

ESCALON CONSOLIDATED FIRE
PROTECTION DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS (2021)	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Fiduciary Financial Statements:	
Statement of Fiduciary Net Position – Fiduciary Funds	15
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	16
NOTES TO FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – General Fund	29



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Escalon Consolidated Fire Protection District
Escalon, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Escalon Consolidated Fire Protection District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 Escalon Consolidated Fire Protection District as of the year ended June 30, 2021, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.



Johnson & Matos CPAs, Inc.

October 17, 2023
Modesto, California

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

This section of the Escalon Consolidated Fire Protection District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2021. The information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEARS 2017 THROUGH 2020

- The District's net position decreased \$2,139 for the year ended June 30, 2021.
- Operating revenues increased by \$14,880 in 2021.
- Total operating expenses (including depreciation) decreased by \$7,630 in 2021.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include two types of statements that present different views of the District:

- The statements found on pages 9 and 10 are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. Because these statements include all District funds, it should be noted that certain inter-fund and other types of transactions that net to zero have been eliminated so that District-wide revenues and expenditures are not artificially inflated.
- The remaining statements found on pages 11 and 13 are fund-level financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

These two types of statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Generally, over time, increases and decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

The financial statements also include notes that explain some of the information in the statements. These notes are considered to be an integral part of the financial statements and should be considered with them when looking at the District's financial picture.

FINANCIAL ANALYSIS OF THE DISTRICT

For Fiscal Year 2020/2021 the District continued its quest to deliver fire and life safety services in an efficient and effective manner.

The District completed the year with a negative change in net position. Though the revenues have increased the overall financial picture for the District remains a concern for future years. The concern is generated by the fact that general expenses continue to outpace the increases in our revenue sources.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's funds include a General Fund, which finances daily operations and Capital Improvements Fund, which is used for the purchase of property, facilities, and equipment. All District funds had a positive balance at the completion of the year.

NET POSITION

A summary of the District's Statement of Net Position is presented below.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Assets		
Capital Assets	\$ 780,058	\$ 753,742
Other Assets	<u>1,507,571</u>	<u>1,510,223</u>
Total Assets	2,287,629	2,263,965
Liabilities		
Current Liabilities	24,290	27,811
Noncurrent Liabilities	<u>264,467</u>	<u>239,421</u>
Total Liabilities	288,757	267,232
Net Position		
Net Investment in Capital Assets	491,495	489,276
Unrestricted	<u>1,507,377</u>	<u>1,507,457</u>
Total Net Position	<u>\$ 1,998,872</u>	<u>\$ 1,996,733</u>

As the table above indicates, total net position decreased \$2,139 during the fiscal year ended June 30, 2021.

The liabilities have decreased at the end of fiscal years ended June 30, 2021 primarily due to paying down other liabilities during the year.

A summary of the District's Statement of Activities is presented below.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Operating Revenue	\$ 926,806	\$ 941,686
Operating Expenses	<u>1,377,992</u>	<u>1,370,362</u>
Operating Profit	(451,186)	(428,676)
Non-Operating Revenue (Expense)		
Property Tax Revenue	366,145	395,293
Interest Income	1,141	1,895
Other	<u>15,307</u>	<u>29,349</u>
Non-Operating Revenue (Expense)	382,593	426,537
Change in Net Position	(68,593)	(2,139)
Beginning Net Position	<u>2,067,465</u>	<u>1,998,872</u>
Ending Net Position	<u>\$ 1,998,872</u>	<u>\$ 1,996,733</u>

The Statement of Activities identify the various revenues and expense items which affect the change in net position. As mentioned above, District operating revenue increased due to anticipated increases in special assessments. Operating expenses increased mainly because of increased salaries and purchase of capital outlay. Together, the result was to decrease the District's net position.

The Board of Directors adopts the District's budget on an annual basis which provides funding for the District's operating, capital and debt service costs in the upcoming fiscal year. For the fiscal year ended June 30, 2021 the actual total operating revenue was less than budgeted revenue by \$66,148 and actual total expenses were \$63,336 under the budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District is continuing to evaluate levels of service and is prepared to make necessary adjustments within the organization to financially live within our means.

