

FRESNO COUNTY FIRE PROTECTION DISTRICT

**INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fresno County Fire Protection District
Sanger, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fresno County Fire Protection District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fresno County Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fresno County Fire Protection District, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fresno County Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fresno County Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fresno County Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 and 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fresno County Fire Protection District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the Fresno County Fire Protection 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 Fresno County Fire Protection 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 Fresno County Fire Protection District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cuttone & Mastro".

Fresno, California
March 23, 2023

**FRESNO COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

This discussion and analysis of the Fresno County Fire Protection District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the accompanying financial statements and notes to those financial statements.

Financial Highlights

The District's total assets exceeded liabilities (net position) at the close of the fiscal year by \$31,731,290. Of this amount \$11,281,707 is unrestricted net position, which is available to meet the District's ongoing commitments to residents and creditors.

The District's governmental funds ended the year with a combined fund balance of \$12,502,541 which is an increase of \$1,983,594 over June 30, 2021. The District's General Fund ended the year with a fund balance of \$11,494,940, an increase of \$1,870,411 from the previous year.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements include all activities of the Fresno County Fire Protection District using the integral approach as prescribed by GASB Statement No. 34. The Statement of Net Assets and Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances. These statements include all assets and liabilities of the District using the accrual basis of accounting which is similar to the accounting method used by most private sector companies.

The government-wide financial statements can be found on pages 10 through 11 of this report.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the District's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving rise to the event occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in the future fiscal periods. The District's base service of fire suppression is included here. This service is primarily financed by property taxes.

The fund financial statements can be found on pages 12 through 14 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. A fund is grouping of related accounts that

**FRESNO COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

are used to maintain control over resources that have been segregated for specific activities or objectives. Management establishes other funds to control and manage money for particular purposes. All District funds are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements governmental fund financial statements focus on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or difference) between the fund statements and the government-wide statements.

The District adopts an annual appropriated budget for the General Fund and other funds in total and on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP). A budgetary comparison statement is provided to demonstrate compliance to this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 16 through 28 of this report.

Government-wide Financial Analysis

Statement of Net Position	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Current & Other Assets	\$ 25,117,005	\$ 16,092,695	\$ 19,731,492
Capital Assets (net of depreciation)	<u>19,918,438</u>	<u>17,233,932</u>	<u>15,603,773</u>
Total Assets	\$ 45,035,443	\$ 33,326,627	\$ 35,335,265
Liabilities			
Current	\$ 12,549,890	\$ 5,589,071	\$ 12,828,465
Capital Lease – Due within one year	349,118	321,699	310,298
Capital Lease – Due in more than one year	<u>374,372</u>	<u>679,290</u>	<u>1,000,989</u>
Total Liabilities	\$ 13,273,380	\$ 6,590,060	\$ 14,139,752
Deferred Inflows of Resources			
Deferred inflows from lease proceeds	<u>\$30,773</u>	<u>\$0</u>	<u>\$0</u>
Total Deferred Inflows of Resources	\$30,773	\$0	\$0
Net Position			
Invested in Capital Assets, net of related debt	\$ 19,239,148	\$ 16,232,943	\$ 14,292,486
Restricted	1,210,435	1,082,572	955,673
Unrestricted	<u>11,281,707</u>	<u>9,421,052</u>	<u>5,947,354</u>
Total Net Position	\$ 31,731,290	\$ 26,736,567	\$ 21,195,513

**FRESNO COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As of June 30, 2022, the District's government-wide total assets exceeded liabilities (net position) by \$31,731,290. Governmental activities finished the year with a positive net position balance. Net position as noted earlier may serve over time as a useful indicator of the District's financial position.

The District's capital leases under liabilities broken down into two categories: due within one year and due in more than one year. Additional information on the District's annual debt service can be found on page 25 in the notes to the financial statements.

Investment in Capital assets amount to \$19,239,148 or 61% of the total net position.

Unrestricted net position may be used to meet the District's ongoing commitments to residents and creditors.

Governmental Activities

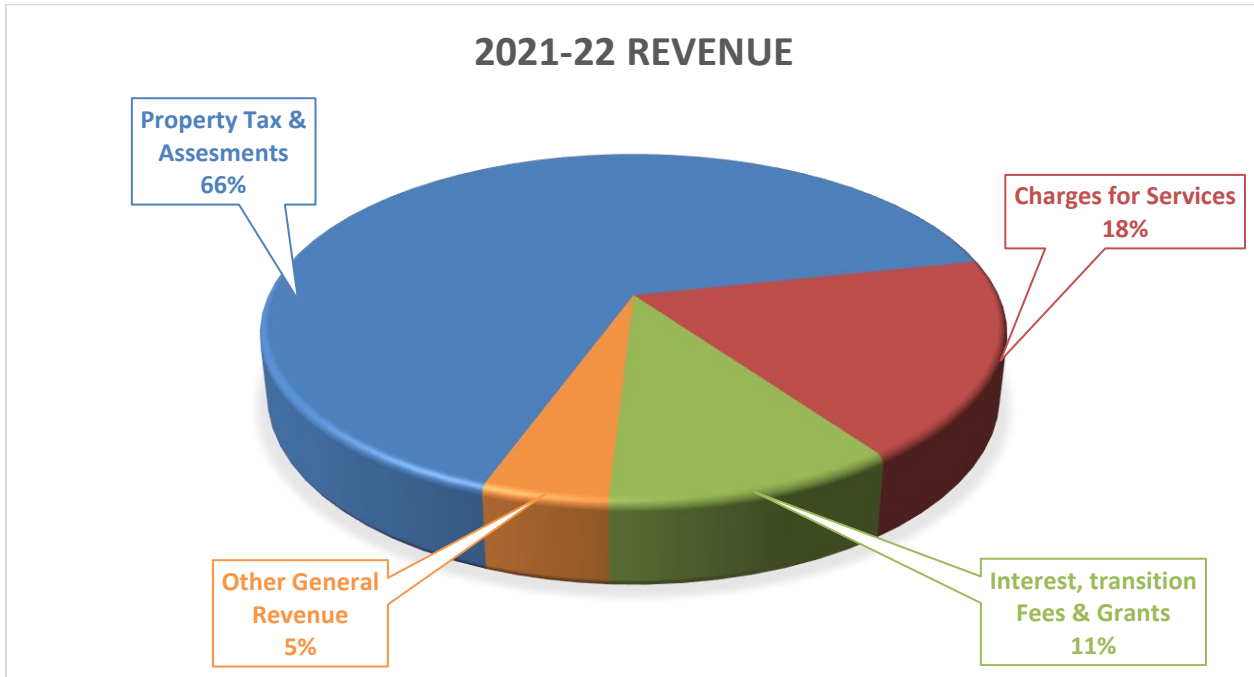
Governmental activities account for \$31,731,290 or 100% of the total government-wide net position. This is an increase of \$4,994,723 or 19% over June 30, 2021.

