

**PEARDALE-CHICAGO PARK
FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2022**

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Peardale - Chicago Park Fire Protection District
Chicago Park, California

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Peardale-Chicago Park Fire Protection District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund 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 and the California State Controller's Minimum Audit Requirements and Reporting Guidelines for Special Districts.

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

Auditor's 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023, on our consideration of the District's internal control over financial reporting and on our

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



Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
September 14, 2023

PEARDALE-CHICAGO PARK
FIRE PROTECTION DISTRICT
P.O. BOX 697
CHICAGO PARK CA 95712

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Our discussion and analysis of the Peardale-Chicago Park Fire Protection District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999. Comparative information with the previous year, which is by design included in this reporting model, will be included in this analysis.

Using this Annual Report - Overview of the Financial Statements

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Pages 9 and 10) provide information about the financial activities of the District as a whole and a longer view of the District's finances.

The Balance Sheet – Governmental Funds (Page 11) and the Statement of Revenues, Expenditures and Changes in Fund Balances (Page 12) illustrate how the governmental type activities were financed in the short term, as well as what remains for future spending. These financial statements also report the District's operations in more detail than government-wide statements by providing information about the District's individual funds.

Government-wide Financial Statements

The analysis of the District as a whole begins on Page 9. The government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, are designed to provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used in the private sector. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The Statement of Net Position represents the difference between all of the District's assets and liabilities, and the Statement of Activities reports on the changes in net position during the fiscal year. Examining the net position is an effective way to measure the District's financial health or position, with increases or decreases in the net position an indicator of whether the District's financial position is improving or deteriorating.

Both of these statements report only governmental-type activities (including cash, receivables, capital assets, accounts payables, compensated absences and long-term liabilities).

Fund Financial Statements

The District's fund financial statements begin on Page 11 and provide detailed information about the District's three funds, not the District as a whole. These funds include: General (Operating), Building & Equipment (Capital Improvement) and Special Revenue (Mitigation).

The District's services are reported in three funds, all of which are governmental, to help control and manage the financial activities for particular purposes. Those purposes are comprised of General Operating, Capital Replacement and AB1600 Development Fees. These governmental funds focus on how money flows into and out of those funds and the balances left at period end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer resources that can be spent in the near future. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* (reported in the Balance Sheet-Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances) is described in the reconciliations on pages 13 and 14.

Financial Analysis

The District as a Whole – Government-wide Financials

- The District's total net position at fiscal year-end was \$2,376,722, which is an increase of \$205,861 from the previous year.
- The assets of the District exceeded its liabilities at the close of this period by \$2,376,722 (net position). Of this amount, \$1,312,654 (unrestricted net position) may be used to meet the District's on-going obligations to its creditors, \$1,052,493 is invested in capital assets, and \$11,575 is restricted mitigation fees.

The District's Funds - Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the District completed the year, its governmental funds reported a combined ending fund balance of \$1,301,967, which is an increase of \$168,079 from the previous year.

The general fund is the chief operating fund of the District. At the end of the twelve-month period ended June 30, 2022, the unassigned balance of the general fund was \$584,761. This amount constitutes a balance that is available for spending at the District's discretion. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balances to total fund expenditures.

BUDGET

The District adopts a preliminary budget each year at its monthly board meeting in May per California Health and Safety Code Section 13890. The final budget is adopted at the monthly meeting in September. In-budget transfers are approved by the Board of Directors prior to the end of the fiscal year.

	<u>FY 21/22</u>	<u>FY 20/21</u>
Preliminary Budget	\$756,850	\$697,270
Final Budget	\$769,957	\$697,270
Revenue	\$979,302	\$898,375
Expenditures	\$765,010	\$693,072

The increase in revenue from FY 20/21 to FY 21/22 was due to modest increase in all revenue sources.

Every year, the State of California has the potential to have a very active wildland fire season. Our department participates in state wide strike team responses to these fires. With no way to predict the level of activity during the fire season, we estimate the expected revenue and expenditures. With no way to accurately predict this fire activity, our budgeted amount versus actual revenue/expenditures, will continue to vary. However, revenue from this activity will always exceed expenditures, so there will be no adverse effect on our annual operating budget.

