RESCUE FIRE PROTECTION DISTRICT

Audited Financial Statements and
Compliance Report

June 30, 2022

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RESCUE FIRE PROTECTION DISTRICT

AUDITED FINANCIAL STATEMENTS AND
COMPLIANCE REPORT

June 30, 2022

TABLE OF CONTENTS

Independent Auditor's Report 1

Basic Financial Statements

Statement of Net Position and Governmental Fund Balance Sheet 4
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance 5
Notes to Basic Financial Statements 6

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund 25
Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions to the Pension Plan (Unaudited) 27
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited) 28
Schedule of Contributions to the OPEB Plan (Unaudited) 29

Compliance Reports

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* 30
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance 32
Schedule of Findings and Questioned Costs 35
Schedule of Expenditures of Federal Awards 39
Notes to Schedule of Expenditures of Federal Awards 40
Corrective Action Plan 41

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rescue Fire Protection District
Rescue, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Rescue 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 the major fund of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility 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, schedule of revenues, expenditures and changes in fund balance - budget and actual – General Fund, the schedule of proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the OPEB plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying financial accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 1, 2023

RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

June 30, 2022

	General Fund	Adjustments (Note J)	Statement of Net Position
ASSETS			
Cash and investments - unrestricted	$ 1,439,487		$ 1,439,487
Cash and investments - restricted	705,470		705,470
Prepaid costs	16,575		16,575
Lease receivable - current	9,793		9,793
Lease receivable - noncurrent	62,337		62,337
Capital assets:			
Nondepreciable		$ 35,200	35,200
Depreciable, net		390,291	390,291
TOTAL ASSETS	2,233,662	425,491	2,659,153
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan		524,414	524,414
Other postemployment benefits plan		478,291	478,291
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,002,705	1,002,705
TOTAL ASSETS AND DEFFERED OUTFLOWS OF RESOURCES	$ 2,233,662	1,428,196	3,661,858
LIABILITIES			
Accounts payable	$ 25,908		25,908
Due to other governments	23,724		23,724
Salaries and benefits payable	25,542		25,542
Compensated absences - current		30,844	30,844
Noncurrent liabilities:			
Compensated absences - noncurrent		15,957	15,957
Net pension liability		1,178,842	1,178,842
Other postemployment benefits liability		2,904,100	2,904,100
TOTAL LIABILITIES	75,174	4,129,743	4,204,917
DEFERRED INFLOWS OF RESOURCES			
Lease receivable	70,522		70,522
Pension plan		912,155	912,155
Other postemployment benefits plan		16,910	16,910
TOTAL DEFERRED INFLOWS OF RESOURCES	70,522	929,065	999,587
FUND BALANCES/NET POSITION			
Fund balance:			
Nonspendable–prepaid costs	16,575	(16,575)	
Restricted for capital improvements	705,470	(705,470)	
Committed	473,802	(473,802)	
Unassigned	892,119	(892,119)	
TOTAL FUND BALANCES	2,087,966	(2,087,966)	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,233,662		
Net position:			
Investment in capital assets		425,491	425,491
Restricted for capital improvements		705,470	705,470
Unrestricted		(2,673,607)	(2,673,607)
TOTAL NET POSITION		$ (1,542,646)	$ (1,542,646)

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

RESCUE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2022

	General Fund	Adjustments (Note K)	Statement of Activities
EXPENDITURES/EXPENSES			
Current:			
Public Protection:			
Salaries and benefits	$ 1,247,438	$ 80,960	$ 1,328,398
Services and supplies	316,489		316,489
Pass-through grants	739,197		739,197
Capital outlay	163,692	(163,692)	
Depreciation		50,965	50,965
TOTAL EXPENDITURES/EXPENSES	2,466,816	(31,767)	2,435,049
GENERAL REVENUES			
Property taxes	1,238,396		1,238,396
Special tax assessments:			
Direct assessment	131,223		131,223
Special benefit assessment	261,350		261,350
Grant revenue	822,126		822,126
Development impact fees	167,021		167,021
Operating lease revenue	11,283		11,283
Use of money and property	(55,455)		(55,455)
Other revenues	40,090		40,090
TOTAL GENERAL REVENUES	2,616,034		2,616,034
EXCESS OF REVENUES OVER EXPENDITURES	149,218	(149,218)	
CHANGE IN NET POSITION		31,767	180,985
Fund balance/net position, beginning of year	1,938,748	(3,662,379)	(1,723,631)
FUND BALANCE/NET POSITION, END OF YEAR	$ 2,087,966	$ (3,630,612)	$ (1,542,646)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Background: The District was first established in 1960 by a local group of men and women who saw the need to provide improved fire protection to the community of Rescue. Before 1960, the United States Forest Services provided fire protection. In December 1974, the Rescue Fire Protection District was reorganized under LAFCO Resolution #74-26.