The following lists key components of this increase and the 3-year trend:

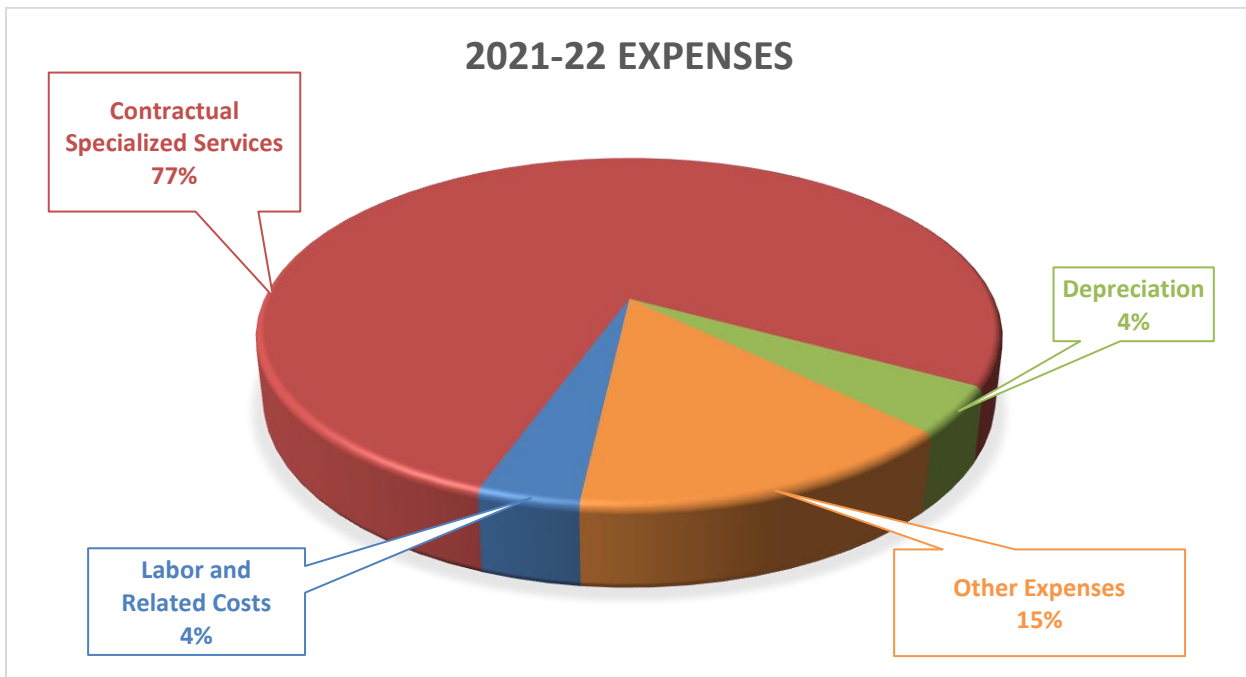
Statement of Activities	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue			
Property Tax and Assessments	\$ 21,739,541	\$ 21,011,710	\$ 20,518,614
Charges for Services	6,087,818	2,536,141	2,262,252
Interest, Transition Fees, Grants, Rent	3,528,510	1,372,328	592,123
Other Financing Revenue	1,497,147		
Other General Revenue	<u>36,125</u>	<u>3,945,308</u>	<u>1,198,151</u>
Total Revenue	\$ 32,889,141	\$ 28,865,487	\$ 24,571,140
Expenses			
Contractual Specialized Services	\$ 21,590,990	\$ 17,770,128	\$ 20,206,196
Labor and Related Costs	1,052,392	1,016,925	580,156
Depreciation	1,211,301	1,147,679	1,127,782
Other Expenses	<u>4,039,735</u>	<u>3,389,701</u>	<u>2,871,809</u>
Total Expenses	\$ 27,894,418	\$ 23,324,433	\$ 24,785,943
Increase (Decrease) in Net Position	\$4,994,723	\$ 5,541,054	\$ (214,803)
Net Position - Beginning	<u>26,736,567</u>	<u>21,195,513</u>	<u>21,410,316</u>
Net Position - Ending	\$ 31,731,290	\$ 26,736,567	\$ 21,195,513

Total governmental revenues for the year were \$32,889,141 with property tax and assessment revenue accounting for \$21,739,541 or 66% of the District's governmental activities revenue. Charges for Services revenue accounts for \$6,087,818 or 18% of the total governmental activities' revenue. Grants, Interest, and Transition Fees revenue account for \$3,528,510 or 11% of the District's governmental activities revenue. Finally, other financing and general revenue accounts for \$1,533,272 or 5% of the District's governmental activities revenue.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**



Total governmental expenses for the year were \$27,894,418. Contractual Specialized Services account for \$21,590,990 or 77% of the total governmental expenses. Labor and Related Costs account for \$1,052,392 or 4%. Other expenses account for \$4,039,735 or 15% of the total governmental expenses. Depreciation accounted for \$1,211,301 or 4% of the total governmental expenses.



**FRESNO COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Financial Analysis of Governmental Funds

The District's governmental funds ended the year with positive fund balances. The ending fund balance for all funds is \$12,502,541, which is an increase of \$1,983,594 or 19% when compared to the prior year.

The general fund is the chief operating fund of the District. As of June 30, 2022, the total fund balance of the general fund was \$11,494,940. The general fund total balance increased \$1,870,411 or 19% over the previous year.

General Fund – Budgetary Highlights

The statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 29 outlines the difference between the budget and actual numbers.

District revenues were over budget projections by \$1,327,811, and expenditures were under budget projections by \$454,873.

Capital Assets

The District's capital assets include land, structures and improvements, equipment and apparatus and vehicles. The District's Statement of Capital Asset Changes is on page 25.

Long Term Debt

On April 18, 2018, the District entered into a capital lease purchase agreement with Community First National Bank to purchase a ladder truck, fire engine and two extrication kits for a total of \$1,792,375. The loan is over a five (5) year period, with the first payment due and payable on January 31, 2020.

In April 2021, the District entered into a two-year lease agreement, as the lessee, for office property in Sanger, California which commenced on May 1, 2021. The office lease is for \$1,300 per month, and the leased premises consist of a commercial office property of which, the District may occupy 35% of the total square footage and 4 parking spaces. Rent is payable in advance on the first day of each calendar month. As part of the lease agreement, the District has the option to extend the lease twice by one year. The District anticipates that it will exercising the option to extend the lease. Interest under the agreement was minimal and not reflected in the payments.

Economic Factors and Next Year's Budget

For Fiscal Year 2022/2023, the District is expecting to see a modest increase in property taxes and assessments. The District is also planning to continue to work on equipment replacement and capital improvements while planning for an increase in labor costs because of a revised fire protection agreement with CalFire.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Requests for Information

This financial report is designed to provide our residents, taxpayers, and customers with a general overview of Fresno County Fire Protection District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administration Officer, Fresno County Fire Protection District, 210 S. Academy Avenue, Sanger, California, 93657.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 20,994,778
Cash and cash equivalents – restricted	1,207,253
Accounts receivable	2,645,112
Interest receivable	61,065
Taxes receivable	133,824
Lease receivable	30,773
Right-to-use lease, net of accumulated amortization	44,200
Capital assets, net of accumulated depreciation	<u>19,918,438</u>
Total Assets	\$ <u>45,035,443</u>
Liabilities	
Accounts payable and accrued expenses	\$ 12,549,890
Long-term liabilities:	
Portion due or payable within one year:	
Lease	15,600
Capital lease	333,518
Portion due or payable in more than one year:	
Lease	28,600
Capital lease	<u>345,772</u>
Total Liabilities	<u>13,273,380</u>
Deferred Inflows of Resources	
Deferred inflows from lease proceeds	<u>30,773</u>
Total Deferred Inflows of Resources	<u>30,773</u>
Net Position	
Invested in capital assets, net of related debt	19,239,148
Restricted	1,210,435
Unrestricted	<u>11,281,707</u>
Total Net Position	\$ <u>31,731,290</u>