DISTRICT ASSETS & DEFERRED OUTFLOWS

District assets, including fixed assets, and deferred outflows on June 30, 2022 totaled \$ 2,511,386.

Total fixed assets of \$1,052,493 is a combination of two (2) categories: Vehicles and Equipment, and Property and Buildings.

The District added \$99,729 in fixed assets/equipment in FY21/22.

As of June 30, 2022, the District had deferred outflows from pensions of \$68,219.

DISTRICT LIABILITIES & DEFERRED INFLOWS

On June 30, 2022, the District had liabilities, including deferred inflows, of \$134,64.

1. As of June 30, 2022, the District had accounts payable and personnel costs payable of \$23,889.
2. As of June 30, 2022, the District would have had a compensated absences payout liability of \$4,310 in accrued vacation leave if its full time employees had retired or otherwise terminated their employment with the District on that date.
3. As of June 30, 2022, the District had net pension liability of \$63,361.
4. As of June 30, 2021, the District had deferred inflows from pensions of \$43,104.

FUND (CASH) BALANCES

The District maintains three (3) separate funds. All funds are kept on deposit with the County of Nevada. Interest generated by these funds is automatically deposited in the appropriate account.

The three cash funds are designated as follow:

Fund 6723-General Operations

Fund 6760-Capital Improvement

Fund 6779- Mitigation (New Construction)

Fund 6723 is the District’s general operating account for daily operations. This fund showed a decrease of \$61,547 from the beginning to the end of the fiscal year, mainly due to a transfer of funds to Fund 6760.

Account Balances:

6723	July 1, 2021	\$669,919	July 1, 2020	\$367,116
	June 30, 2022	\$608,372	June 30, 2021	\$669,919

Fund 6760 is used to fund capital purchases. This account is funded by transfer of excess funds and funds budgeted from 6723. This fund showed an increase of \$259,267, mainly due to the net transfer of funds from account 6723 for capital purchases. The fund maintains a constant balance of \$10,000.00 to pay for personnel coverage in the event that one full time employee is off work due to illness or injury for an extended period of time. The District budgets \$2,500.00 per year to accumulate funds for payout of unused vacation at an employee’s retirement. At the end of the fiscal year there was \$60,000 in the account for this eventual payout. The district will have a liability of up to 240 hours of vacation upon the retirement of a full time employee.

6760	July 1, 2021	\$446,364	July 1, 2020	\$541,211
	June 30, 2022	\$705,631	June 30, 2021	\$446,364

Fund 6779 is funded by mitigation fees paid by district residents for new construction. During the fiscal year, this fund received \$7,761 in mitigation fees and interest and transferred \$20,000 to Fund 6760.

6779	July 1, 2021	\$23,559	July 1, 2020	\$27,236
	June 30, 2022	\$11,575	June 30, 2021	\$23,559

DISTRICT FINANCIAL STATUS

Assets

Cash in County	\$ 1,325,578
Petty Cash	278
Fire Reimbursements Receivable	64,818
Fixed Assets	1,052,493
Deferred Outflows from Pensions	68,219

Liabilities

Accounts Payable	< 6,222>
Personnel Costs Payable	< 17,667>
Vacation Leave Payout	< 4,310>
Net Pension Liability	< 63,361>
Deferred Inflows from Pensions	< 43,104>

Total \$ 2,376,722

ECONOMIC FACTORS

The District projects that ad valorem property tax revenues will increase by 3%. Therefore we budgeted revenues for FY 21/22 accordingly.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to James Bierwagen, Fire Chief, 18934 Colfax Hwy, Grass Valley CA, 95945.

