

**STANISLAUS CONSOLIDATED
FIRE PROTECTION DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Annual Financial Report
For the Year Ended June 30, 2021

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INTRODUCTORY SECTION

- **List of Officials**

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

List of Officials

For the Year Ended June 30, 2021

Board of Directors

Greg Bernardi	President
Jonathan Goulding	Vice President
Steven Stanfield	Director
Brandon Rivers	Director
Charles Neal	Director
Chad Homme	Director

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

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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 and each major fund of Stanislaus Consolidated Fire Protection District, California (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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

Basis for Qualified 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.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the District Pension Plan information, District OPEB Plan information, and budgetary comparison information as listed in the 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.

Management has omitted the 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.

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

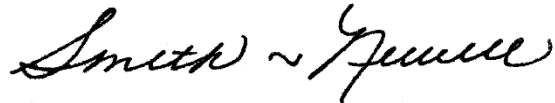
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2022, 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 solely 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 the effectiveness of the District's 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.



Smith & Newell CPAs
Yuba City, California
June 22, 2022

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Basic Financial Statements

- **Government-Wide Financial Statements**

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Statement of Net Position
June 30, 2021

	Total Governmental Activities
ASSETS	
Cash and investments	\$ 5,131,671
Receivables:	
Interest	121,966
Intergovernmental	669,709
Prepaid costs	210,350
Capital assets:	
Non-depreciable	680,537
Depreciable, net	6,302,704
Total capital assets	<u>6,983,241</u>
Total Assets	<u>13,116,937</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension adjustments	3,990,568
Deferred OPEB adjustments	<u>585,565</u>
Total Deferred Outflows of Resources	<u>4,576,133</u>
LIABILITIES	
Accounts payable	287,009
Salaries and benefits payable	146,193
Interest payable	14,978
Long-term liabilities:	
Due within one year	1,094,492
Due over one year	1,913,807
Net pension liability	15,432,650
Net OPEB liability	<u>4,810,919</u>
Total Liabilities	<u>23,700,048</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension adjustments	512,187
Deferred OPEB adjustments	<u>5,176,240</u>
Total Deferred Inflows of Resources	<u>5,688,427</u>
NET POSITION	
Net investment in capital assets	5,842,989
Restricted for:	
Development and CEQA fees	475,295
Unrestricted	<u>(18,013,689)</u>
Total Net Position	<u><u>\$ (11,695,405)</u></u>

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

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Public protection	\$ 12,911,264	\$ 7,657,758	\$ 637,692	\$ -	\$ (4,615,814)
Total Governmental Activities	12,911,264	7,657,758	637,692	-	(4,615,814)
Total	\$ 12,911,264	\$ 7,657,758	\$ 637,692	\$ -	(4,615,814)
General revenues:					
Taxes:					
Property taxes					3,681,470
Interest and investment earnings					47,983
Miscellaneous					239,135
Total General Revenues					3,968,588
Change in Net Position					(647,226)
Net Position - Beginning					(11,048,179)
Net Position - Ending					\$ (11,695,405)

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

Basic Financial Statements

- **Fund Financial Statements**

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>CEQA Riverbank</u>	<u>CEQA Waterford Hickman</u>	<u>Development Fees Riverbank</u>
ASSETS				
Cash and investments	\$ 4,653,791	\$ 317,593	\$ 29,070	\$ 103,627
Receivables:				
Accounts	121,966	-	-	-
Intergovernmental	669,709	-	-	-
Due from other funds	2,585	-	-	-
Prepaid costs	210,350	-	-	-
Total Assets	<u>\$ 5,658,401</u>	<u>\$ 317,593</u>	<u>\$ 29,070</u>	<u>\$ 103,627</u>
LIABILITIES				
Accounts payable	\$ 287,009	\$ -	\$ -	\$ -
Salaries and benefits payable	146,193	-	-	-
Due to other funds	-	1,523	267	795
Total Liabilities	<u>433,202</u>	<u>1,523</u>	<u>267</u>	<u>795</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	669,709	-	-	-
Total Deferred Inflows of Resources	<u>669,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Assigned	3,276,971	-	-	-
Restricted	-	316,070	28,803	102,832
Unassigned	1,278,519	-	-	-
Total Fund Balances	<u>4,555,490</u>	<u>316,070</u>	<u>28,803</u>	<u>102,832</u>
Total Liabilities and Fund Balances	<u>\$ 5,658,401</u>	<u>\$ 317,593</u>	<u>\$ 29,070</u>	<u>\$ 103,627</u>

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

Development Fees Waterford Hickman	Totals
\$ 27,590	\$ 5,131,671
-	121,966
-	669,709
-	2,585
-	210,350
<u>\$ 27,590</u>	<u>\$ 6,136,281</u>
\$ -	\$ 287,009
-	146,193
-	2,585
<u>-</u>	<u>435,787</u>
<u>-</u>	<u>669,709</u>
<u>-</u>	<u>669,709</u>
-	3,276,971
27,590	475,295
-	1,278,519
<u>27,590</u>	<u>5,030,785</u>
<u>\$ 27,590</u>	<u>\$ 6,136,281</u>