The District's functions are governed by a five-member Board of Directors elected by the District's voting population. The Board of Directors manages the Fire Chief who oversees all financial, administrative and operational aspects of the District for the purpose of carrying-out fire and emergency services.

The District operates one staffed fire station. Administrative services were provided through a Shared Services Agreement with the El Dorado Hills Fire Department, including the Fire Chief, training, fire protection, Finance and Human Resources, until the agreement was terminated in May of 2022. The District provides emergency medical services, rescue, fire suppression, and other public services as needed. The District is a member of the El Dorado County Emergency Services Authority (Authority), which also provides advanced life support and ambulance transport within the County. The District serves approximately 2,400 homes and an estimated population of 5,660.

As discussed in more detail below, the District is a member of the Authority under a Joint Powers Agreement. The District is not responsible for the liabilities of the Authority upon withdrawal from the Authority and has a proportionate residual equity interest in any assets of the Authority upon its dissolution.

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. All of the District's activities are reported in the General Fund.

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 all revenues to be available if they are collected within 90 days of the end of the current fiscal period or 60 days for taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Payable balances consist primarily of payables to vendors.

Property and other tax revenues, reimbursements and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles and in accordance with the District's policy and procedure. Budgetary control is exercised by major object. All budgetary changes during the fiscal year require the approval of the District's Board of Directors. Unencumbered budget appropriations lapse at the end of the fiscal year.

Risk Management: The District is a member of the Northern California Fire District Association's liability and workers' compensation insurance program provided through a private insurance company. The District's claims have not exceeded the insurance coverage and no reductions of coverage have occurred during the past three years.

Restricted Assets: Restricted assets consist of $705,470 of unspent fire impact fees collected by the County of El Dorado on the District's behalf. The impact fees are required to be spent on public facilities and equipment by the related County of El Dorado Ordinance. See Note G for additional information.

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

Capital assets are defined by the District as assets with at least three years expected life and meet the required minimum value threshold listed in the table below. The District currently utilizes the El Dorado Hills Fire District capital asset policy as a guideline, with the exception that hoses are capitalized. The cost of assets sold or retired are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Capital Asset Category	Threshold	Estimated Useful Life
Land & easements	1	N/A
Building/improvements	$ 50,000	39.5 years
Fire equipment (SCBA's)	1,000	8-15 years
Fire equipment (Other)	3,000	5-15 years
Hose (LDH)	3,000	15-20 years
Office equipment	3,000	3-7 years
Radio commuications equipment	3,000	5 years
Fire apparatus	3,000	15 years
Vehicles	3,000	5-7 years
Furniture/fixtures/tools	3,000	3-7 years

1 - All land purchases are recognized according to the District's policy.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's lease receivable described in Note C and pension and OPEB plans under GASB Statements No. 68 and No. 75, respectively, as described in Notes F and G. Unavailable revenues in governmental funds arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Revenues unavailable because they were not received in the availability period are recognized for the government-wide presentation.

Compensated Absences: The District compensates employees for unused vacation and, subject to certain conditions, sick leave upon separation from the District. Unused vacation up to a maximum limit of 480 hours is payable at separation. Sick leave is payable only for employees that retire from the District with 5 consecutive years of employment with the District. Employees with five to ten years of employment are paid 50% of accumulated sick leave and employees with more than 10 year of employment are paid 100% of accumulated sick leave up to a maximum of 500 hours. Sick leave may instead be converted to service credit under the District's pension plan with CalPERS. All vacation is accrued when earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate compensated absences.