PEARDALE - CHICAGO PARK FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS

Current Assets:

Cash and Cash Equivalents	\$ 1,325,856
Fire Reimbursement Receivable	64,818

Non-Current Assets:

Capital Assets, net of accumulated depreciation \$793,323	1,052,493
Deferred Outflows from Pensions	68,219

Total Assets and Deferred Outflows	2,511,386
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LIABILITIES , DEFERRED INFLOWS, AND NET POSITION

Current Liabilities:

Accounts Payable	6,222
Personnel Costs Payable	17,667

Non-Current Liabilities:

Compensated Absences Payable	4,310
Net Pension Liability	63,361

Total Liabilities	91,560
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows from Pensions	43,104
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NET POSITION

Invested in Capital Assets	1,052,493
Restricted	11,575
Unrestricted	1,312,654

Total Net Position	\$ 2,376,722
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See accompanying notes.

**PEARDALE - CHICAGO PARK FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Fund	\$ 685,578	\$ 550,960	\$ 26,050		\$ (108,568)
Depreciation	162,251	-	-	-	(162,251)
Building and Equipment	-	-	-	-	-
Special Revenue	-	-	-	-	-
Total Governmental Activities	<u>\$ 847,829</u>	<u>\$ 550,960</u>	<u>\$ 26,050</u>	<u>\$ -</u>	<u>(270,819)</u>
General Revenues					
Property Taxes					247,184
Prop. 172					39,993
Special Assessments					104,077
Development Fees					7,761
Other State Sources					1,741
Other Operating Revenues					46,627
Gain on Sale of Fixed Assets					17,500
Interest					11,797
Total General Revenues					<u>476,680</u>
Change in Net Position					205,861
Net Position					
Beginning of the Year					2,155,322
Prior Period Adjustment					15,539
End of the year					<u>\$ 2,376,722</u>

See accompanying notes.

PEARDALE - CHICAGO PARK FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GOVERNMENTAL FUND TYPES			Total Governmental Funds
	General	Building & Equipment	Special Revenue	
<u>Assets</u>				
Cash in County Investment Pool	\$ 608,372	\$ 705,631	\$ 11,575	\$ 1,325,578
Petty Cash	278	-	-	278
Fire Reimbursements Receivable	-	-	-	-
Total Assets	\$ 608,650	\$ 705,631	\$ 11,575	\$ 1,325,856
 <u>Liabilities & Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 6,222	\$ -	\$ -	\$ 6,222
Personnel Costs Payable	17,667	-	-	17,667
Total Liabilities	23,889	-	-	23,889
Fund Balances:				
Restricted	-	-	11,575	11,575
Committed	-	705,631	-	705,631
Unassigned	584,761	-	-	584,761
Total Fund Balances	584,761	705,631	11,575	1,301,967
Total Liabilities & Fund Balances	\$ 608,650	\$ 705,631	\$ 11,575	\$ 1,325,856

See accompanying notes.

