01102%	0.01074%	0.01053%	0.00993%	0.00329%
Proportionate share of the net pension liability	$ 455,072	$ 415,385	$ 423,280	$ 365,749	$ 272,467	$ 204,566
Covered payroll - plan measurement period	$ 209,376	$ 298,209	$ 299,389	$ 124,291	$ 121,708	$ 120,671
Proportionate share of the net pension liability as percentage of covered payroll	217.35%	139.29%	141.38%	294.27%	223.87%	169.52%
Plan fiduciary net position	$ 1,519,592	$ 1,346,362	$ 1,237,636	$ 1,154,611	$ 1,033,925	$ 1,000,805
Plan fiduciary net position as a percentage of the total pension liability	76.95%	76.42%	74.52%	75.94%	79.14%	83.03%

Changes in assumptions: The discount rate changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and 7.15% in 2018 valuations.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS RISK POOL (UNAUDITED)
Last 10 Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 48,061	$ 42,193	$ 43,990	$ 40,536	$ 21,302	$ 17,637
Contributions in relation to the actuarially determined contributions	48,061	42,193	43,990	40,536	21,302	17,637
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - employer fiscal year	$ 218,737	$ 209,376	$ 298,209	$ 299,389	$ 124,291	$ 121,708
Contributions as a percentage of covered payroll	21.97%	20.15%	14.75%	13.54%	17.14%	14.49%
Notes to schedule:						
Date contributions rates were computed:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Benefit changes: There were no changes to benefit terms.

Methods and assumptions used to cetermine contribution rates

Actuarial method	Entry Age Normal Cost Method					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	Varies by rate plan, but not more than 30 years					
Asset valuation method	Market value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	3% average, including inflation of 2.75%					
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement ar based on the most recent CalPERS Experience Study.					
Mortality	Most recent CalPERS Exeperience Study.					

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SAFETY RISK POOL (UNAUDITED)
Last 10 Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.21463%	0.21818%	0.20147%	0.19932%	0.19168%	0.17845%
Proportionate share of the net pension liability	$ 13,398,395	$ 12,801,794	$ 12,038,426	$ 10,323,582	$ 7,898,392	$ 6,693,660
Covered payroll - plan measurement period	$ 6,400,003	$ 6,366,319	$ 6,144,593	$ 3,607,135	$ 3,537,615	$ 3,502,073
Proportionate share of the net pension liability as percentage of covered payroll	209.35%	201.09%	195.92%	286.20%	223.27%	191.13%
Plan fiduciary net position	$ 40,849,351	$ 37,833,506	$ 34,884,002	$ 30,786,357	$ 30,253,274	$ 29,329,698
Plan fiduciary net position as a percentage of the total pension liability	75.30%	74.72%	74.34%	74.89%	79.30%	83.03%

Changes in assumptions: The discount rate changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and 7.15% in 2018 valuations.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - SAFETY RISK POOL (UNAUDITED)
Last 10 Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 1,672,572	$ 1,912,324	$ 1,706,006	$ 1,537,840	$ 1,393,099	$ 888,762
Contributions in relation to the actuarially determined contributions	1,672,572	1,912,324	1,706,006	1,537,840	1,393,099	888,762
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - employer fiscal year	$ 4,128,765	$ 6,400,003	$ 6,366,319	$ 6,144,593	$ 3,607,135	$ 3,537,615
Contributions as a percentage of covered payroll	40.51%	29.88%	26.80%	25.03%	38.62%	25.12%
Notes to schedule:						
Date contribution rates were computed:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Benefit changes: There were no changes to benefit terms.

Methods and assumptions used to cetermine contribution rates

Actuarial method	Entry Age Normal Cost Method					
Amortization method	Level percentage of payroll, closec					
Remaining amortization period	Varies by rate plan, but not more than 30 years					
Asset valuation method	Market value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	3% average, including inflation of 2.75%					
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement ar based on the most recent CalPERS Experience Study					
Mortality	Most recent CalPERS Exeperience Study.					