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2021

Total Fund Balance - Total Governmental Funds	\$ 5,030,785
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	6,983,241
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	669,709
Interest payable on long-term debt does not require the use of current financial resources and therefore is not accrued as a liability in the governmental funds balance sheet.	(14,978)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	4,576,133
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(5,688,427)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Pension obligation bonds	(654,300)
Loans payable	(1,020,262)
Capital leases	(119,990)
Compensated absences	(1,213,747)
Net pension liability	(15,432,650)
Net OPEB liability	<u>(4,810,919)</u>
Net Position of Governmental Activities	<u>\$ (11,695,405)</u>

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

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	CEQA Riverbank	CEQA Waterford Hickman	Development Fees Riverbank
REVENUES				
Taxes and assessments	\$ 11,087,422	\$ -	\$ -	\$ -
Use of money and property	47,115	301	14	112
Intergovernmental	385,062	-	-	-
Charges for services	196,015	16,655	24,411	8,041
Other revenues	239,135	-	-	-
Total Revenues	<u>11,954,749</u>	<u>16,956</u>	<u>24,425</u>	<u>8,153</u>
EXPENDITURES				
Current public protection:				
Salaries and benefits	9,354,640	-	-	-
Services and supplies	2,003,329	-	-	-
Debt service:				
Principal	1,651,872	-	-	-
Interest	89,203	-	-	-
Capital outlay	80,096	400,607	-	-
Total Expenditures	<u>13,179,140</u>	<u>400,607</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,224,391)</u>	<u>(383,651)</u>	<u>24,425</u>	<u>8,153</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	1,000,000	-	-	-
Transfers in	-	-	-	-
Transfers out	(243)	-	-	-
Total Other Financing Sources (Uses)	<u>999,757</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(224,634)</u>	<u>(383,651)</u>	<u>24,425</u>	<u>8,153</u>
Fund Balances - Beginning	<u>4,780,124</u>	<u>699,721</u>	<u>4,378</u>	<u>94,679</u>
Fund Balances - Ending	<u>\$ 4,555,490</u>	<u>\$ 316,070</u>	<u>\$ 28,803</u>	<u>\$ 102,832</u>

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

Development Fees Waterford Hickman	Totals
\$ -	\$ 11,087,422
441	47,983
-	385,062
6,684	251,806
-	239,135
7,125	12,011,408
-	9,354,640
-	2,003,329
-	1,651,872
-	89,203
-	480,703
-	13,579,747
7,125	(1,568,339)
-	1,000,000
243	243
-	(243)
243	1,000,000
7,368	(568,339)
20,222	5,599,124
\$ 27,590	\$ 5,030,785

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (568,339)

Amounts reported for governmental activities in the Statement of Activities are different because:

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 and reported as depreciation expense.

Expenditures for capital outlay	480,703
Less current year depreciation	(520,371)

Some revenues reported in the Statement of Activities will not be collected for several months after the District's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

Change in unavailable revenues	252,630
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal retirements	1,651,872
Proceeds from issuance of debt	(1,000,000)

Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension and OPEB	307,737
Change in deferred inflows of resources related to pension and OPEB	572,445

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 the governmental funds.

Change in compensated absences	347,093
Change in net pension liability	(1,579,183)
Change in net OPEB liability	(600,829)
Change in accrued interest on long-term debt	9,016

Change in Net Position of Governmental Activities \$ (647,226)

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

Basic Financial Statements

- **Notes to Basic Financial Statements**

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Stanislaus Consolidated Fire Protection District is a special district within the County of Stanislaus governed by an independent six-member Board of Directors. The District was established to provide fire prevention and suppression and rescue services within its boundaries.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

Joint Agencies

The District is a member of the Special District Risk Management Authority (SDRMA). SDRMA is a joint powers authority organized for the purpose of providing coverage protection, risk management services, claims management as well as safety and loss prevention programs for its members. SDRMA is composed of member agencies and is governed by a board of directors appointed by the members. Complete audited financial statements can be obtained from SDRMA's office at 1112 I Street, Suite 300, Sacramento, CA 95814. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all the activities of the District. Eliminations have been made to minimize the double counting of internal activities. These statements report the governmental activities of the District, which are normally supported by property taxes, intergovernmental revenues and special assessments. The District had no business-type activities at June 30, 2021.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the District are organized into five funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds, each displayed in a separate column.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General fund includes such activities as fire protection.
- The CEQA Riverbank fund is a special revenue fund used to account for revenues and expenditures related to the California Environmental Quality Act within the City of Riverbank. Funding comes primarily from the state.
- The CEQA Waterford Hickman fund is a special revenue fund used to account for revenues and expenditures for related to the California Environmental Quality Act with the cities of Waterford and Hickman. Funding comes primarily from the state.
- The Development Fees Riverbank fund is a special revenue fund used to account for revenue and expenditures for development in the Riverbank area. Funding comes primarily from the collection of development fees.
- The Development Fees Waterford Hickman fund is a special revenue fund used to account for revenue and expenditures for development in the Waterford and Hickman areas. Funding comes primarily from the collection of development fees.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, charges for services, certain state and federal grants, and use of money and property are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Investments

The District pools all cash and investments, other than cash held in checking and savings accounts, with the County of Stanislaus. The Stanislaus County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on the amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter based on the participant's average daily cash balance at quarter end in relation to the total pool investments. This method differs from the fair value method used to value investments in these financial statements.