PEARDALE - CHICAGO PARK FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	GOVERNMENTAL FUND TYPES			Total Governmental Funds
	General	Building & Equipment	Special Revenue	
Revenues:				
Current Secured	\$ 237,034	\$ -	\$ -	\$ 237,034
Current Unsecured	-	-	-	-
Prior Secured	3,733	-	-	3,733
Prior Unsecured	71	-	-	71
Supp Secured & Unsecured	6,327	-	-	6,327
Supp Prior Un	19	-	-	19
Interest	6,150	5,392	255	11,797
HO Tax Relief	1,716	-	-	1,716
Timber Yield	-	-	-	-
State Other	25	-	-	25
Prop 172	39,993	-	-	39,993
Mitigation Fees	-	-	7,761	7,761
Special Assessment	104,077	-	-	104,077
Fire Reimbursement - Strike Team	506,501	-	-	506,501
Fire Reimbursement - Use of Equipment	-	-	-	-
Sale of Fixed Assets	-	17,500	-	17,500
Grants	-	-	-	-
Donations	26,050	-	-	26,050
Workers Compensation Income	46,627	-	-	46,627
Total Revenues	<u>978,323</u>	<u>22,892</u>	<u>8,016</u>	<u>1,009,231</u>
Expenditures:				
Current General Governmental:				
Personnel Costs	595,859	-	-	595,859
Clothing	1,818	-	-	1,818
Communications	20,954	-	-	20,954
Food	621	-	-	621
Household	1,683	-	-	1,683
Insurance	15,665	-	-	15,665
Maintenance - Equipment	2,317	-	-	2,317
Maintenance - Vehicles	30,558	-	-	30,558
Maintenance - Structures	4,085	-	-	4,085
Memberships	100	-	-	100
Medical Supplies	3,474	-	-	3,474
Miscellaneous	(110)	-	-	(110)
Office Supplies	9,473	-	-	9,473
Professional Service	15,383	-	-	15,383
Rental Expense	2,376	-	-	2,376
Small Tools	1,037	-	-	1,037
Special Dist. Expense	7,168	-	-	7,168
Travel	1,811	-	-	1,811
Fuel & Oil	18,263	-	-	18,263
Utilities	8,888	-	-	8,888
Equipment - Other	1,154	13,425	-	14,579
Improvements	22,801	62,349	-	85,150
Total Expenditures	<u>765,378</u>	<u>75,774</u>	<u>-</u>	<u>841,152</u>
Excess of Revenues Over (Under) Expenditures				
Before Other Financing Sources (Uses)	212,945	(52,882)	8,016	168,079
Other Financing Sources (Uses)				
Operating Transfers In	-	312,149	-	312,149
Operating Transfers Out	(292,149)	-	(20,000)	(312,149)
Total Other Financing Sources (Uses)	<u>(292,149)</u>	<u>312,149</u>	<u>(20,000)</u>	<u>-</u>
Net Change in Fund Balances	(79,204)	259,267	(11,984)	168,079
Fund balance, beginning of year	648,426	446,364	23,559	1,118,349
Prior Period Adjustment	15,539	-	-	15,539
Fund balance, end of year	<u><u>\$ 584,761</u></u>	<u><u>\$ 705,631</u></u>	<u><u>\$ 11,575</u></u>	<u><u>\$ 1,301,967</u></u>

See accompanying notes.

PEARDALE - CHICAGO PARK FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances for Governmental Funds	\$	1,301,967
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		1,052,493
Receivables received more than sixty days after the year end are not considered currently available and therefore are not reported in the governmental fund activities.		64,818
Deferred outflows of resources which are not collected within sixty days after fiscal year end are not included in fund assets.		68,219
Long-term liabilities and deferred inflows of resources are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Compensated Absences Payable		(4,310)
Net Pension Liability		(63,361)
Deferred Inflows of Resources		(43,104)
		(110,775)
Total Net Position of Governmental Activities	\$	2,376,722

See accompanying notes.

PEARDALE - CHICAGO PARK FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	168,079
Total change in net position for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized as fixed assets.		
		99,729
Governmental funds report proceeds from sale of fixed assets as income. However, in the statement of activities, the proceeds are compared to the book value of the disposed fixed assets and the difference is reported as a gain or loss on sale of fixed assets.		
		(2,388)
Receivables received more than sixty days after the year end are not considered currently available and therefore are not reported in the governmental fund activities.		
		44,401
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.		
Deferral of Pension Related Expenses		58,467
Change in Compensated Absences		(176)
Depreciation Expense		(162,251)
		(162,251)
Change in Net Position of Governmental Activities	\$	205,861

See accompanying notes.

PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION

Description of the Organization

The District was established to provide fire prevention, suppression and rescue services in the Peardale – Chicago Park Area of Nevada County, California. Revenues are derived primarily from property taxes, a special tax on improved parcels within the district, and strike team responses. The District also collects fees for construction within the District, which are used to offset the increased capital costs associated with development.

The District is administered by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members. No Board members receive compensation for serving on the Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on the primary government (District) as a whole. Inter-fund transfers are eliminated in the government-wide statement of activities.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activity. Direct expenses are those that are clearly identifiable as specifically associated with the District. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the District. Revenues that are not classified as program revenues, including investment income, are presented instead as general revenues. The individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they both are measurable and available. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual basis accounting.

PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are transacted. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental Activities Consisted of the Following Major Funds:

General Fund

The General Fund is the general operating fund of the District. Fire and Rescue operations and administrative support are the focus of the activity in this fund.