Development and growth in the District have been minimal over the last few years. Limited revenue collected from development continues to influence the District's ability to purchase new and replacement equipment.

Over the past several years the District has extended the life-expectancy of apparatus due to a past history of limited revenues. Although the District has some funds identified for the replacement of aged equipment, there has been a conservative approach in expending funds in this area.

The District, like most governmental agencies, has been forced to adjust its operation to deal with the current economic crisis. The economic climate has greatly compromised the future growth and viability of the District.

In conclusion, the financial stability of the District is paramount; as well as a conservative financial management perspective of the budget to stretch reserves far beyond the period that was originally anticipated. With that said, the District is committed to living within the means of our revenues and will continue to explore additional sources of revenue.

The District's assessment rates are reviewed by staff and the Board of Directors on an as needed basis. The District's primary source of revenue comes from special assessment fees, property taxes and interest income.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact Escalon Consolidated Fire Protection District's Bookkeeper at 1749 Coley Ave., Escalon, California 95320, telephone (209) 838-7500.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS		
Cash and Cash Equivalents	\$ 1,509,849	
Accounts Receivable	374	
Capital Assets, Net of Depreciation	<u>753,742</u>	
Total Assets		\$ 2,263,965
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,730	
Capital Leases	25,046	
Due to Memorial Fund	<u>35</u>	
Total Current Liabilities		27,811
Noncurrent Liabilities:		
Capital Leases		<u>239,421</u>
NET POSITION		
Net Investment in Capital Assets	489,276	
Unrestricted	<u>1,507,457</u>	
Total Net Position		<u>\$ 1,996,733</u>

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	(Expenses)	Charges for Services	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
GOVERNMENTAL ACTIVITIES				
Operations	\$ (1,370,362)	\$ 941,686	\$ -	\$ <u>(428,676)</u>
Net (Expense) Revenue				<u>(428,676)</u>
GENERAL REVENUES (EXPENSES)				
Property Tax Revenue				395,293
Facility Fees				5,751
Interest				1,895
Miscellaneous				<u>23,598</u>
Total General Revenues (Expenses)				<u>426,537</u>
CHANGE IN NET POSITION				(2,139)
NET POSITION				
Beginning of Year				<u>1,998,872</u>
End of Year				<u>\$ 1,996,733</u>

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Governmental Fund Types		
	General Fund	Capital Improvement Fund	Total Governmental Funds
ASSETS AND OTHER DEBITS			
Cash and Cash Equivalents	\$ 1,439,863	\$ 69,986	\$ 1,509,849
Accounts Receivable	374	-	374
Total Assets	\$ 1,440,237	\$ 69,986	\$ 1,510,223
LIABILITIES			
Accounts Payable	\$ 2,730	\$ -	\$ 2,730
Due to Other Funds	35	-	35
Total Liabilities	2,765	-	2,765
FUND EQUITY AND OTHER CREDITS			
Fund Balances:			
Committed	-	69,986	69,986
Unassigned	1,437,472	-	1,437,472
Total Fund Balance	1,437,472	69,986	1,507,458
Total Liabilities, Deferred Inflows of Resources, Fund Equity and Other Credits	\$ 1,440,237	\$ 69,986	\$ 1,510,223

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2021

FUND BALANCE OF GOVERNMENTAL FUNDS	\$ 1,507,458
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital Lease debt is not included in the fund financial statements because it is not currently due and payable within the definition for fund financial statements, but the liability is reported in the statement of net position	(264,467)
Capital assets, net of depreciation have not been included as financial resources in governmental fund activity because they are not current financial resources.	<u>753,742</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,996,733</u>