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

**FRESNO COUNTY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position
Governmental Activities:	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Position</u>
Public Safety	\$ <u>27,894,418</u>	\$ <u>6,087,818</u>	\$ <u>2,865,207</u>	\$ <u>237,962</u>	\$ <u>(18,703,431)</u>
Total	\$ <u>27,894,418</u>	\$ <u>6,087,818</u>	\$ <u>2,865,207</u>	\$ <u>237,962</u>	<u>(18,703,431)</u>
General Revenue:					
					21,521,076
					218,465
					212,674
					194,880
					17,787
					<u>36,125</u>
				Total general revenues	<u>22,201,007</u>
Other financing revenue					
					1,428,903
					8,444
					<u>59,800</u>
				Total other financing revenue	<u>1,497,147</u>
				Change in net position	4,994,723
				Net position – beginning	<u>26,736,567</u>
				Net position – ending	\$ <u>31,731,290</u>

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

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	General <u>Fund</u>	Zone <u>Ten</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 20,994,778	\$ -	\$ -	\$ 20,994,778
Cash and cash equivalents - restricted	249,902	-	957,351	1,207,253
Accounts receivable	2,645,112	-	-	2,645,112
Interest receivable	44,542	12,155	4,368	61,065
Taxes receivable	100,097	31,889	1,838	133,824
Lease receivable	<u>30,773</u>	<u>-</u>	<u>-</u>	<u>30,773</u>
Total Assets	\$ <u>24,065,204</u>	\$ <u>44,044</u>	\$ <u>963,557</u>	\$ <u>25,072,805</u>
Liabilities				
Accounts payable and accrued expense	\$ <u>12,539,491</u>	\$ -	\$ -	\$ <u>12,539,491</u>
Total Liabilities	<u>12,539,491</u>	<u>-</u>	<u>-</u>	<u>12,539,491</u>
Deferred Inflows of Resources				
Deferred inflows from lease proceeds	<u>30,773</u>	<u>-</u>	<u>-</u>	<u>30,773</u>
Total Deferred Inflows of Resources	<u>30,773</u>	<u>-</u>	<u>-</u>	<u>30,773</u>
Fund Balance				
Restricted	249,902	-	960,533	1,210,435
Committed	4,151,245	-	-	4,151,245
Assigned	2,590	44,044	3,024	49,658
Unassigned	<u>7,091,203</u>	<u>-</u>	<u>-</u>	<u>7,091,203</u>
Total Fund Balance	<u>11,494,940</u>	<u>44,044</u>	<u>963,557</u>	<u>12,502,541</u>
Total Liabilities and Fund Balance	\$ <u>24,065,204</u>	\$ <u>44,044</u>	\$ <u>963,557</u>	\$ <u>25,072,805</u>

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

**FRESNO COUNTY FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022**

Amounts reported for governmental activities in the Statements of Net Position are different because:

Total fund balance -- total governmental funds	\$ 12,502,541
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	19,918,438
Accrued interest on long term lease payable	(10,399)
Right-to-use asset has not been included as financial resources In governmental fund activity	44,200
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(723,490)</u>
Net position of governmental activities	\$ <u>31,731,290</u>

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

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Zone Ten</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 16,116,141	\$ 5,107,013	\$ 297,922	\$ 21,521,076
Service fees	6,087,818	-	-	6,087,818
Grants	3,103,169	-	-	3,103,169
Transition fees	194,880	-	-	194,880
Rental income	17,787	-	-	17,787
Other	54,271	-	-	54,271
Interest	162,045	35,301	15,328	212,674
Assessments	<u>-</u>	<u>-</u>	<u>218,465</u>	<u>218,465</u>
Total Revenue	<u>25,736,111</u>	<u>5,142,314</u>	<u>531,715</u>	<u>31,410,140</u>
Expenditures				
Contractual specialized services	16,043,235	5,141,551	406,204	21,590,990
Repairs and maintenance	743,846	-	-	743,846
Labor and related costs	1,052,392	-	-	1,052,392
Travel and transportation	465,548	-	-	465,548
Clothing and personal supplies	138,597	-	-	138,597
Legal and professional	269,255	-	-	269,255
Utilities	233,778	-	-	233,778
Insurance	342,261	-	-	342,261
Communications	196,010	-	-	196,010
Household supplies and food	90,210	-	-	90,210
Special district costs	40,259	12,145	946	53,350
Office supplies and postage	59,130	-	-	59,130
Other	347,007	-	-	347,007
Medical supplies	16,559	-	-	16,559
Training	72,604	-	-	72,604
Small tools and supplies	4,133	-	-	4,133
Volunteer company support	61,687	-	-	61,687
Capital outlay	4,752,461	-	-	4,752,461
Lease right-to-use asset	59,800	-	-	59,800
Lease financing principal	15,600	-	-	15,600
Debt service	<u>358,475</u>	<u>-</u>	<u>-</u>	<u>358,475</u>
Total Expenditures	<u>25,362,847</u>	<u>5,153,696</u>	<u>407,150</u>	<u>30,923,693</u>
Revenue over/(under) expenditures	<u>373,264</u>	<u>(11,382)</u>	<u>124,565</u>	<u>486,447</u>
Other Financing Sources				
Contributed capital	1,428,903	-	-	1,428,903
Sale of capital assets	8,444	-	-	8,444
Lease financing	<u>59,800</u>	<u>-</u>	<u>-</u>	<u>59,800</u>
Total Other Financing Sources	<u>1,497,147</u>	<u>-</u>	<u>-</u>	<u>1,497,147</u>
Net change in fund balance	1,870,411	(11,382)	124,565	1,983,594
Fund balance, beginning of year	<u>9,624,529</u>	<u>55,426</u>	<u>838,992</u>	<u>10,518,947</u>
Fund balance, end of year	\$ <u>11,494,940</u>	\$ <u>44,044</u>	\$ <u>963,557</u>	\$ <u>12,502,541</u>

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

**FRESNO COUNTY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022**

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

Net change in fund balance – total governmental funds	\$ 1,983,594
Governmental funds report capital outlays 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. This is the amount by which depreciation (exceeded) capital outlays capitalized or capital outlays capitalized exceeded depreciation in the period.	
	2,684,506
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	326,623
Governmental funds report the Lease Right-to-Use Asset as an expenditure. However, in the Statement of Activities, the cost of this asset is allocated over the lease term as amortization expense of Right-to-Use Asset.	
Right-to-use asset acquired	59,800
Amortization of right-to-use asset	(15,600)
The issuance of Lease Liability provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.	
Lease liability incurred	(59,800)
Lease payment made	<u>15,600</u>
Change in net position of governmental activities	\$ <u>4,994,723</u>

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

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies

Fresno County Fire Protection District was organized upon the approval of the Board of Supervisors of Fresno County. The District was organized to serve the Fresno County area. As the District is a governmental unit, it is exempt from federal and California taxes on income.

The more significant accounting policies of the District are described below:

A. Financial Reporting Entity

As required by generally accepted accounting principles, these general-purpose financial statements present the District in conformance with GASB Statement No. 14, “The Financial Reporting Entity.” Under Statement No. 14, component units are organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements, which are the statement of the net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and services, are reported separately from business-type activities, which rely on a significant extent of fees and charges for support. The District currently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses, of a given function or activity, are offset by program revenues. District expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers that directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and assessments that are restricted to meeting the operational or capital requirements of a particular function or activity.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The funds have been established for the purpose of accounting for specific activities or attaining certain objectives in accordance with applicable regulations, restrictions, or limitations. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the District’s major operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for a specified purpose. The Zone Ten Fund (major fund) and Other Governmental Funds are special revenue funds.