F. Receivables

Receivables for governmental activities consist mainly of interest and amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Other Assets

Prepaid Costs

Prepayments made for services that will benefit periods beyond June 30, 2021, are recorded as prepaid costs. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

H. Capital Assets

Capital assets are defined by the District as an asset with a cost greater than \$5,000 with at least five years expected life. Capital assets are recorded at historical cost or estimated historical cost if actual is unavailable. Contributed capital assets are recorded at their estimated acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Improvements	10 to 40 years
Buildings	10 to 30 years
Equipment	3 to 20 years
Vehicles	5 to 20 years
Furniture	10 years

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the result of operations.

I. Property Tax

Stanislaus County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Stanislaus up to 1 percent of the full cash value of taxable property, plus other increases approved by the voter and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is due on March 1 and becomes delinquent if unpaid after December 10 and April 10.

The County uses the alternative method of property tax apportionment known as the “Teeter Plan”. Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

J. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion to interfund loans) as appropriate and are subject to elimination upon consolidation. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the Government-Wide Statement of Activities.

Reimbursements occur when the funds responsible for particular expenditures repay the funds that initially paid for them. Such reimbursements are reflected as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation of the government-wide presentation.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

The District's policy regarding vacation is to permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as a long-term liability in the government-wide financial statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, the expenditures related to those obligations are recognized when they mature.

L. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension 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.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

M. Other Postemployment Benefits (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 District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

O. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met.

P. Estimates

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

Q. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 84, “Fiduciary Activities” The requirements of this statement are effective for periods beginning after December 15, 2019. The District does not have any fiduciary activities to report for the year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The District does not have any majority equity interests to report for the year ended June 30, 2021.

R. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Future Accounting Pronouncements (Continued)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the District’s cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 100
Deposits (less outstanding warrants)	<u>4,313,617</u>
Total Cash	<u>4,313,717</u>
Investments:	
Stanislaus County Treasurer’s Pool	<u>817,954</u>
Total Investments	<u>817,954</u>
Total Cash and Investments	<u>\$ 5,131,671</u>

B. Cash

At year end, the carrying amount of the District’s cash deposits (including amounts in a checking and savings accounts) was \$4,313,617 and the bank balance was \$4,570,355. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the District had cash on hand of \$100.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Cash (Continued)

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized.

C. Investments

The District's only approved investment instruments are certificates of deposits. Any additional investment instruments must be approved by the board. At June 30, 2021, cash and investments of the District were in the County of Stanislaus investment pool. Under the provisions of the County's investment policy and the California Government Code the County may invest or deposit in the following:

- Local Agency Bonds, Notes, and Warrants
- U.S. Treasury Bonds, Notes, and Bills, Corporate Bonds, and Notes
- California State Registered Warrants, Treasury Notes, and Bonds
- State Registered Treasury Notes and Bonds
- U.S. Agency and GSE Bonds and Notes
- Banker's Acceptances
- Commercial Paper
- Negotiable Certificates of Deposits
- Certificates of Deposits (Non-Negotiable)
- Repurchase Agreements
- Medium-Term Corporate Notes
- Mutual Funds
- California Asset Management Program (CAMP)
- Money Market Funds
- Local Agency Investment Fund (LAIF)
- Supranational Bonds and Notes

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2021, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>-</u>	<u>-</u>	<u>-</u>
Investments in External Investment Pool				
Stanislaus County Treasurer's Pool	<u>817,954</u>			
Total Investments	<u>\$ 817,954</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. The County limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2021, the District's investments were all held with the County of Stanislaus investment pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. As of June 30, 2021, all investments of the District were in the Stanislaus County investment pool which contains a diversification of investments.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Capital Assets, Not Being Depreciated				
Land	\$ 280,000	\$ 400,537	\$ -	\$ 680,537
Total Capital Assets, Not Being Depreciated	280,000	400,537	-	680,537
Capital Assets, Being Depreciated				
Buildings and improvements	5,191,939	-	-	5,191,939
Vehicles	5,797,868	41,418	-	5,839,286
Furniture and equipment	2,105,215	38,748	-	2,143,963
Total Capital Assets, Being Depreciated	13,095,022	80,166	-	13,175,188
Less Accumulated Depreciation For:				
Buildings and improvements	(920,306)	(173,658)	-	(1,093,964)
Vehicles	(3,743,546)	(273,945)	-	(4,017,491)
Furniture and equipment	(1,688,261)	(72,768)	-	(1,761,029)
Total Accumulated Depreciation	(6,352,113)	(520,371)	-	(6,872,484)
Total Capital Assets, Being Depreciated, Net	6,742,909	(440,205)	-	6,302,704
Total Capital Assets, Net	\$ 7,022,909	(\$ 39,668)	\$ -	\$ 6,983,241

Depreciation

Depreciation expense was charged to governmental activities as follows:

Public Protection	\$ 520,371
Total Depreciation Expense – Governmental Activities	\$ 520,371

NOTE 4: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds.