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021

	<u>Governmental Fund Types</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	
REVENUE			
Property Taxes	\$ 395,293	\$ -	\$ 395,293
Special Assessment	941,686	-	941,686
Facility Fees	-	5,751	5,751
Interest	1,895	-	1,895
Other Income	23,598	-	23,598
Total Revenue	<u>1,362,472</u>	<u>5,751</u>	<u>1,368,223</u>
EXPENDITURES			
Current Program - Public Safety, Fire and Rescue			
Salaries and Benefits	990,132	-	990,132
Services and Supplies, and Other Charges	272,768	2,805	275,573
Capital Outlay	66,957	-	66,957
Total Expenditures	<u>1,329,857</u>	<u>2,805</u>	<u>1,332,662</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>32,615</u>	<u>2,946</u>	<u>35,561</u>
OTHER FINANCIAL SOURCES (USES)			
Debt Service Expenditures			
Principal	(24,095)	-	(24,095)
Interest	(11,385)	-	(11,385)
Total Other Financial Sources (Uses)	<u>(35,480)</u>	<u>-</u>	<u>(35,480)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,865)	2,946	81
FUND BALANCE, BEGINNING OF YEAR	<u>1,440,337</u>	<u>67,040</u>	<u>1,507,377</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,437,472</u>	<u>\$ 69,986</u>	<u>\$ 1,507,458</u>

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	81
Revenue (Expenses) Reported on Statement of Activities not Included on the Governmental Funds Statement:		
Debt service expenditures, including principal payments, are reported as uses of current resources in the fund financial statements but are reported as repayment of debt in the statement of net position.		24,095
Capital Outlay expenditures are included in fund financial statements because they are a current utilization of resources but are not included in the government wide financial statements.		66,957
Depreciation expense is not included in the fund financial statements because it is not an expenditure of current resources.		<u>(93,272)</u>
CHANGE IN NET POSITION	\$	<u><u>(2,139)</u></u>

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	<u>Memorial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 6,958
Due from General Fund	<u>35</u>
Total Assets	<u>\$ 6,993</u>
NET POSITION	
Held in Trust for Volunteer Fireman's Association	<u>\$ 6,993</u>

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2021

	Memorial Fund
ADDITIONS	
Contributions	\$ -
CHANGE IN NET POSITION	-
NET POSITION, Beginning	6,993
NET POSITION, Ending	\$ 6,993

See accompanying notes and accountant's report.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Escalon Consolidated Fire Protection District (the District) is presented to assist in understanding the District's financial statements.

Description of the Reporting Entity

The Escalon Consolidated Fire Protection District was formed in 1912 by the San Joaquin County Board of Supervisors. The District operates under the Fire Protection District law of 1987, Health and Safety Code Sections 13801 – 13999. The District is governed by a board of five members elected to four year terms.

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, defining the governmental reporting entity, the District includes all funds that are controlled by or dependent upon the Board of Directors of the District. Since no other entities are controlled by or rely upon the district, the reporting entity consists solely of the District.

The District's management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-Wide Statements

The statement of net position and the statement of activities report information on all of the District's activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Government Fund Statements

The Government 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 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 most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Net Position

Net Position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows. Net position is classified into the following components: net investment in capital assets,

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restricted and unrestricted. Restricted net position describes the portion of net position which is restricted as to use by the terms and conditions of agreement with outside parties, governmental regulations, laws, enabling legislation or other restrictions which the District cannot unilaterally alter.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Except for any Grant revenues, the Board has complete discretion over expenditure management. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first based upon their intended purpose, then unrestricted resources as they are needed. The District has only one fund group, governmental funds.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Improvements Fund – The District has established a capital improvements fund. The funds held in the account are considered unrestricted but committed for the purchase of capital assets or the construction of major capital projects. It is also the intention of the Board that this fund be utilized to accumulate excess funds in an interest bearing account for the purpose of funding the District should economic conditions decline and supplemental funding become necessary. Therefore, in the event of a shortfall in the General Fund, the District may borrow from the Capital Improvements Funds to cover the shortfall. In such an event, the District shall reimburse the Capital Improvements Fund when sufficient funds become available in the General Fund.

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The District does not have any special revenue funds as of June 30, 2021.

Fund Equity

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-spendable fund balance – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The District does not have any non-spendable funds as of June 30, 2021.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District did not have any restricted funds as of June 30, 2021.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. Committed funds may be modified or rescinded only through resolutions approved by the District Board. The District's Capital Improvements Fund is committed as of fiscal year June 30, 2021.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The District does not have any assigned funds as of June 30, 2021.

Unassigned fund balance – all amounts not included in other spendable classifications.

The District uses the budgetary process to identify the use of restricted or committed funds. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District looks to the budget to determine which classification of funds will be spent first. If the expenditure has not been budgeted, unassigned funds are used.