Special Revenue Fund (Mitigation)

The Special Revenue Fund is used to account for mitigation fees allowed by California Law AB1600 for the purpose of offsetting increased capital costs due to development. A resolution by the Nevada County Board of Supervisors allows the collection of these fees and requires that they be spent only for capital additions due to development and additionally requires that these funds be spent and/or designated within five years of collection or they are refundable with interest to the payers. The District's policy is to fully expend these funds within the required time frame and, accordingly, no liability has been recognized.

Building and Equipment Fund (Capital Improvement)

The Building and Equipment Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as noted below.

Nonspendable –

This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:

- Assets that will never convert to cash, such as prepaid items and inventories of supplies;
- Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
- Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

Restricted –

This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include:

- Funding from the state or federal entities or foundations that are legally restricted to specific uses. For example, funds advanced by a federal entity under specific agreements for services, or matching funds for specific initiatives.
- Funds legally restricted by County, state, or federal legislature, or a government's charter or constitution.
- Amounts collected from non-spendable items, such as the long term portion of loans outstanding, if those amounts are also subject to legal constraints.
- Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.

Committed –

Two criteria are used to determine the District's committed fund balance:

1. Use of funds is constrained by limits imposed by the government's highest level of decision making. The highest level of decision making for the District would be the Board of Directors.
2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

Commitments, modifications, or removals must occur prior to the end of the reporting period; that is, the fiscal year being reported upon.

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Assigned –

The assigned portion of the fund balance reflects the District’s intended use of resources, which is established either by the Board of Directors, a body created by the Board such as a finance committee, or an official designated by the Board (e.g., Fire Chief). The “assigned” component is similar to the “committed” component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance		
	Committed	Assigned
A decision to use funds for a specific purpose requires action of the Board of Directors	Yes	No
Formal action of the Board of Directors is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period	Yes	No

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Resources that fit into this category include:

- Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year’s budget, where the Fire Chief may decide whether to use the entire amount.
- Resources assigned to a specific program or project or organization for which the Board has approved a plan or budget
- Resources approved by the Board for a long range financial plan where formal approval is not required to modify the amount.

Unassigned –

This category includes the fund balance that cannot be classified into any of the other categories.

If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned amounts and then unassigned amounts.

Budget

The Board provides for a budget for the general fund for the fiscal year in accordance with Chapter 7 of the Fire Protection District Law of 1987 as contained in the Health & Safety Code Sections 13890 and 13895, inclusive. The Board prepares a preliminary budget in May and adopts a final budget in September. Supplemental appropriations are adopted throughout the year as necessary. The building and equipment fund and the special revenue fund budgets are prepared using a five year capital improvement plan. The plan is approved each year.

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

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

Fixed Assets

Capital assets are capitalized at acquisition cost; donated equipment is recorded at the fair market value at the time of donation. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. Depreciation for the government-wide financial statements is calculated using the straight-line method over the estimated life of the asset.

NOTE 3 – CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS

Nearly all cash at June 30, 2022 is pooled for investment purposes and held by Nevada County. Interest is apportioned quarterly to the District based on the average daily balances on deposit with the County of Nevada. The Nevada County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy. The County established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code.

The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasury is accountable to the County Treasury Oversight Committee. The District’s fair value portion in the pool is the same as the District’s pool share. The difference between the carrying amount and the fair value of cash and investments was not considered material to the financial statements as a whole; therefore, an adjustment to fair value was not required for GASB 31 compliance.

The District deposits all funds in interest bearing accounts with Nevada County. The District does not own any specific identifiable investments in the pool. Information regarding categorization of cash and investments held in the County can be found in the County of Nevada’s financial statements.

The District’s carrying amount and fair value of investments as of June 30, 2022 are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Difference</u>
Pooled Investments:			
Nevada County	<u>\$1,325,578</u>	<u>\$1,325,578</u>	<u>\$ -</u>

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS – Continued

Fair value was based on unaudited quoted market values provided by the Nevada County Treasurer.

The State law and County’s Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor’s or P1 by Moody’s Investors Services. State law and the County’s Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor’s and Moody’s Investors Services. The County’s investment reports can be obtained from the County of Nevada.

At June 30, 2022, \$278 was held in a bank account. This amount is therefore not included in the Pooled Investments above.