The following are due to and due from balances as of June 30, 2021:

	Due From Other Funds	Due To Other Funds
General fund	\$ 2,585	\$ -
CEQA Riverbank	-	1,523
CEQA Waterford Hickman	-	267
Development Fees Riverbank	-	795
Total	\$ 2,585	\$ 2,585

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: INTERFUND TRANSACTIONS (CONTINUED)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2021.

	Transfers In	Transfers Out
General fund	\$ -	\$ 243
Development Fees Waterford Hickman	243	-
Total	\$ 243	\$ 243

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

Type of Indebtedness	Balance July 1, 2020	Adjustments/ Additions	Retirements	Balance June 30, 2021	Amounts Due Within One Year
Pension obligation bonds	\$ 1,047,000	\$ -	(\$ 392,700)	\$ 654,300	\$ 428,200
Loans payable	1,164,032	-	(143,770)	1,020,262	147,141
Capital leases payable	235,392	-	(115,402)	119,990	119,990
Line of credit	-	1,000,000	(1,000,000)	-	-
Compensated absences	1,560,840	631,001	(978,094)	1,213,747	399,161
Total	\$ 4,007,264	\$ 1,631,001	(\$2,629,966)	\$ 3,008,299	\$ 1,094,492

Individual issues of debt payable outstanding at June 30, 2021 are as follows:

Pension Obligation Bonds:

2011 Taxable Pension Obligation Bonds, dated May 26, 2011, issued in the amount of \$3,209,800, payable in semi-annually installments of \$163,589 to \$231,753, with an interest rate of 5% and maturity on July 15, 2022. The bonds were used to advance pay miscellaneous and safety employee pension obligations.

	\$ 654,300
Total Pension Obligation Bonds	654,300

Loans:

The Bank of New York Mellon Trust bank loan, dated October 1, 2017, payable in semi-annual installments of \$80,236 to \$85,030, with an interest rate at 2.33% and maturity on October 1, 2027. Loan Proceeds were used to purchase two 2016 Pierce Velocity engines and a 2013 Pierce Velocity engine.

	1,020,262
Total Loans	1,020,262
Total	\$ 1,674,562

Following is a schedule of debt payment requirements to maturity for long-term debt, excluding compensated absences that have indefinite maturities and capital leases which are reported in Note 6.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

<u>Year Ended June 30</u>	Pension Obligation Bonds		
	Principal	Interest	Totals
2022	\$ 428,200	\$ 27,525	\$ 455,725
2023	226,100	5,653	231,753
Total	\$ 654,300	\$ 33,178	\$ 687,478

<u>Year Ended June 30</u>	Loans Payable		
	Principal	Interest	Totals
2022	\$ 147,141	\$ 22,920	\$ 170,061
2023	150,589	19,472	170,061
2024	154,117	15,942	170,059
2025	157,730	12,331	170,061
2026	161,425	8,634	170,059
2027-2028	249,260	5,830	255,090
Total	\$ 1,020,262	\$ 85,129	\$ 1,105,391

Line of Credit

The District has an available line of credit for short-term cash flow needs. Interest rates on the unused line of credit balance are variable rates tied to Westamerica Bank. The amount of the unused line of credit is \$1,500,000 as of June 30, 2021.

NOTE 6: LEASES

Capital Leases

The District has entered into certain capital lease agreements under which the related equipment will become the property of the District when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2021
Governmental Activities	4.00%	\$ 119,990
Total		\$ 119,990

Equipment and related accumulated depreciation under capital lease are as follows:

	Governmental Activities
Equipment	\$ 576,490
Less: accumulated depreciation	(107,611)
Net Value	\$ 468,879

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LEASES (CONTINUED)

As of June 30, 2021, capital lease annual amortization was as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Governmental</u> <u>Activities</u>
2022	\$ 124,758
Total Requirements	124,758
Less: interest	(4,768)
Present Value of Remaining Payments	<u>\$ 119,990</u>

NOTE 7: 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** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 8: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balance for the governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 8: FUND BALANCES (CONTINUED)

- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority. The Board of Directors is the highest level of decision making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District's General fund that includes all amounts not contained in the other classifications.