Amounts reported as program revenue include charges to customers for goods and services, operating grants and contributions and capital grants and contributions.

Measurement Focus and Basis of Accounting

The financial statements of the District are prepared in accordance with generally accepted accounting principles. The District’s reporting entity applies all relevant Governmental Accounting Standards Board.

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide Statement of Net Position and the Statement of Activities are using the “economic resources” measurement focus.

The fund financial statements use the “current financial resources” measurement focus. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities for governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flow. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are both “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 90 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

C. Budgets and Budgetary Accounting

An annual budget is adopted for the General Fund and other funds in total and on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP). The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information on page 29.

D. Cash and Investments

The District has defined cash and cash equivalents to include cash on hand, in banks, demand deposits, and cash with fiscal agent. Additionally, each fund’s equity in the District’s investment pool is treated as a cash equivalent because the District can deposit or effectively withdraw cash at any time without prior notice or penalty.

The District invests its excess cash principally with the Fresno County Treasury. The County pools these funds with those of other entities in the county and invests the cash in accordance with California Government Codes. Generally, investments with the County are available for withdrawal on demand.

E. Receivables

Receivables consist primarily of property taxes, contract services and interest on funds deposited with Fresno County. All receivables are reported at their gross value and where appropriate are reduced by the estimated portion that is expected to be uncollectible.

F. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$7,500 and an estimated useful life in excess of 1 year. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add value to the asset or materially extend lives are not capitalized. Depreciation is recorded by using the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	<u>Estimated Useful Life in Years</u>
Buildings	50
Land improvements	20
Equipment	2 - 20

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimated and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Income Tax

The District qualifies for tax exempt status as an internal part of the State of California or a political subdivision in accordance with the Internal Revenue Code (IRC) Section 115. As a result, no tax provisions apply to the District's income.

I. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond's 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 do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Fresno County Fire Protection District Board (Board). The Board is the highest level of decision-making authority for the Fresno County Fire Protection District. Commitments may be established, modified, or rescinded only through resolutions or motions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

I. Equity Classifications (continued)

The District does not have a policy where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications. In those circumstances, the order in which the District has been applying funds is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. As of June 30, 2022, Fund Balances were composed of the following classifications:

Restricted for:	
CFD - Zone 1	\$ 594,683
CFD - Zone 2	365,850
Zone A - CSA 44	<u>249,902</u>
	<u>1,210,435</u>
Committed to:	
Capital equipment	<u>4,151,245</u>
Assigned to:	
Hydrant Maintenance	2,590
Special Revenue Funds	<u>47,068</u>
	<u>49,658</u>
Unassigned	<u>7,091,203</u>
Total Fund Balance	\$ <u>12,502,541</u>

Restricted

CFD Zone 1 and 2: the Communities Facility Districts (CFD) were established in 2011. The first revenue was generated in fiscal year 2013. There are two zones (1 and 2) with the two separate types of taxes (A and B) that are levied in the CFD. CFD’s Zone 1A and Zone 2A are special taxes that are collected annually and are to be used only on the building of facilities and/or the purchasing of equipment. Tax A, for both Zone 1 and 2, has a sunset clause of 15 years once the tax has started. CFD’s Zone 1B and Zone 2B are special taxes that are collected annually and are to be used only for services and operations of the facilities. Amounts from special tax B can be used to reimburse the District for the expenses the District incurred while setting up the CFD’s.

Zone A – CSA 44: this amount is restricted for the purchase of land and the construction of a new station as part of the Millerton New Town Fire Association Benefit Assessment.

Committed

Capital equipment: this amount is committed to future capital equipment purchases and/or new station construction.

Assigned

Hydrant maintenance: the purpose of the amount is to pay for the maintenance of the hydrant systems located at various lots of land where the District had hydrants/pumps for use in the event of a fire.

Special revenue funds: Assigned fund balance are reported for positive fund balances remaining after nonspendable, restricted, and committed have been identified for reporting in special revenue funds.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

J. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District does not report any deferred outflows.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District reports future lease proceeds as a deferred inflow.

K. Property Taxes

Fresno County is responsible for the assessment, collection, and apportionment of property taxes for all tax jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is March 1 of each year. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The District considers property taxes as available if they are collected within 90 days after year end. Property taxes on the unsecured roll are due on March 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

L. Property Tax Allocation Agreements

The District has Property Tax Allocation Agreements (Transition Agreements) with the various Cities within Fresno County. The complexity of property tax laws in California, State Board of Equalization boundary change rules, procedures used by the County of Fresno Special Accounting Department, different interpretations by each City, and the lack of basic accounting calculation methodology in the Agreements with the Cities regarding payment dates, late fees, interest charges, quality calculation examples and State Board of Equalization Boundary change rules, make it difficult to record the revenue generated from these Agreements on an accrual basis. The District records revenue related to these Agreements on a cash basis.

M. Economic Dependency

The District receives a substantial amount of its support from property tax revenue. During the year ended June 30, 2022, property tax revenues for General Fund and Special Revenue Fund represent 66% of total revenue.

N. Leases

Lessee: The District is a lessee for a lease of office space. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

N. Leases (continued)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: the District is a lessor for a lease of a fire station. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financials statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

O. New Pronouncement

During the year ended June 30, 2022, the District implemented the following Governmental Accounting Standards Board (the "GASB") Statement:

In June 2017, the GASB issued Statement No. 87, Leases. This statement required the recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and deferred revenue. The application of Statement No. 87 had an impact on the reporting of the District's lease obligation.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 2 – Cash and Cash Equivalent and Investments

The carrying amount of cash and investments at June 30, 2022 are as follows:

Checking	\$ 2,381,881
Cash on hand	60
Fresno County Treasury Investment Pool	<u>19,820,090</u>
	22,202,031
Cash and cash equivalents – restricted	<u>(1,207,253)</u>
Cash and cash equivalents	<u>\$ 20,994,778</u>

Investment in Fresno County Treasury Investment Pool

The District is a voluntary participant in the Fresno County Treasury Investment Pool that is regulated by the California Government code under the oversight of the Fresno County Board of Supervisors, and administered by the Fresno County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the Treasury Investment Pool, which are recorded on an amortized cost basis. The District may withdrawal monies upon one-day-notice. The District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Investment Pool for the entire Treasury Investment Pool portfolio (in relation to the amortized cost of that portfolio).

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. As of the year ended June 30, 2022, the weighted average maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.32 years. 19.8% of the Treasury Investment Pool portfolio at cost matures within 30 days, 10.4% matures between 1 and 12 months, 26.3% between 1 and 3 years, and 43.5% matures between 3 and 5 years.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Fresno County Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization. However, the assets of the portfolio held by the pool as of June 30, 2022, had an average dollar weighted quality rating of “AA+” as rated by Moody’s. Approximately 76.7% of the assets in the County’s portfolio are invested in U.S. Treasury, U.S. Agencies, Government-backed Corporates, Collateral-backed Money Markets, and Cash at June 30, 2022.

Concentration of Credit Risk

Concentration of credit risk is the 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. The District’s deposit portfolio with governmental agencies, Fresno County is 89% as of June 30, 2022, of the District’s total depository and investment portfolio. The District does not have an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 2 – Cash and Cash Equivalent and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage noted having a value of 150% of the secure public deposits. The District’s deposits with Wells Fargo Bank have been properly collateralized.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as Fresno County).