NOTE 4 – CHANGES IN FIXED ASSETS

The following is a summary of the general fixed asset account group:

<u>Description</u>	<u>Balance at June 30, 2022</u>
Land	\$ 54,000
Equipment	965,295
Building	826,521
Total Capital Assets	1,845,816
Less: Accumulated Depreciation	(793,323)
Total Capital Assets net of Accumulated Depreciation	\$ 1,052,493

Depreciation expense for the fiscal year ended June 30, 2022 was \$162,251.

NOTE 5 – COMPENSATED ABSENCES

Accrued compensated absences include 100% of all employees’ vacation and holiday time earned. The balance of accrued compensated absences at June 30, 2022 was \$4,310.

NOTE 6 – LEASE COMMITMENTS

For fiscal year ended June 30, 2022, the District implemented Governmental Accounting Standards (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District’s financial statements and had no impact on the financial statements.

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – SPECIAL TAX COLLECTIONS

Taxes are levied on November 1 of the fiscal year and can be paid in two equal installments. The first and second installments are due November 1 and February 1, respectively, and are considered delinquent if not paid before the close of business on December 10 and April 10, respectively. After June 30, delinquent taxes are in tax default and a property lien attaches to the secured property the following fiscal year on March 1. Tax default property can be sold after five years.

NOTE 8 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68

A. Plan Description and Provisions

The Peardale - Chicago Park Fire District’s defined benefit pension plan, California State Public Employees Retirement System (PERS), provides pension benefits, and death and disability benefits to plan members and beneficiaries. The District joined PERS effective July 1, 1997.

The PERS is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employee’s Retirement Law. The Peardale - Chicago Park Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814 – or on CalPERS’ website.

B. Funding Policy

Active plan members in the PERS are required to contribute 7% of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The District has created a Memorandum of Understanding (MOU) between itself and the full-time employees of the District. Under this MOU, the District contributes the amount that is required by the active plan members directly to CalPERS. The required employer contribution rates for safety personnel were as follows:

<u>Period:</u>	<u>Safety Plan</u>	<u>PEPRA Safety</u>
July 1, 2021 to June 30, 2022	14.740%	10.800%
July 1, 2020 to June 30, 2021	14.810%	11.130%
July 1, 2019 to June 30, 2020	13.540%	10.216%
July 1, 2018 to June 30, 2019	12.848%	-
July 1, 2017 to June 30, 2018	12.242%	-
July 1, 2016 to June 30, 2017	12.055%	-
July 1, 2015 to June 30, 2016	17.194%	-

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 8 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68 – Continued

B. Funding Policy – Continued

It is CalPERS position that their ratio constitutes an annual required contribution. For fiscal years ending June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, the required contributions to CalPERS, including member contributions, were made. Total plan contributions to CalPERS were as follows:

June 30, 2022	\$ 26,612
June 30, 2021	\$ 57,319
June 30, 2020	\$ 64,182
June 30, 2019	\$ 54,147
June 30, 2018	\$ 29,355
June 30, 2017	\$ 29,188
June 30, 2016	\$ 27,653
June 30, 2015	\$ 27,501
June 30, 2014	\$ 34,671

The following employees were covered by the benefit terms of the plans:

<u>June 30, 2022</u>	
Inactive employees or beneficiaries currently receiving benefits	-
Active employees	5
Total	5

C. Pension Liabilities

At June 30, 2022, the District reported a net pension liability of \$63,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the State, actuarially determined. At June 30, 2022, the District’s proportionate share was 0.00181% for the Safety plan.

D. Pension Plan Fiduciary Net Position

Detailed information about the Plans’ fiduciary net position is available in the separately issued CalPERS financial report.

PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8: PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68 – Continued

E. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the District recognized pension expense/(credit) of (\$31,855). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2022	Deferred Outflows Resources	Deferred Inflows Resources
Changes of assumptions	\$ -	\$ -
Differences between expected and actual experience	10,825	-
Differences between projected and actual investment earnings	-	(37,712)
Differences between employer’s contributions and proportionate share of contributions	5,413	(5,392)
Change in employer’s proportion	25,369	-
Contributions made subsequent to measurement date	26,612	-
Total	\$ 68,219	\$ (43,104)

An amount of \$26,612, reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Years Ending June 30	
2023	\$ 9,853
2024	1,936
2025	(2,908)
2026	(10,378)
2027	-
Thereafter	-
Total	\$ 1,497

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68 – Continued

F. Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
--	-----------------------------------

All other amounts	Straight line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.
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G. Actuarial Assumptions

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

<u>June 30, 2022</u>	
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data
Post retirement benefit increase	Contract COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68 - Continued

H. Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class (1)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 (2)</u>	<u>Real Return Years 11+ (3)</u>
Global Equity	50.0 %	4.80 %	5.98 %
Fixed Income	28.0	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

I. Discount Rate

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

J. Sensitivity Analysis

The sensitivity of the proportionate share of the net pension liability to changes in the discount rate is as follows:

	<u>Discount Rate – 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
<u>District's Net Pension Liability</u>	6.15%	7.15%	8.15%
Total (Safety)	<u>\$202,370</u>	<u>\$63,361</u>	<u>(\$50,818)</u>

PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – FUND BALANCE

The District has a policy of transferring an approved amount of the remaining funds in the General Account to the Building and Equipment Fund (Capital Improvement) each year. Funds are either transferred back or borrowed from the County Treasurer to pay normal operating expenses until tax money is received.

NOTE 10 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2022 have been evaluated through September 14, 2023, the date at which the District’s audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded to account for period 13 changes.

The effects of these adjustments are as follows:

Net Position at 6/30/21, as reported	\$2,155,322
Adjustment to add Period 13 changes	<u>15,539</u>
Net Position at 6/30/21, as corrected	<u>\$2,170,861</u>
Fund Balance at 6/30/21, as reported	\$ 648,425
Adjustment to add Period 13 changes	<u>15,539</u>
Fund Balance at 6/30/21, as corrected	<u>\$ 663,965</u>

REQUIRED SUPPLEMENTARY INFORMATION

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)**

GENERAL FUND JUNE 30, 2022				
	General Fund Original Budget	General Fund Final Budget	General Fund Actual	Variance with Final Budget Over (Under)
Revenues				
Special Assessment	\$ 105,000	\$ 105,000	\$ 104,077	\$ (923)
Property Taxes	242,350	242,350	247,184	4,834
Prop. 172 Funds	20,000	20,000	39,993	19,993
Interest Income	6,000	6,000	6,150	150
Fire Reimbursement	275,000	350,000	507,484	157,484
Other Sources/Donations/Grants	6,500	6,500	72,677	66,177
St. Timber Yield/HO Tax Relief	2,000	2,000	1,741	(259)
Total Revenue	<u>656,850</u>	<u>731,850</u>	<u>979,306</u>	<u>247,456</u>
Expenditures				
Personnel Costs	553,359	491,466	595,927	(104,461)
Clothing	4,800	4,800	1,265	3,535
Communications	17,615	17,615	20,801	(3,186)
Food	1,000	1,000	569	431
Household	1,000	1,000	1,715	(715)
Insurance	10,000	10,000	15,665	(5,665)
Maintenance - Equipment	3,450	3,450	2,221	1,229
Maintenance - Vehicles	13,000	13,000	28,184	(15,184)
Maintenance - Structures	3,000	3,000	3,819	(819)
Memberships	100	100	100	-
Medical Supplies	4,500	4,500	3,503	997
Office Supplies	5,750	5,750	6,418	(668)
Professional Service	12,500	12,500	18,898	(6,398)
Rental Expense	2,000	2,000	2,343	(343)
Small Tools	1,000	1,000	1,037	(37)
Special Dist. Expense	8,700	8,700	7,168	1,532
Travel	3,500	3,500	1,860	1,640
Fuel & Oil	9,000	9,000	18,258	(9,258)
Utilities	6,500	6,500	9,473	(2,973)
Equipment	93,000	93,000	25,786	67,214
Contingencies	3,076	78,076	-	78,076
Total Expenditures	<u>756,850</u>	<u>769,957</u>	<u>765,010</u>	<u>4,947</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(100,000)	(38,107)	214,296	252,403
Other Financing Sources (Uses)				
Transfers In	100,000	38,107	-	(100,000)
Transfers Out	-	-	(292,149)	(292,149)
Total Other Financing Sources	<u>100,000</u>	<u>38,107</u>	<u>(292,149)</u>	<u>(392,149)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	(77,853)	(139,746)
		Budget Basis	\$ (77,853)	
		Change in Revenue Accruals	(983)	
		Change in Accruals	(368)	
		GAAP Basis	<u>\$ (79,204)</u>	