The fund balances for all governmental funds as of June 30, 2021, were distributed as follows:

	General Fund	CEQA Riverbank	CEQA Waterford Hickman	Development Fees Riverbank	Development Fees Waterford Hickman	Totals
Assigned for:						
Public protection	\$ 3,276,971	\$ -	\$ -	\$ -	\$ -	\$ 3,276,971
Subtotal	<u>3,276,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,276,971</u>
Restricted for:						
CEQA	-	316,070	28,803	-	-	344,873
Development	-	-	-	102,832	27,590	130,422
Subtotal	<u>-</u>	<u>316,070</u>	<u>28,803</u>	<u>102,832</u>	<u>27,590</u>	<u>475,295</u>
Unassigned	<u>1,278,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,278,519</u>
Total	<u>\$ 4,555,490</u>	<u>\$ 316,070</u>	<u>\$ 28,803</u>	<u>\$ 102,832</u>	<u>\$ 27,590</u>	<u>\$ 5,030,785</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Directors has adopted a fund balance policy. The policy establishes procedures for reporting fund balance classifications and a hierarchy of fund balance expenditures.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Safety and Miscellaneous (all other) Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. 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.

Effective January 1, 2013, the District added retirement tiers for both the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the District's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety PEPRA	Safety members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety	Safety employees hired before January 1, 2013

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 (age 52 for Miscellaneous plan members if the membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.0% @ 55	50-67	2.000 to 2.700%
Miscellaneous PEPRA	2.0% @ 62	52-67	1.000 to 2.500%
Safety	2.0% @ 50	50-55	3.00%
Safety PEPRA	2.7% @ 57	50-57	2.000 to 2.700%

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

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

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	14.194%	8.000%	0.000%
Miscellaneous PEPRA	7.732%	6.750%	0.000%
Safety	23.674%	9.000%	0.000%
Safety PEPRA	13.044%	12.000%	0.000%

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

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

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 48,061	\$ -
Safety	1,672,572	-

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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 pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<u>Proportion June 30, 2020</u>	<u>Proportion June 30, 2021</u>	<u>Change - Increase (Decrease)</u>
Miscellaneous	0.01136%	0.01187%	.00051%
Safety	0.21463%	0.22413%	.00950%

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

As of June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 500,647
Safety	<u>14,932,003</u>
Total Net Pension Liability	<u>\$ 15,432,650</u>

For the year ended June 30, 2021, the District recognized pension expense of \$3,428,196. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,739,143	\$ -
Change in assumptions	-	(53,310)
Difference between expected and actual experience	1,183,701	-
Difference between projected and actual earnings on pension plan investments	339,408	-
Difference between District contributions and proportionate share of contributions.	80,399	(370,826)
Adjustments due to differences in proportions	<u>647,917</u>	<u>(88,051)</u>
Total	<u>\$ 3,990,568</u>	<u>(\$ 512,187)</u>

\$1,739,143 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 fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>		
2022		\$ 605,084
2023		561,304
2024		403,106
2025		169,744
Thereafter		<u>-</u>
Total		<u>\$ 1,739,238</u>

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

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 and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

(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 the Plan as of the measurement date, calculated using the discount rate for the Plan, 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:

	<u>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
Miscellaneous	\$ 763,510	\$ 500,647	\$ 283,451
Safety	22,581,235	14,932,003	8,655,084

Pension Plan Fiduciary Net Position

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

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. 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.

B. 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 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, 2020 measurement date, the following employees were covered by the Plan’s benefit terms:

Inactive employees spouses, or beneficiaries currently receiving benefit payments	9
Active employees	<u>51</u>
	<u><u>60</u></u>

C. Net OPEB Liability

Actuarial Assumptions and Other Inputs

The total 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:

Actuarial Valuation Date	June 30, 2019
Discount Rate	2.21% at June 30, 2020; 3.50% at June 30, 2019
Inflation Rate	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP 2020
Salary Increases	Aggregate - 3% annually; Merit - CalPERS 1997-2015 Experience Study

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Changes in the Net OPEB Liability

	Net OPEB Liability
Balance at June 30, 2020	\$ 4,210,090
Changes for the year:	
Service cost	269,022
Interest	154,969
Changes of benefit	(132,278)
Change of assumptions	411,978
Benefit payments	(102,862)
Net changes	600,829
Balance at June 30, 2021	\$ 4,810,919

Changes of assumptions reflects a change in the discount rate from 3.50 percent as of June 30, 2020 to 2.21 percent as of June 30, 2021.

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

The following presents the net OPEB liability of the District, as well as what the District's net 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 1.21%	Current Rate 2.21%	1% Increase 3.21%
Net OPEB liability	\$ 5,206,045	\$ 4,810,919	\$ 4,443,441

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB Liability	\$ 4,387,191	\$ 4,810,919	\$ 5,308,080

E. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB income of \$268,219. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(\$ 4,592,813)
Changes in assumptions	464,561	(583,427)
Contributions made subsequent to the measurement date	121,004	-
Total	\$ 585,565	(\$ 5,176,240)

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

E. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$121,004 reported as deferred outflows related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended <u>June 30</u>	
2022	(\$ 559,932)
2023	(559,932)
2024	(559,932)
2025	(559,932)
2026	(559,932)
Thereafter	(<u>1,912,019</u>)
	(<u>\$ 4,711,679</u>)

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of the Special District Risk Management Authority (SDRMA). The SDRMA's members have pooled funds to be self-insured for workers' compensation, general liability, public officials' errors and omissions, employment practices liability, auto, property, boiler and machinery and crime and fidelity. The District participates in the property/liability and workers' compensation programs.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three years.