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

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid costs.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts reported as restricted funds represent unspent development impact fees collected for future capital expenditures.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is a Resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board modifies or removes the fund balance commitment with another Resolution of the Board of Directors. Committed fund balance represents the capital replacement fund of $90,978 for replacement or necessary improvements of fleet and facilities that exceeds routine maintenance and an OPEB fund of $382,024. Both commitments were approved with the Board Resolution approving the budget and the commitments may be used through another Board Resolution.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

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

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources, then unrestricted resources as they are needed.

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

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. The outstanding balance of debt that is attributable to the acquisition, construction or improvement of the assets reduces the balance in this category. The District had no outstanding debt.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restrictions of net position represent unspent development impact fees collected for future capital expenses.

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

Property Taxes: The District receives property taxes from El Dorado County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1 and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies. These taxes are accrued as intergovernmental revenue only if they are received from the County within 60 days after year end in the governmental fund. They are accrued when earned regardless of the timing of the related cash flows in the government-wide statement.

Joint Powers Authority: The District is a member agency of the El Dorado County Emergency Services Authority, a Joint Powers Authority (JPA), which provides ambulance and other pre-hospital emergency transport services on the west slope of El Dorado County. There are ten member agencies in total. The governing Board of Directors controls the operations of the JPA. The JPA Board is made up of a Fire Chief or authorized alternate from each member agency. The JPA is independently accountable for its fiscal matters and maintains its own accounting records under the oversight of the El Dorado County board of Supervisors. Each of the ten-member Fire Districts approves the JPA budget and their vote is carried by their Fire Chief to the Board. The JPA contracts with the District for one medic unit and six employees working shift work. The District is provided a flat fee that is designed to reimburse all costs incurred in the execution of the contract. The District is not responsible for the liabilities of the JPA upon dissolution. Separate financial statements for the JPA are available by contacting the JPA staff through the link at edcjpa.org.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

Use of 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, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from these estimates.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The District implemented this statement during the year ended June 30, 2022. As a result of the implementation, lease receivable and deferred inflows of resources increased by $81,805 at July 1, 2021. There was no effect on July 1. 2021 fund balance and net position. See Note C for additional information.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

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

NOTE B – CASH AND INVESTMENTS

As of June 30, 2022, the District's cash and investments consisted of the following:

Cash and investments - unrestricted	$ 1,439,487
Cash and investments - restricted	705,470
Total cash and investments	$ 2,144,957
Investment in County of El Dorado investment pool	$ 2,144,957
Total investments	$ 2,144,957

Investment in the County of El Dorado's Investment Pool: The District maintains an investment in the County of El Dorado cash and investment pool, which is managed by the County Treasurer. The County pool is stated at fair value. The amount invested by all public agencies in El Dorado County's cash and investment pool was $823,362,829 at June 30, 2022. The County does not invest in any derivative financial products. The County Treasury Investment Oversight Committee has oversight responsibility for the investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in El Dorado County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at amortized cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3. As of June 30, 2022, the weighted average maturity of the investments contained in the County's investment pool was approximately 710 days.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial credit risk is the risk that a government will not be able to recover its deposits or its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of El Dorado's investment pool).

NOTE C – LEASE RECEIVABLE

On October 18, 2016, the District entered into an operating lease agreement with the United States Postal Service to provide office space for a post office. The initial lease term was five years, with a five-year option for renewal on October 1, 2023. The lease provides for monthly principal and interest payments ranging from $1,056 to $1,108. Interest is imputed at 4.25% as of July 1, 2021, which is the GASB Statement No. 87 implementation date for the District. Lease income during the year ended June 30, 2022 included lease interest income of $2,994 and amortization of the deferred inflows of resources related to the lease of $11,283.

NOTE C – LEASE RECEIVABLE (Continued)

Future lease payments on the lease receivable were as follows at June 30, 2022:

Year Ending June 30:	Principal	Interest	Total
2023	$ 9,793	$ 2,876	$ 12,669
2024	10,699	2,445	13,144
2025	11,326	1,976	13,302
2026	11,817	1,485	13,302
2027	12,329	973	13,302
2028-2029	16,166	462	16,628
	$ 72,130	$ 10,217	$ 82,347