See independent auditor's report and notes to financial statements.

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION
 LIABILITY - CALPERS
 JUNE 30, 2022**

<u>Year Ended June 30, 2022</u>	<u>Safety</u>
District's proportionate share of the net pension liability (asset)	0.00181%
District's proportionate share of the net pension liability (asset)	\$63,361
District's covered-employee payroll	\$150,211
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.18%
Plan fiduciary net position as a percentage of the total pension liability	93.86%

See the accompanying notes to the required supplementary information.

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - CALPERS
JUNE 30, 2022**

Year Ended June 30, 2022	Safety
Contractually required contribution	\$ 26,612
Contributions in relation to the contractually required contribution	(26,612)
Contribution Deficiency (Excess)	\$ -
 District's covered-employee payroll	 \$ 150,211
Contributions as a percentage of covered-employee payroll	17.72%
<i>See the accompanying notes to the required supplementary information.</i>	

**PEARDALE-CHICAGO PARK FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

1. CHANGES OF BENEFIT TERMS

There were no changes to benefit terms that applied to all members of the CalPERS Public Agency Pool. However, public agencies who participate in CalPERS can make changes to their plan provisions, and such changes occur on an ongoing basis. The District did not make changes to their plan provisions during the fiscal year.

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

Members of the Board of Directors
Peardale-Chicago Park Fire Protection District
Chicago Park, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Peardale-Chicago Park Fire Protection District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 14, 2023.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness.

Finding 22-01 - Reliance on the Auditor for Generally Accepted Accounting Principles (uncorrected from previous year)

Condition: Management relies on the auditor to prepare for approval the adjusting journal entries for accruals and the footnote disclosures required for the District's financial statements to be in compliance with generally accepted accounting principles.

Criteria: Auditing standards state that the auditor may not be part of an organization's internal control system. Someone within the organization must be knowledgeable in generally accepted accounting principles and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause: The District does not employ an accountant educated or trained in generally accepted accounting principles and does not contract with such an individual or firm to prepare financial statements in conformity with generally accepted accounting principles prior to the annual audit.

Effect: Unknown

Recommendation: We recommend that if it is necessary for the District to issue financial statements to third party users prior to the annual audit, management consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full-disclosure financial statements.

Response: Management has determined there is no cost-benefit to hiring an accountant familiar with generally accepted accounting principles and feels that the District Secretary and fire chief provide reliable financial statements for management and board decision-making and reliance upon the auditor for generally accepted accounting principles and disclosures is cost effective. However, should the need arise for issuing financial statements to third-party users prior to the annual audit, management will consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full-disclosure financial statements.

Compliance and Other Matters

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

Peardale-Chicago Park Fire Protection District's Response to Finding

The District's response to the finding identified in our audit is described above. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
September 14, 2023

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Lincoln, CA 95648
Office (916) 434-1662
Fax (916) 434-1090

September 14, 2023

Board of Directors
Peardale-Chicago Park Fire Protection District
Chicago Park, California

In planning and performing our audit of the financial statements of the Peardale-Chicago Park Fire Protection District (District) for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during an audit we may come across matters that should be considered and corrected to assure maximum compliance and operating efficiency. We are pleased to report that no such matters were noted. We previously reported on the District's internal control in our report dated September 14, 2023 (page 31). This letter does not affect our report dated September 14, 2023, on the financial statements of the District (page 1).

If you have any questions, feel free to contact us.

Sincerely,


Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California