Classification of Revenues and Expenses

Revenue to finance the District's operation is primarily derived from special assessments to taxpayers, which are billed and collected on behalf of the District by San Joaquin County (the County) as a separate component of semiannual property tax billings. Secured property taxes are levied on March 1. Taxes are payable in two installments on April 10 and December 10. The County remits to the District those charges which are placed on the property tax roll and handles all delinquencies, retaining interest and penalties.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes and Special Assessments

Secured property taxes are considered measurable and available when apportioned to the District. The County is responsible for assessing and collecting secured property taxes for the District in accordance with enabling state legislation (including appropriation limits). The County apportions secured taxes to the District under the "Teeter Plan" – California Revenue and Taxation Code Sections 4701- 4717.

A complex allocation formula is used to distribute levied secured taxes to the County and its Districts. The levy date is July 1. The District is credited with 100 percent of its apportionments, regardless of the actual collections and delinquencies. Accordingly, penalties and interest collected by the County are not allocated to the District.

Apportionments are distributed according to the following schedule:

Action	Date	Percent
First Apportionment	By December 25	55%
Second Apportionment	By April 25	40%
Third Apportionment	By June 25	5%

Supplemental unsecured property taxes are considered measurable and available when collected. The assessments are remitted to the County with the secured property tax billings. The County then remits collections to the District.

Capital Assets

Capital Assets, which include property, plant and equipment assets, 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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-45
Equipment	5-40
Vehicles	5-20

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting

The Board shall adopt a preliminary operating budget for the fiscal year commencing July 1. The Board has only adopted a formal budget for the General Fund. Public hearings are conducted at an advertised location to obtain taxpayer comments. Prior to October 1, the budget is adopted by vote of the Board. Once approved, the Board may amend the legally adopted budget when unexpected modifications are required.

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for the special revenue funds. Therefore, budget comparison information is presented for the general fund only.

As of June 30, 2021, revenues are less than the budgeted amount by a total of \$66,148. Actual expenditures, excluding capital outlay, are less than the budgeted amounts by a total of \$63,336.

Receivables

The Board feels that all receivables are collectible. Therefore, no allowance has been recorded for doubtful receivables as of June 30, 2021. For receivables that are estimated, any difference between the amount received and the receivable will be accounted for as an increase or decrease in revenue in the following year.

Encumbrances

No reserve for encumbrances has been recorded. Generally, the District pays all bills immediately. Any encumbrances are provided for in the subsequent year's budget.

Estimates

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

Fair Value Inputs, Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1 - Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.

Level 2 - Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.)

Level 3 - Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents held by the District were comprised of the following at June 30, 2021:

	Carrying Amount	Bank Balance	Fair Value
Umpqua Bank			
General Checking	\$ 43,164	\$ 54,925	\$ 54,925
Payroll	66,829	66,829	66,829
Capital Reserve	1,330,211	1,330,211	1,330,211
Cap Improv – Fire Facility	69,986	69,986	69,986
Investments in External Investment Pool			
San Joaquin County Treasurer	(341)	(341)	(341)
Total District Funds	<u>\$ 1,509,849</u>	<u>\$ 1,521,610</u>	<u>\$ 1,521,610</u>
<u>Fiduciary Funds</u>			
Umpqua Bank – Memorial Fund	<u>\$ 6,958</u>	<u>\$ 6,958</u>	<u>\$ 6,958</u>

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

The District maintains a portion of its cash in the San Joaquin County Treasury. The County pools these funds with those of other agencies in the County and invests the cash as prescribed by the California Government Code. These pooled funds are carried at cost plus accrued interest, which approximates market value. Accordingly, the amount of cash and cash equivalents maintained in the external investment pool represent Level 2 category investments. Interest earned is deposited monthly into participating funds. The District's deposits in the County pool may be accessed at any time. San Joaquin County's credit rating is A+, by Standard and Poor's. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in San Joaquin County's financial statements which can be obtained by contacting San Joaquin County's Auditor-Controller's Office at 44 North San Joaquin Street, Fifth Floor, Suite 550, Stockton, CA 95202. The San Joaquin County Treasury Oversight Committee oversees the Treasurer's investments and policies.