NOTE 12: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2021 through June 22, 2022, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
District Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021
Last 10 Years*

Measurement Date	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Miscellaneous					
Proportion of the net pension liability	0.03290%	0.00993%	0.01053%	0.01074%	0.01102%
Proportionate share of the net pension liability	\$ 204,566	\$ 272,467	\$ 365,749	\$ 423,280	\$ 415,385
Covered payroll	120,671	121,708	124,291	299,389	298,209
Proportionate share of the net pension liability as a percentage of covered payroll	169.52%	223.87%	294.27%	141.38%	139.29%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	79.14%	75.94%	74.52%	76.42%
Safety					
Proportion of the net pension liability	0.17845%	0.19168%	0.19932%	0.20147%	0.21818%
Proportionate share of the net pension liability	\$ 6,693,660	\$ 7,898,392	\$ 10,323,582	\$ 12,038,426	\$ 12,801,794
Covered payroll	3,502,073	3,537,615	3,607,135	6,144,593	6,366,319
Proportionate share of the net pension liability as a percentage of covered payroll	191.13%	223.27%	286.20%	195.92%	201.09%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	79.30%	74.89%	74.34%	74.72%

* The District implemented GASB 68 for the fiscal year June 30, 2015, therefore only seven years are shown.

<u>2018/2019</u>	<u>2019/2020</u>
0.01136%	0.01187%
\$ 455,072 209,376	\$ 500,647 236,961
217.35%	211.28%
76.95%	74.65%
0.21463%	0.22413%
\$ 13,398,395 6,400,003	\$ 14,932,003 4,105,515
209.35%	363.71%
75.30%	73.49%

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
District Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
Miscellaneous					
Contractually required contributions (actuarially determined)	\$ 17,637	\$ 21,302	\$ 40,536	\$ 43,990	\$ 42,193
Contributions in relation to the actuarially determined contributions	<u>(17,637)</u>	<u>(21,302)</u>	<u>(40,536)</u>	<u>(43,990)</u>	<u>(42,193)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 121,708	\$ 124,291	\$ 299,389	\$ 298,209	\$ 209,376
Contributions as a percentage of covered payroll	14.49%	17.14%	13.54%	14.75%	20.15%
Safety					
Contractually required contributions (actuarially determined)	\$ 888,762	\$ 1,393,099	\$ 1,537,840	\$ 1,706,006	\$ 1,912,324
Contributions in relation to the actuarially determined contributions	<u>(888,762)</u>	<u>(1,393,099)</u>	<u>(1,537,840)</u>	<u>(1,706,006)</u>	<u>(1,912,324)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,537,615	\$ 3,607,135	\$ 6,144,593	\$ 6,366,319	\$ 6,400,003
Contributions as a percentage of covered payroll	25.12%	38.62%	25.03%	26.80%	29.88%

* The District implemented GASB 68 for the fiscal year June 30, 2015, therefore only seven years are shown.

<u>2019/2020</u>	<u>2020/2021</u>
\$ 48,061	\$ 12,080
<u>(48,061)</u>	<u>(47,754)</u>
<u>\$ -</u>	<u>\$ (35,674)</u>
\$ 236,961	\$ 133,329
21.97%	9.06%
\$ 1,672,572	\$ 799,396
<u>(1,672,572)</u>	<u>(1,691,389)</u>
<u>\$ -</u>	<u>\$ (891,993)</u>
\$ 6,400,003	\$ 3,947,960
40.51%	20.25%

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
District Pension Plan
Notes to District Pension Plan
For the Year Ended June 30, 2021

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumptions: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2018
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining amortization period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary increases	Varies based on entry age and service
Investment rate of return	7.00%

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
District OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
Last 10 Fiscal Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Total OPEB Liability				
Service cost	\$ 787,560	\$ 716,667	\$ 702,668	\$ 269,022
Interest	246,283	317,788	367,392	154,969
Changes of benefit terms	-	-	(5,686,341)	(132,278)
Changes of assumptions	(600,837)	(246,765)	122,413	411,978
Benefit payments	(112,940)	(140,806)	(173,409)	(102,862)
Net Change in Total OPEB Liability	320,066	646,884	(4,667,277)	600,829
Total OPEB Liability - Beginning	7,910,417	8,230,483	8,877,367	4,210,090
Total OPEB Liability - Ending	<u>\$ 8,230,483</u>	<u>\$ 8,877,367</u>	<u>\$ 4,210,090</u>	<u>\$ 4,810,919</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 8,912,229	\$ 9,106,161	\$ 9,749,455	\$ 6,494,101
Net OPEB liability as a percentage of covered-employee payroll	92.35%	97.49%	43.18%	74.08%

* The District implemented GASB 75 for the fiscal year June 30, 2018, therefore only four years are shown.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
District OPEB Plan
Note to District OPEB Plan
For the Year Ended June 30, 2021

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Change of Assumptions

The discount rate was changed from to 3.50 percent as of June 30, 2020 to 2.21 percent as of June 30, 2021.