Cash and investment balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2022, the carrying amount of the District’s accounts were \$2,381,881 and the bank balance was \$2,509,288. As of June 30, 2022, the bank balance exceeded the FDIC insurance amount by \$2,255,839. However, the balance was collateralized by securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investments Authorized by the California Government Code

The table on the next page identifies the investment types that are authorized for the District by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 2 – Cash and Cash Equivalent and Investments (continued)

Investments Authorized by the California Government Code (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Note 3 – Capital Assets

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

	<u>Balance 6/30/2021</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance 6/30/2022</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,332,979	\$ 305,852	\$ -	\$ 1,638,831
Construction in Progress	-	1,722,078	-	1,722,078
Totals	<u>1,332,979</u>	<u>2,027,930</u>	<u>-</u>	<u>3,360,909</u>
Capital assets, being depreciated:				
Land Improvements	2,766,434	352,500	-	3,118,934
Buildings	12,117,256	399,062	-	12,516,318
Building Improvements	1,238,620	41,800	-	1,280,420
Equipment	<u>18,006,488</u>	<u>1,092,661</u>	(846,773)	<u>18,252,376</u>
Totals	34,128,798	1,886,023	(846,773)	35,168,048
Less accumulated depreciation:	(18,227,845)	(1,211,301)	828,627	(18,610,519)
Total capital assets being depreciated, net	<u>15,900,953</u>	<u>674,722</u>	<u>(18,146)</u>	<u>16,557,529</u>
Capital assets, net	\$ <u>17,233,932</u>	\$ <u>2,702,652</u>	\$ <u>(18,146)</u>	\$ <u>19,918,438</u>

Note 4 – Leases

Lease Receivable

In September 2021, the District entered into a lease agreement with the City of Coalinga (Lessee) to lease the Huron Fire Station (Station 93) to the Lessee for ambulance services in and around the City of Huron. The lease started on October 1, 2021, for a term of three years. The District will receive payments of \$1,186 per month, or an annual advance of \$14,300. The lease provides access to on apparatus stall and living facilities and office space for two personnel employed by the Lessee. The Lessee may terminate the lease if certain provisions in the lease are not met by the District or with a 60-day written notice thereof to the District.

As of June 30, 2022, the District's receivable for lease payments were \$30,773. Also, the District has deferred inflow of resources associated with this lease that will be recognized as rental revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources for lease proceeds was \$30,773.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 4 – Leases (continued)

Lease Payable

In April 2021, the District entered into a two-year lease agreement, as the lessee, for office property in Sanger, California which commenced on May 1, 2021. The office lease is for \$1,300 per month, and the leased premises consist of a commercial office property of which, the District may occupy 35% of the total square footage and 4 parking spaces. Rent is payable in advance on the first day of each calendar month. As part of the lease agreement, the District has the option to extend the lease twice by one year. The District anticipates that it will exercising the option to extend the lease. Interest under the agreement was minimal and not reflected in the payments.

	Beginning Balance <u>7/1/21</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>6/30/22</u>
Right-to-use lease (asset)	\$ 59,800	\$ -	\$ -	\$ 59,800
Less accumulated amortization	<u>-</u>	<u>(15,600)</u>	<u>-</u>	<u>(15,600)</u>
Net Right-to-use lease asset	\$ <u>59,800</u>	\$ <u>(15,600)</u>	\$ <u>-</u>	\$ <u>44,200</u>

The future principal lease payments as of June 30, 2022, were as follows:

Fiscal Years <u>Ending June 30,</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 15,600	\$ 15,600
2024	15,600	15,600
2025	<u>13,000</u>	<u>13,000</u>
Total	\$ <u>44,200</u>	\$ <u>44,200</u>

Capital Lease

On April 18, 2018, the District entered into a capital lease purchase agreement with Community First National Bank to purchase a ladder and pumper truck (fire engines) for use by the District. Payments are due in annual installments of \$358,475, including interest of 3.67% percent per annum, maturing January 31, 2024. The lease is secured by the fire engines purchased with the lease. The fire engines were received in March 2019 and are being depreciated.

The following schedule presents future minimum lease payments under the capital lease are as follows:

Fiscal Years <u>Ending June 30,</u>	
2023	\$ 358,475
2024	<u>358,475</u>
	716,950
Less: Interest	<u>(37,660)</u>
Present Value of future minimum lease payments	\$ <u>679,290</u>

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 4 – Leases (continued)

A summary of the District’s long-term liabilities is as follows:

	Beginning Balance <u>7/1/21</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>6/30/22</u>	Current <u>Portion</u>
Lease Liability	\$ 59,800	\$ -	\$ 15,600	\$ 44,200	\$ 15,600
Capital Lease – Community First National Bank	<u>1,000,989</u>	<u>-</u>	<u>321,699</u>	<u>679,290</u>	<u>333,518</u>
Total	<u>\$ 1,060,789</u>	<u>\$ -</u>	<u>\$ 337,299</u>	<u>\$ 723,490</u>	<u>\$ 349,118</u>

Note 5 – Joint Ventures

The District participates in two joint ventures under joint powers agreements (JPA’s); the Fire District Association of California-Fire Agency Self Insurance System and the Fire Agencies Insurance Risk Authority. The relationships between the District and the JPA’s are such that neither JPA is a component unit of the District for financial reporting purposes.

The Fire Agency Self Insurance System (FASIS) arranges for workmen’s compensation insurance for its members, all of which are fire districts located within California. FASIS is governed by a board of directors consisting of representatives from member districts. The board controls the operations of FASIS, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage required and shared surpluses and deficits proportionately to their participation in FASIS.

The Fire Agencies Insurance Risk Authority (FAIRA) arranges for liability and property insurance for its members, all of which are fire districts located within California. FAIRA is governed by a board of directors consisting of representatives from member districts. The board controls the operations of FAIRA, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage required and shares surpluses and deficits proportionately to their participation in FAIRA.

The most current condensed financial information available of the JPA’s is as follows:

	Audited June 30, 2022 <u>FASIS</u>	Audited June 30, 2022 <u>FAIRA</u>
Total assets	\$ 69,768,290	\$ 3,911,487
Total liabilities	<u>50,269,832</u>	<u>1,910,065</u>
Net position	<u>\$ 19,498,458</u>	<u>\$ 2,001,422</u>
Total revenue	\$ 18,325,796	\$ 7,564,689
Total expenses	<u>18,826,006</u>	<u>7,914,945</u>
Net change in net position	<u>\$ (500,210)</u>	<u>\$ (350,256)</u>

The District’s share of assets, liabilities and net position as of June 30, 2022 has not been calculated by either JPA.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Note 6 – Risk management

The District is exposed to various risks of loss to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries all its coverage of these risk and also workers' compensation through its membership in FASIS and FAIRA.

Note 7 – Retirement Plan

On November 18, 2020 the District adopted the CalPers 457 Plan. Employees have an option to participate in the Fresno County Fire Protection District 457 Plan (the Plan) defined contribution pension plan established by the Board of Directors of the District. The plan covers all full-time employees who have completed at least 1,000 hours of continuous service and provides for immediate 100% vesting for the participants. Plan provisions and contribution requirements are established and may be amended by the Board of Directors of the District. The District matches employee contributions up to 4% of their compensation. The District made contributions to the plans amounting to \$18,140 for the year ended June 30, 2022. Funds and fees for the plan would be derived from the employee's compensation up to the maximum provided for under Section 401(a) of the IRS Code.

Note 8 – Board of Directors

Members of the Board of Directors as of June 30, 2022 are as follows:

Matt Furrer	President
John Arabian	Vice President
Brad Richter	Secretary
Francisco Chavez	Director
Stanley Bulla	Director
Darryl Mendes	Director

The Fire Chief of the District is Dustin Hail.