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2020	2019	2018
Total OPEB liability			
Service cost	$ 702,668	$ 716,667	$ 787,560
Interest on total OPEB liability	367,392	317,788	246,283
Differences between expected and actual experience	(5,686,341)		
Changes in assumptions	122,413	(246,765)	(600,837)
Benefit payments	(173,409)	(140,806)	(112,940)
Net change in total OPEB liability	(4,667,277)	646,884	320,066
Total OPEB liability - beginning	8,877,367	8,230,483	7,910,417
Total OPEB liability - ending (a)	$ 4,210,090	$ 8,877,367	$ 8,230,483
Plan fiduciary net position - ending (b)	$ -	$ -	$ -
Net OPEB liability - ending (a)-(b)	$ 4,210,090	$ 8,877,367	$ 8,230,483
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll - measurement period	$ 9,749,455	$ 9,106,161	$ 8,912,229
Net OPEB liability as percentage of covered-employee payroll	43.18%	97.49%	92.35%

Notes to schedule:
Note: The 2019 covered-employee payroll was revised during the year ended June 30, 2020 to agree to the amount reported in the schedule of contributions to the OPEB plan.

Benefit Changes: None
Changes in assumptions:

	2020	2019	2018
Discount rates used at measurement dates	3.50%	3.87%	3.58%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	2020	2019	2018
Contractually determined contribution - employer fiscal year	$ 102,862	$ 173,409	$ 140,806
Contributions in relation to the contractually determined contributions	(102,862)	(173,409)	(140,806)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll - employer fiscal year	$ 6,151,027	$ 9,749,455	$ 9,106,161
Contributions as a percentage of covered-employee payroll	1.67%	1.78%	1.55%

Notes to Schedule:

Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry Age Normal Cost Method		
Amortization method	Level percentage of payroll		
Amortization period in years	10.4	11.9	11.9
Inflation	2.75%	2.75%	2.75%
Payroll growth	3.00%	3.00%	3.00%
Healthcare cost-trent rate:			
Non-Medicare			
Initial rate	7.00%	7.50%	7.50%
Decreasing to	4.00%	6.50%	6.50%
Medicare			
Initial rate	5.00%	6.50%	6.50%
Decreasing to	4.00%	4.00%	4.00%
Retirement age	Age 55 to 62 and 5 years of service or disabled.		
Mortality	Most recent CalPERS membership data.		
Discount rate and investment rate of return	3.50%	3.87%	3.58%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

COMPLIANCE REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Stanislaus Consolidated Fire Protection District
Riverbank, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Stanislaus Consolidated Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated _____________, 2021. As described in Note C to the basic financial statements, our opinions were modified due to the District not reporting capital assets in accordance with generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described as finding 2020-001 in the accompanying schedule of findings and responses that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's response to the findings identified in our audit is describe in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

___________, 2021

To the Board of Directors
Stanislaus Consolidated Fire Protection District

INTERNAL CONTROL OVER FINANCIAL REPORTING

CURRENT YEAR FINDINGS

FINDING 2020-001

Criteria: Internal controls over financial reporting should be in place to ensure management has the ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Condition: Although we noted improvement, numerous adjustments were identified during the audit.

Effect: A number of adjustments were required to report the District's financial statements in accordance with generally accepted accounting principles.

Cause: The District did not identify all accounts requiring reconciliation and adjustment prior to the start of the audit, including receivables, prepaid costs, accounts payable, payroll payable, accrued interest payable, deferred inflows of resources, fund balance assignments and the net investment in capital assets.

Recommendation: We recommend the District use the closing checklist to identify all accounts requiring reconciliation, and perform those reconciliations and record closing entries prior to the start of the audit.

Management's Response: The District will implement the recommendations prior to the June 30, 2021 audit.

PRIOR YEAR FINDINGS

Finding 2020-001 is a continuation of finding 2019-001, 2018-001 and 2017-001 related to internal control over financial reporting.

COMPLIANCE AND OTHER MATTERS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None