Changes of Benefit Terms

Sick leave accrual hours were decreased effective January 1, 2020.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
All Governmental Funds*
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 10,529,067	\$ 10,774,000	\$ 11,087,422	\$ 313,422
Use of money and property	40,000	40,500	47,983	7,483
Intergovernmental	125,000	749,220	385,062	(364,158)
Charges for services	90,000	105,000	251,806	146,806
Other revenues	480,000	330,000	239,135	(90,865)
Total Revenues	<u>11,264,067</u>	<u>11,998,720</u>	<u>12,011,408</u>	<u>12,688</u>
EXPENDITURES				
Current public protection:				
Salaries and benefits	9,084,166	9,741,863	9,354,640	387,223
Services and supplies	1,563,502	1,687,851	2,003,329	(315,478)
Debt service:				
Principal	-	-	1,651,872	(1,651,872)
Interest	-	-	89,203	(89,203)
Capital outlay	510,059	510,059	480,703	29,356
Total Expenditures	<u>11,157,727</u>	<u>11,939,773</u>	<u>13,579,747</u>	<u>(1,639,974)</u>
Excess of Revenues Over (Under) Expenditures	<u>106,340</u>	<u>58,947</u>	<u>(1,568,339)</u>	<u>(1,627,286)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	1,000,000	1,000,000
Transfers in	-	-	243	243
Transfers out	-	-	(243)	(243)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Net Change in Fund Balances	106,340	58,947	(568,339)	(627,286)
Fund Balances - Beginning	<u>5,599,124</u>	<u>5,599,124</u>	<u>5,599,124</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,705,464</u>	<u>\$ 5,658,071</u>	<u>\$ 5,030,785</u>	<u>\$ (627,286)</u>

* The District prepares its annual budget for all of their funds combined. For purposes of the budgetary comparison schedule the budget is presented for the combined total of all governmental funds of the District.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2021

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for all governmental funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The District Fire Chief submits to the board a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted, the amounts stated therein, as recommended expenditures become appropriations. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2021, the District incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over <u>Appropriations</u>
General fund	\$ 11,939,773	\$ 13,579,747	\$ 1,639,974

OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Schedule of Prior Year Findings and Recommendations**
- **Management's Corrective Action Plan**

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**INDEPENDENT AUDITOR'S 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 and each major fund of Stanislaus Consolidated Fire Protection District, California (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 22, 2022.

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) as a basis for designing 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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations to be a material weakness. (2021-001)

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies. (2021-002 through 2021-005)

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

Compliance and Other Matters

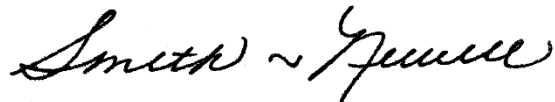
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under Government Auditing Standards.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying management's corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs
Yuba City, California
June 22, 2022

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-001 Accountability Over Capital Assets (Material Weakness)

Criteria

Governmental entities are required to maintain depreciation schedules on all capital assets of the District, including the calculation of annual depreciation of assets and accumulated depreciation.

Condition

At the time of our fieldwork, we noted that the District had not split the portion of the cost attributed to the land out separately. Also, the District received two donated stations in the past but did not record them at their estimated acquisition value.

Cause

The District did not obtain appraisal for buildings.

Effect

The accountability over capital assets may be lost and result in an auditor's qualified opinion on the financial statements.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District obtain an appraisal for the buildings, split out the land, and recalculate accumulated depreciation.

View of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2021-002 Payroll (Significant Deficiency)

Criteria

Good internal control over payroll requires that employee payroll tax withholdings agree with the amount authorized on the employee completed W-4's and DE-4's.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-002 Payroll (Significant Deficiency) (Continued)

Condition

During fieldwork, we noted that 3 employees' federal withholdings and 2 state withholdings did not match employee approved W-4s and DE-4s.

Cause

The District did not verify amounts authorized on the employee W-4 and DE-4 forms were correctly entered into the payroll system or that all supporting documentation was on file.

Effect

The District is lacking sufficient supporting documentation to verify the accuracy of payroll.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

We randomly selected 12 payroll transactions to test tax withholding compliance with payroll laws and regulations and that all supporting documentation was on file. Sampling was a statistically valid sample.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District perform controls to verify that payroll information entered into the system is accurate and supporting documentation is on file.

View of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2021-003 Deficiencies in Control Structure Design (Significant Deficiency)

Criteria

Good internal control requires that adequate controls be incorporated in the internal control structure.