REQUIRED SUPPLEMENTARY INFORMATION

**FRESNO COUNTY FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS TOTAL
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 21,762,210	\$ 21,684,639	\$ 21,521,076	\$ (163,563)
Service fees	3,746,202	5,975,730	6,087,818	112,088
Grants	113,911	1,363,990	3,103,169	1,739,179
Transition fees	277,103	337,658	194,880	(142,778)
Rental income	14,230	13,929	17,787	3,858
Other	69,500	124,500	54,271	(70,229)
Interest	350,000	350,000	212,674	(137,326)
Assessments	231,883	231,883	218,465	(13,418)
Total Revenue	<u>26,565,039</u>	<u>30,082,329</u>	<u>31,410,140</u>	<u>1,327,811</u>
Expenditures				
Contractual specialized services	18,670,989	21,673,760	21,590,990	82,770
Repairs and maintenance	685,500	695,500	743,846	(48,346)
Labor and related costs	1,044,794	1,079,420	1,052,392	27,028
Travel and transportation	258,000	361,500	465,548	(104,048)
Clothing and personal supplies	190,000	190,000	138,597	51,403
Legal and professional	225,000	302,900	269,255	33,645
Utilities	201,000	245,000	233,778	11,222
Insurance	285,000	335,000	342,261	(7,261)
Communications	183,500	198,500	196,010	2,490
Household supplies and food	118,000	110,500	90,210	20,290
Special district costs	51,500	55,500	53,350	2,150
Office supplies and postage	56,000	64,000	59,130	4,870
Other	210,810	335,050	347,007	(11,957)
Medical supplies	20,000	20,000	16,559	3,441
Training	65,000	75,000	72,604	2,396
Small tools and supplies	7,500	7,500	4,133	3,367
Volunteer company support	70,000	70,000	61,687	8,313
Capital outlay	3,223,320	5,185,360	4,752,461	432,899
Lease right-to-use asset	-	-	59,800	(59,800)
Lease principal payment	15,600	15,600	15,600	-
Debt service	358,476	358,476	358,475	1
Total Expenditures	<u>25,939,989</u>	<u>31,378,566</u>	<u>30,923,693</u>	<u>454,873</u>
Revenue over/(under) expenditures	<u>625,050</u>	<u>(1,296,237)</u>	<u>486,447</u>	<u>1,782,684</u>
Other financing sources				
Contributed capital	1,334,820	1,434,820	1,428,903	(5,917)
Gain on sale of capital assets	-	-	8,444	8,444
Lease financing	-	-	59,800	59,800
Total other financing sources	<u>1,334,820</u>	<u>1,434,820</u>	<u>1,497,147</u>	<u>62,327</u>
Net change in fund balance	<u>\$ 1,959,870</u>	<u>\$ 138,583</u>	<u>\$ 1,983,594</u>	<u>\$ 1,845,011</u>

See accompanying notes to financial statements.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

Budgets and Budgetary Accounting

An annual budget is adopted for the General Fund and other funds in total and on a modified accrual basis consistent with Generally Accepted Accounting Principles (GAAP). The Budgetary Comparison Schedule for the General Fund is included in the required supplementary information on pages 29.

SUPPLEMENTARY INFORMATION

**FRESNO COUNTY FIRE PROTECTION DISTRICT
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2022**

	Zone Two	Zone Three	Zone Four	Zone Five	Zone Six	Zone Seven	Zone Eight	Zone Nine	Millerton New Town	CFD Zone One A	CFD Zone One B	CFD Zone Two A	CFD Zone Two B	Total Non-major Funds
Assets														
Cash and cash equivalent - restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,989	\$ 336,729	\$ 229,614	\$ 135,019	\$ 957,351
Interest receivable	126	9	-	270	11	150	64	243	313	852	1,113	765	452	4,368
Taxes receivable	<u>260</u>	<u>18</u>	<u>-</u>	<u>558</u>	<u>24</u>	<u>323</u>	<u>137</u>	<u>518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,838</u>
Total Assets	<u>\$ 386</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ 35</u>	<u>\$ 473</u>	<u>\$ 201</u>	<u>\$ 761</u>	<u>\$ 313</u>	<u>\$ 256,841</u>	<u>\$ 337,842</u>	<u>\$ 230,379</u>	<u>\$ 135,471</u>	<u>\$ 963,557</u>
Liabilities														
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance														
Restricted	-	-	-	-	-	-	-	-	-	256,841	337,842	230,379	135,471	960,533
Assigned	<u>386</u>	<u>27</u>	<u>-</u>	<u>828</u>	<u>35</u>	<u>473</u>	<u>201</u>	<u>761</u>	<u>313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,024</u>
Total Liabilities and Fund Balance	<u>\$ 386</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ 35</u>	<u>\$ 473</u>	<u>\$ 201</u>	<u>\$ 761</u>	<u>\$ 313</u>	<u>\$ 256,841</u>	<u>\$ 337,842</u>	<u>\$ 230,379</u>	<u>\$ 135,471</u>	<u>\$ 963,557</u>

See accompanying notes to financial statement

**FRESNO COUNTY FIRE PROTECTION DISTRICT
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Zone Two	Zone Three	Zone Four	Zone Five	Zone Six	Zone Seven	Zone Eight	Zone Nine	Millerton New Town	CFD Zone One A	CFD Zone One B	CFD Zone Two A	CFD Zone Two B	Total Non-major Funds
Revenues														
Property taxes	\$ 43,108	\$ 2,954	\$ 84	\$ 92,123	\$ 3,743	\$ 50,997	\$ 21,965	\$ 82,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,922
Interest	311	21	-	656	28	369	159	596	1,203	3,223	4,121	2,907	1,734	15,328
Assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,989</u>	<u>27,489</u>	<u>53,246</u>	<u>22,990</u>	<u>8,751</u>	<u>218,465</u>
Total Revenues	<u>43,419</u>	<u>2,975</u>	<u>84</u>	<u>92,779</u>	<u>3,771</u>	<u>51,366</u>	<u>22,124</u>	<u>83,544</u>	<u>107,192</u>	<u>30,712</u>	<u>57,367</u>	<u>25,897</u>	<u>10,485</u>	<u>531,715</u>
Expenditures														
Contractual specialized services	43,278	2,965	84	92,476	3,760	51,209	22,053	83,275	107,104	-	-	-	-	406,204
Special district costs	<u>98</u>	<u>7</u>	<u>-</u>	<u>215</u>	<u>8</u>	<u>124</u>	<u>52</u>	<u>196</u>	<u>246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946</u>
Total Expenditures	<u>43,376</u>	<u>2,972</u>	<u>84</u>	<u>92,691</u>	<u>3,768</u>	<u>51,333</u>	<u>22,105</u>	<u>83,471</u>	<u>107,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,150</u>
Revenue over/(under) expenditures	43	3	-	88	3	33	19	73	(158)	30,712	57,367	25,897	10,485	124,565
Fund balance, beginning of year	<u>343</u>	<u>24</u>	<u>-</u>	<u>740</u>	<u>32</u>	<u>440</u>	<u>182</u>	<u>688</u>	<u>471</u>	<u>226.129</u>	<u>280.475</u>	<u>204,482</u>	<u>124,986</u>	<u>838,992</u>
Fund balance, end of year	<u>\$ 386</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ 35</u>	<u>\$ 473</u>	<u>\$ 201</u>	<u>\$ 761</u>	<u>\$ 313</u>	<u>\$ 256.841</u>	<u>\$ 337.842</u>	<u>\$ 230,379</u>	<u>\$ 135,471</u>	<u>\$ 963,557</u>

See accompanying notes to financial statements.