The District also maintains funds in accounts which periodically may exceed the Federal Deposit Insurance Corporation insured deposit limitation. This represents a custodial credit risk to the District which is the risk that the District may not be able to access its funds in the event of the failure of a depository financial institution. Deposits at each institution are insured by the FDIC up to \$250,000. The District had an uninsured cash balance for the fiscal year ended June 30, 2021 of \$1,437,472. The Fiduciary Fund held on behalf of the Volunteer Fireman's Association had no uninsured cash balance as of June 30, 2021.

NOTE 3 CHANGES IN CAPITAL ASSETS

The following changes in the capital assets occurred during the year ended June 30, 2021:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Land	\$ 42,152	\$ -	\$ -	\$ 42,152
Structures and Improvements	858,911	-	-	858,911
Alarm and Security	45,589	-	-	45,589
Trucks and Autos	2,199,367	66,957	-	2,266,324
Rescue and First Aid	333,440	-	-	333,440
Furniture and Equipment	<u>132,467</u>	<u>-</u>	<u>-</u>	<u>132,467</u>
Total	<u>3,611,926</u>	<u>66,957</u>	<u>-</u>	<u>3,678,883</u>

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 CHANGES IN CAPITAL ASSETS (Continued)

Accumulated Depreciation				
Structures and Improvements	(643,428)	(20,114)	-	(663,542)
Alarm & Security	(45,589)	-	-	(45,589)
Trucks & Autos	(1,707,339)	(64,375)	-	(1,771,714)
Rescue and First Aid	(313,900)	(5,444)	-	(319,344)
Furniture and Equipment	<u>(121,612)</u>	<u>(3,340)</u>	-	<u>(124,952)</u>
Total Accum. Depreciation	<u>(2,831,868)</u>	<u>(93,273)</u>	-	<u>(2,925,141)</u>
Net Capital Assets	<u>\$ 780,058</u>	<u>\$ (26,316)</u>	<u>\$ -</u>	<u>\$ 753,742</u>

The total amount presented as land represents the total amount of capital assets that are not being depreciated.

NOTE 4 CAPITAL LEASES

The District is the lessee of a Rosenbauer Pumper with a recorded cost of \$505,808 as of June 30, 2021. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated following the same policies for fixed assets owned by the District. The total amount of accumulated depreciation related to capital lease assets for the year ended June 30, 2021 were \$240,866. The total amount of current year depreciation related to the capital lease assets was \$38,488 for the year ended June 30, 2021.

The following is a summary of the District's capital lease liabilities obligations and transactions for the year ended June 30, 2021.

	Balance 6/30/20	Additions	Reductions	Balance 6/30/21	Amount Due within 1 year
Rosenbauer	<u>\$ 288,562</u>	<u>\$ -</u>	<u>\$ (24,095)</u>	<u>\$ 264,467</u>	<u>\$ 25,046</u>

The following is a summary of payments on capital leases to maturity:

	2022	2023	2024	2025	Thereafter
Principal	\$ 25,046	\$ 26,034	\$ 27,062	\$ 28,129	\$ 158,195
Interest	<u>10,434</u>	<u>9,446</u>	<u>8,419</u>	<u>7,351</u>	<u>19,207</u>
Total	<u>\$ 35,480</u>	<u>\$ 35,480</u>	<u>\$ 35,481</u>	<u>\$ 35,481</u>	<u>\$ 177,402</u>

Total interest incurred, paid, and expensed for the year ended June 30, 2021 was \$11,385. This represents the total amount of interest for all for all types of debt including capital leases.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 5 INSURANCE

The District carries commercial insurance through Cromwell & Ney. This plan covers all of the types of claims other than worker's compensation. The District obtained worker's compensation insurance through a joint venture (See Note 7). The District is covered by the following types of insurance as of June 30, 2021:

Coverage	Limits of Liability
Bodily Injury and Property Damage	\$ 500,000
Professional Liability	\$ 3,000,000
Fidelity Bond	\$ 250,000
Software	\$ 250,000
Auto Liability	\$ 1,000,000
Vehicles and Equipment	Agreed Upon Value
Workers' Compensation	Statutory

The District has pre-established deductible amounts for the various categories. There are no other deductibles.