Condition

There is an absence of appropriate segregation of duties consistent with control objectives as well as an absence of appropriate review and approval of transactions and accounting entries.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-003 Deficiencies in Control Structure Design (Significant Deficiency) (Continued)

Cause

The District has limited staff.

Effect

The District's internal control procedures are weak in the area of segregation of duties.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District have an appropriate review and approval process to post accounting entries.

View of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2021-004 Cash Receipts (Significant Deficiency)

Criteria

The District is required to retain all accounting records.

Condition

At the time of our fieldwork, receipts were not available to audit.

Cause

There was a change in staff and records could not be found.

Effect

Records were not available to substantiate that the correct fees were calculated.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-004 Cash Receipts (Significant Deficiency) (Continued)

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

We randomly selected 25 cash receipt transactions to verify the accuracy and validity of the amounts received. Sampling was a statistically valid sample.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District continue to locate all records.

View of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2021-005 Budget (Significant Deficiency)

Criteria

General Accepted Accounting Principles require that an annual budget be prepared and amended as needed for the General and special revenue funds, and that expenditures not exceed the approved budget.

Condition

For the year ended June 30, 2021, we noted that the District incurred expenditures in excess of appropriations of \$1,639,974 in all governmental funds combined.

Cause

The District did not amend its budget for changes in the estimate of expenditures during the fiscal year.

Effect

Expenditures exceeded appropriations by \$1,639,974.

Questioned Cost

No questioned costs were identified as a result of our procedures.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-005 Budget (Significant Deficiency) (Continued)

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Prior Year Findings and Recommendations
For the Year Ended June 30, 2021

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
2020-001	<p>Internal Control Over Financial Reporting</p> <p>Recommendation</p> <p>We recommend that the District use the closing checklist to identify all accounts requiring reconciliation, perform those reconciliations, and record closing entries prior to the start of the audit.</p> <p>Status</p> <p>In Progress</p>
Management Letter	<p>Closing Process</p> <p>Recommendation</p> <p>The District's closing process did not identify a number of adjustments necessary to properly report the District's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). We understand the District used a closing checklist we provided to help identify all reconciliations that need to be performed to close the books, but still did not catch all the entries needed. It also appears a consistent process to update and retain documentation needed to be used during the year under audit, making it difficult to find documentation needed for the audit, which we understand has been addressed after year-end. The entries identified increased the time spent and cost to complete the audit. Areas where additional controls need to be added include the following:</p> <ul style="list-style-type: none">• Bank reconciliations• Receivables• Capital assets• Payroll liabilities• Compensated absences• Government-wide fund• Fund balance and net position• Budget• Chart of accounts• Internal controls• Policies and procedures• Pension expenditure <p>Status</p> <p>In Progress</p>

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Corrective Action Plan
For the Year Ended June 30, 2021

Finding 2021-001 Accountability Over Capital Assets (Material Weakness)

We recommend that the District obtain an appraisal for the buildings, split out the land, and recalculate accumulated depreciation.

Management's Response: The District concurs with the finding.

Responsible Individual: Clinton Bray, Battalion Chief

Corrective Action Plan: The District is seeking to have a professional appraisal completed for all the fire stations to correctly split out land costs versus building costs. Subsequent to the appraisal, valuations will be updated in the District's capital assets schedule.

Anticipated Completion Date: August 2022

Finding 2021-002 Payroll (Significant Deficiency)

We recommend that the District perform controls to verify that payroll information entered into the system is accurate and supporting documentation is on file.

Management's Response: The District concurs with the finding.

Responsible Individual: Clinton Bray, Battalion Chief

Corrective Action Plan: The District will hire staff to work specifically on payroll to assure the completeness and accuracy of time submitted.

Anticipated Completion Date: Implemented

Finding 2021-003 Deficiencies in Control Structure Design (Significant Deficiency)

We recommend that the District have an appropriate review and approval process to post accounting entries.

Management's Response: The District concurs with the finding.

Responsible Individual: Clinton Bray, Battalion Chief

Corrective Action Plan: The District will work to implement a process by which all accounting transactions will have an appropriate approval process.

Anticipated Completion Date: August 2022

STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Corrective Action Plan
For the Year Ended June 30, 2021

Finding 2021-004 Cash Receipts (Significant Deficiency)

We recommend that the District continue to locate all records.

Management's Response: The District concurs with the finding.

Responsible Individual: Clinton Bray, Battalion Chief

Corrective Action Plan: The District will work to update record filing practices, both physically and electronically.

Anticipated Completion Date: August 2022

Finding 2021-005 Budget (Significant Deficiency)

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget.

Management's Response: The District concurs with the finding.

Responsible Individual: Clinton Bray, Battalion Chief

Corrective Action Plan: The District is working to implement a better accountability to budget by updating the chart of accounts to be more precise with expenditure types; and will also work to assure better review of budget-to-actual reports and make Board-approved adjustments as necessary.

Anticipated Completion Date: September 2022