SINGLE AUDIT REPORTS AND SCHEDULES



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 of
Fresno County Fire Protection District

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, each major fund, and the aggregate remaining fund information of Fresno County Fire Protection District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fresno County Fire Protection District's basic financial statements, and have issued our report thereon dated March 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fresno County Fire Protection 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno County Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fresno County Fire Protection District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno County Fire Protection 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.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cuttone & Mastro

Fresno, California
March 23, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Fresno County Fire Protection District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fresno County Fire Protection District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Fresno County Fire Protection District's major federal program for the year ended June 30, 2022. Fresno County Fire Protection District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Coronavirus State Local Fiscal Recovery Funds (SLFRF)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Fresno County Fire Protection District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State Local Fiscal Recovery Funds for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fresno County Fire Protection District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fresno County Fire Protection District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Coronavirus State Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, Fresno County Fire Protection District did not comply with compliance requirements regarding Assistance Listing Number 21.027 Coronavirus State Local Fiscal Recovery Funds as described in finding numbers 2022-001 for Activities Allowed & Allowable Costs, 2022-002 for Reporting and 2022-003 for Procurement & Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for Fresno County Fire Protection District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Fresno County Fire Protection District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fresno County Fire Protection District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fresno County Fire Protection District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fresno County Fire Protection District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fresno County Fire Protection District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fresno County Fire Protection District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Fresno County Fire Protection District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Fresno County Fire Protection District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002 and 2022-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Fresno County Fire Protection District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Fresno County Fire Protection District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Fresno, California
March 23, 2023

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Grantor and Program Title</u>	<u>Assistance Listing Numbers</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture, Forest Service</u>			
Passed through California Department of Forestry and Fire Protection			
Rural Fire Capacity Grant (RFC)	10.664	N/A	\$ 19,770
 <u>Department of Homeland Security</u>			
Passed through State of California and Fresno County			
State Homeland Security Program (SHSP)	97.067	N/A	218,192
 <u>U.S. Department of Treasury</u>			
Passed through Fresno County			
Coronavirus State Local Fiscal Recovery Funds (SLFRF)	21.027	N/A	<u>2,000,000</u>
Total Expenditures of Federal Awards			\$ <u>2,237,962</u>

No indirect costs are charged to the programs and therefore the 10% de minimis indirect cost rate was not used

**FRESNO COUNTY FIRE PROTECTION DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

1. BASIS OF PRESENTATION

Except for the Coronavirus State Local Fiscal Recovery Funds (SLFRF), for which federal expenditures are being reported for the period of March 3, 2021 through June 30, 2022, the accompanying schedule of expenditures of federal awards includes the federal activity of Fresno County Fire Protection District (FCFPD) under programs of the federal government for the year ended June 30, 2022.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of Fresno County Fire Protection District, it is not intended to and does not present the financial position or changes in net position of Fresno County Fire Protection District.

Federal award program titles are reported by assistance listing number (ALN) as presented in the System for Award Management (SAM). Federal award program titles not presented in the SAM are identified by federal agency number followed by (.XXX).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The expenditures for the program are reported in the schedule of expenditures of federal awards identify the federal funds received from the pass-through entities. The pass-through entities' identifying numbers are presented where available.

Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the schedule.

Indirect Cost Rate

The 10 percent de minimis indirect cost rate allowed under the Uniform Guidance is not used.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
• Noncompliance which is material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	Yes
• Significant deficiency identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for Fresno County Fire Protection District	Modified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
21.027	U.S. Department of Treasury; Coronavirus State Local Fiscal Recovery Funds (SLFRF) passed through Fresno County
Dollar threshold to distinguish between Type A and Type B programs	\$750,000
Auditee qualifies as a low-risk auditee under §200.520 criteria?	No

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Findings relating to the financial statements which are required to be reported in accordance with GAGAS:

None noted.

Section III – Findings and Questioned Costs for Federal Awards:

Finding 2022-001: Allowable Costs

Material weakness in internal controls over compliance with Activities Allowable and Allowable Cost and Noncompliance

U.S. Department of Treasury; Coronavirus State Local Fiscal Recovery Funds (SLFRF) passed through Fresno County. AL No. 21.027.

Questioned Cost: \$2,000,000

How the Questioned Cost was Computed: The Fresno County Fire protection District (FCFPD) represented to Fresno County that they responded to approximately 13,339 calls during the period of March 1, 2021 and March 1, 2022 and that approximate 3,170 of those calls were for in-home life-threatening medical emergencies. That calculates to 23.76% of the total calls being for in-home life-threatening medical emergencies. The total cost of payroll during that time was \$20,188,934 and the total cost of fuel was \$298,358.

The District used the Computer Aided Dispatch (CAD) System to accumulate the information used in the calculation of the calls for service and to determine the number of the calls related to life-threatening medical emergencies. Cuttone & Mastro (C&M) was provided the raw data and sorted the data to determine whether the numbers used were accurate.

C&M addressed the question of whether all in-home life-threatening medical emergencies calls should be used in the calculation of the costs to be reimbursed or whether only the calls related to COVID-19. The FCFPD does not have the ability to determine how many of the in-home life-threatening medical emergency's calls were for COVID-19.

C&M were told that the responders had to take precautions on all calls because of COVID-19. However, because we were unable to determine the accuracy of the percentage of calls being related to COVID-19 we have reported the total amount paid as questioned.

Condition: C&M addressed the question of whether all in-home life-threatening medical emergencies calls should be used in the calculation of the costs to be reimbursed or whether only the calls related to COVID-19. The FCFPD does not have the ability to determine how many of the in-home life-threatening medical emergency's calls were for COVID-19. In addition, It does not appear key management have sufficient understanding of compliance with federal statues, regulations and the terms and conditions of the federal awards and that program information from federal and other agencies flows to appropriate program management personnel.

Criteria: In the Final Rule, The Department of Treasury determined that costs for emergency medical response costs provided directly to an individual due to COVID-19 infection or a potential infection is an enumerated eligible use of SLFRF. In addition, FCFPD represent to the Fresno County that 3,174 calls of their total 13,339 calls for assistance were identified as in-home life-threatening medical services related to COVID-19 emergencies that created a financial burden on the District due to several factors such as staffing levels, overtime pay, increased fuel costs for those calls that exposed or had the potential to expose their first responders to the virus.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs for Federal Awards:

Finding 2022-001: Allowable Costs, continued

This information was also provided to the County by email dated Friday, March 4, 2022 from Dustin Hail, in which Chief Hail stated that in the period of March 1, 2021 through March 1, 2022, “Total emergency responses 13,339 of that 23.8% were treated as life threatening Covid-19 emergencies.”

Cause: The FCFPD does not have the ability to determine how many of the in-home life-threatening medical emergency’s calls were for COVID-19. Also, the FCFP’s internal control processes related to federal awards were circumvented by management.

Effect: After consultation with a representative of Fresno County who stated the Fresno County staff believes that the FCFPD would be in the best position to produce back up information. The FCFPD must have documentation for its calls that would specify whether each call was a call responding to a “life threatening Covid-19 emergency, and that Fresno County requests this information. C&M considered it necessary to report this as a questioned cost.