Claims and judgments, including provisions for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims. The District's liability for uninsured claims is limited to general liability claims, as discussed above. There have been no claims in any of the past three years.

NOTE 6 RETIREMENT PLAN

The District entered into a defined contribution retirement plan. Participation is available to all full-time employees who meet the eligibility requirements. The District has committed to contribute 12.5% of each full-time employee's monthly salary. Total District contributions for the year ended June 30, 2021 were \$86,449.

NOTE 7 JOINT VENTURES (JOINT POWERS AGREEMENTS)

FDAC/FASIS

The District participates and is a member in a joint venture under a Joint Powers Agreement (JPA). The independent JPA is known as the Fire District Association of California Fire Agencies Self Insurance System (FDAC/FASIS).

FDAC/FASIS was created pursuant to a Joint Powers Agreement between approximately 200 California fire and community service districts. FASIS exists to provide a program to pool workers' compensation coverage for participating agencies. Participation is voluntary.

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 JOINT VENTURES (JOINT POWERS AGREEMENTS) (Continued)

The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Complete, separate financial statements for the JPA are available from the entity.

Withdrawal from FDAC/FASIS may be made only at the end of a fiscal year, and with twelve months' notice. FDAC/FASIS is governed by a board of directors composed of one representative employee or official from each member district. Members pay a premium commensurate with the respective level of coverage. FDAC/FASIS may levy additional assessments if deemed necessary.

The District made payments to FASIS during the years ending June 30, 2021 totaling \$67,444.

NOTE 8 INTER-FUND TRANSFERS

All transfers made during any applicable year were for the purpose of funding current and future operating expenses.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a JPA public entity risk pool that provides workers' compensation insurance coverage, risk management, and excess insurance. See Note 7 and Note 5. There have been no claims in any of the past three years.

NOTE 10 ARTICLE XIII (B) APPROPRIATION LIMIT

The District has calculated the required annual Article XIII (B) appropriation limit based on available population and cost-of-living data.

NOTE 11 GOVERNING BOARD

As of June 30, 2021, the five members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Title</u>
Joe Camara	Director
Laura Catrina	Director
Mickey Schilber	Director
Mark Paulsen	Director
Terry Pinheiro	Director

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 17, 2023, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTAL INFORMATION

ESCALON CONSOLIDATED FIRE PROTECTION DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Preliminary	Final		
REVENUE				
Property Taxes	\$ 1,428,620	\$ 1,428,620	\$ 395,293	\$ (1,033,327)
Special Assessment	-	-	941,686	941,686
Interest	-	-	1,895	1,895
Other Income	-	-	23,598	23,598
Total Revenue	<u>1,428,620</u>	<u>1,428,620</u>	<u>1,362,472</u>	<u>(66,148)</u>
EXPENDITURES				
Current Program				
Current Program - Public Safety, Fire and Rescue				
Salaries and Benefits	922,750	922,750	990,132	(67,382)
Services and Supplies, and Other Charges	318,200	318,200	272,768	45,432
Capital Outlay	152,243	152,243	66,957	85,286
Total Expenditures	<u>1,393,193</u>	<u>1,393,193</u>	<u>1,329,857</u>	<u>63,336</u>
Excess of Revenue (Deficiency) Over (Under)				
Expenditures	<u>35,427</u>	<u>35,427</u>	<u>32,615</u>	<u>(2,812)</u>
OTHER FINANCIAL SOURCES (USES)				
Debt Service Expenditures				
Principal	(35,427)	(35,427)	(24,095)	11,332
Interest	-	-	(11,385)	(11,385)
Total Financial Sources (Uses)	<u>(35,427)</u>	<u>(35,427)</u>	<u>(35,480)</u>	<u>(53)</u>
Excess of Revenue and Other Sources (Uses) Over (Under) Expenditures and Other Uses				
	<u>\$ -</u>	<u>\$ -</u>	<u>(2,865)</u>	<u>\$ (2,865)</u>
Beginning Fund Balance, July 1, 2020			1,440,337	
Ending Fund Balance, June 30, 2021			<u>\$ 1,437,472</u>	

See accompanying notes and accountant's report.