Recommendation: C&M recommends that FCFPD obtain clarification on whether the need to take precautions on all in-home life-threatening medical emergencies calls because of COVID-19 created a financial burden on the FCFPD due to several factors such as staffing levels, overtime pay, increased fuel costs for those calls that exposed or had the potential to expose their first responders to the virus. In addition, C&M recommends the FCFPD provide the appropriate training for all staff involved in the administration of federal awards to become knowledgeable of the internal controls designed.

View of Responsible Officials:

Management agrees with the finding and has provided the accompanying corrective action plan.

Finding 2022-002: Reporting

Material weakness in internal control over Reporting and Noncompliance

U.S. Department of Treasury; Coronavirus State Local Fiscal Recovery Funds (SLFRF) passed through Fresno County. AL No. 21.027.

Questioned Cost: Not applicable

How the Questioned Cost was Computed: Not applicable

Condition: The FCFPD did not submit the required quarterly program Expenditure Report, Annual Performance Report or the Final Report.

Criteria: The conditions of the Award include 3 reporting requirements as follows:

A. Quarterly Program Expenditure Report: Submit to Fresno County in writing at the execution of the Agreement, Quarterly Program Expenditure Reports through the term of the Agreement. The reports shall contain, but are not limited to, the information described in Exhibit C of the Agreement and must include a statement, signed by FCFPD, indicating that all expenditures in the report comply with the Interim Rule and the Final Rule, as applicable, and ARPA guidelines for the SLFRF, as set forth by the Department of Treasury.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs for Federal Awards:

Finding 2022-002: Reporting, continued

Quarterly expenditure reports shall be submitted to Fresno County no later than fifteen (15) days after the end of each quarter listed below for the term of this Agreement, beginning with the first quarter ending after the effective date.

B. Annual Performance Report: Within fifteen (15) days after each June 30, FCFPD shall submit one "Annual Performance Report" to the Fresno County, covering all performance by FCFPD under the Agreement for the fiscal year ending that June 30. The report shall contain, but not limited to, the information contained in Exhibit D of the Agreement.

C. Final Report: A Final Program Report shall be submitted to Fresno County within thirty (30) days upon completion of the Program. A Final Report shall include an accounting of all costs and expenses incurred by FCFPD, and any other information as the Fresno County deems necessary to facilitate closeout of the Program, and ensure Fresno County's obligations and requirements under the SLFRF Program are met. The Final Program Report is not complete until Fresno County has delivered to FCFPD written acceptance of the Final Program Report.

Cause: Internal controls over preparation of complete and accurate reporting were not properly designed to ensure reports are submitted accurately and timely.

Effect: Required reports were not submitted.

Recommendation: C&M recommends that FCFPD develop and implement a more robust system for the preparation and submission of reporting. The process should include a monitoring of all award contracts for reporting and other compliance conditions and perhaps a secondary review and approval of the report and underlying data by somebody other than the preparer.

View of Responsible Officials:

Management agrees with the finding and has provided the accompanying corrective action plan

Finding 2022-003: Procurement & Suspension and Debarment

Material weakness in internal control over Procurement & Suspension and Debarment and Noncompliance

U.S. Department of Treasury; Coronavirus State Local Fiscal Recovery Funds (SLFRF) passed through Fresno County. AL No. 21.027.

Questioned Cost: Not applicable

How the Questioned Cost was Computed: Not applicable

Condition: C&M identified that the FCFPD did not have adequate written policies and did not maintain a written code of standard selection procedures for procurement transactions that included all the requirements of the Uniform Guidance. C&M identified a lack of adequate knowledge and experience of key procurement managers in light of responsibilities for procurements for Federal awards. In addition, the costs charged to the program included fuel cost incurred by FCFPD. The fuel cost had been procured from a couple vendors.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs for Federal Awards:

Finding 2022-003: Procurement & Suspension and Debarment, continued

The FCFPD stated the selection of these vendors was based on past experience and was not able to provide C&M with support of a noncompetitive procurement process that complies with 2 CFR 200 standards. Also, there was no evidence that FCFPD verified that vendors were not suspended or debarred or otherwise excluded from participating in the transactions before entering into the transaction with them.

Criteria: The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, section 318(i) (Uniform Guidance) states that the non-Federal entity must maintain records sufficient to detail the history of procurement. The records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contractor type, contractor selection or rejection, and the basis for the contract price. In addition, the Uniform Guidance, 2 CFR Part 200, section 200.118 states that the non-Federal entity must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326 and must use their own documented procurement procedures that must conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200.

Cause: The FCFPD's procurement policy is limited to establishing a guideline on spending and purchasing authority limits. There was a lack of understanding of federal laws and regulations relating to this requirement. Management did not have an understanding of the requirements for procurement and suspension and debarment.

Effect: Procurements were made following a noncompetitive process that were not adequately documented and FCFPD could enter into transactions with vendors that are suspended or debarred. Costs charged to the Program could be disallowed.

Recommendation: C&M recommends the FCFPD establish written procurement policies and procedures as required by the Uniform Guidance. The FCFPD should consider implementation of the following internal controls:

1. Review the Uniform Guidance and update the current policies and procedures to include all the requirements not part of the FCFPD's current policies.
2. Make available the updated policies and procedures to responsible management and employees.
3. Management should monitor compliance and performance with the policies and procedures.

View of Responsible Officials:

Management agrees with the finding and has provided the accompanying corrective action plan.

**FRESNO COUNTY FIRE PROTECTION DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2022**

Section II – Findings relating to the financial statements which are required to be reported in accordance with GAGAS:

None noted.

Section III – Findings and Questioned Costs for Federal Awards:

None noted.



FRESNO COUNTY FIRE

PROTECTION DISTRICT
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CORRECTIVE ACTION PLAN

In response to Findings Relating to the Schedule of Findings
and Questioned Costs for the Year Ended June 30, 2022

Program: Coronavirus State Local Fiscal Recovery Funds (SLFR)
CFDA No.: 21.027
Federal Grantor: U.S. Department of Treasury
Passed-through: Fresno County
Award No. and Date: Fresno County Agreement 22-126, April 5, 2022

Finding 2022-001: Allowable Costs

Type of Finding: Material weakness in internal controls over compliance with Activities Allowable and Allowable Cost and Noncompliance

View of Responsible Officials: Concur with the finding.

Corrective Action Plan:

- Specifically related to future Coronavirus State Local Fiscal Recovery Funds (SLFR), The District will improve the method for tracking COVID-19 related emergency calls.
- The District will provide the appropriate training for all staff involved in the administration of federal awards to become knowledgeable of the District's internal control processes related to federal awards.

Projected Implementation Date: July 1, 2023

Finding 2022-002: Reporting

Type of Finding: Material weakness in internal controls over Reporting and Noncompliance

View of Responsible Officials: Concur with the finding.

Corrective Action Plan:

- The District will develop and implement a more robust system for the preparation and submission of reporting.

- The District will include monitoring of all award contracts for reporting and other compliance conditions.

Projected Implementation Date: May 1, 2023

Finding 2022-003: Procurement & Suspension and Debarment

Type of Finding: Material weakness in internal controls over Procurement & Suspension and Debarment and Noncompliance

View of Responsible Officials: Concur with the finding.

Corrective Action Plan:

- The District will establish written procurement policies and procedures as required by the Uniform Guidance (2CFR Part 200).
- The District will implement the following internal controls:
 1. Review the Uniform Guidance and update the current policies and procedures to include all the requirements not part of the District's current policies.
 2. Make available the updated policies and procedures to responsible management and employees.
 3. Management should monitor compliance and performance with the policies and procedures.

Projected Implementation Date: June 30, 2023

Name of Responsible Person/Contact: Josh Chrisman, Administration Officer