NOTE D – CAPITAL ASSETS

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

	Balance at June 30, 2021	Additions	Retirements	Transfers	Balance at June 30, 2022
Capital assets not being depreciated:					
Land	$ 25,000				$ 25,000
Construction in process:					
Station 83 remodel		$ 10,200			10,200
Total capital assets not being depreciated	25,000				35,200
Capital assets being depreciated:					
Buildings and improvements	705,696				705,696
Vehicles	558,498				558,498
Equipment	147,713	153,492			301,205
Total capital assets being depreciated	1,411,907	153,492			1,565,399
Less accumulated depreciation:					
Buildings and improvements	(621,293)	(8,783)			(630,076)
Vehicles	(390,375)	(24,760)			(415,135)
Equipment	(112,475)	(17,422)			(129,897)
Total accumulated depreciation	(1,124,143)	(50,965)			(1,175,108)
Total capital assets being depreciated, net	287,764	102,527			390,291
Capital assets, net	$ 312,764	$ 102,527	$ -	$ -	$ 425,491

NOTE E – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity other than pension and OPEB liability activity for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Repayments	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
Compensated absences	$ 39,430	$ 61,453	$ (54,082)	$ 46,801	30,844	$ 15,957
	$ 39,430	$ 61,453	$ (54,082)	$ 46,801	$ 30,844	$ 15,957

During the year ended June 30, 2021, the District performed a study of the percentage of sick leave converted to CalPERS service credit and determined approximately 94% of sick leave was converted to CalPERS service credit in the past four fiscal years.

NOTE F – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN

Defined Benefit Pension Plan

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple Employer Defined Benefit Pension Plan (the Plan or PERFC) administered by the California Public Employees' Retirement System (CalPERS). PERFC consists of a miscellaneous risk pool and a safety risk pool, which are comprised of the following rate plans:

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan
- Safety Rate Plan
- Safety Second Tier Rate Plan
- PEPRA Safety Rate Plan

Although one Plan exists, CalPERS provides the information separately for the Miscellaneous and Safety Risk Pools and the information is presented separately below where available. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

NOTE F – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

Hire date	**Miscellaneous Rate Plan** Prior to January 1, 2013	**PEPRA Miscellaneous Rate Plan** On or after January 1, 2013
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Final average compensation period	one year	three year
Retirement age	50 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.25%
Required employer contribution rates	11.60%	7.73%

Hire date	**Safety Rate Plan** Prior to August 13, 2011	**Safety Second Tier Rate Plan** August 14, 2011 to December 31, 2012	**PEPRA Safety Rate Plan** On or after January 1, 2013
Benefit formula (at full retirement)	3.0% @ 55	2.0% @ 55	2.0% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Final average compensation period	one year	three year	three year
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.40% to 3.00%	1.426% to 2.00%	2.00% to 2.70%
Required employee contribution rates	9.00%	7.00%	10.75%
Required employer contribution rates	23.62%	16.20%	11.68%

The District has agreed to pay 9% of the employee contributions under the District's MOU. The tables above reflect employer contribution percentages before an employee pick-up of employer contributions of 9% for Miscellaneous Fire, Safety First and Second Tier Rate Plans under the District's MOU. PEPRA Safety Rate Plan participants pick up 50% of the normal cost, rounded to the nearest quarter of one percent. All rate plans except the PEPRA rate plans are closed to new members that are not already CalPERS participants. All miscellaneous rate plans are combined and reported below as the Miscellaneous Risk Pool and all safety rate plans are combined and reported below as the Safety Risk Pool.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the risk pools are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE F – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

For the year ended June 30, 2022, the employer contributions of $216,968 were made to the Safety Risk Pool. There were no contributions made to the Miscellaneous Risk Pool during the year ended June 30, 2022.

A. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2022, the District reported net pension liabilities (assets) for its proportionate share of the net pension liability (asset) of each risk pool as follows:

Miscellaneous Risk Pool	$ (44,535)
Safety Risk Pool	1,223,377
Total Net Pension Liability	$ 1,178,842

The District's net pension liability (asset) for each risk pool is measured as the proportionate share of the net pension liability. The net pension liability (asset) of each risk pool is measured as of June 30, 2021, and the total pension liability for each risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability (asset) was based on a projection of the District's long-term share of contributions to the risk pool relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability (asset) for each risk pool as of June 30, 2022 and 2021 were as follows:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Proportion - June 30, 2021	-0.00021%	0.03072%	0.01873%
Proportion - June 30, 2022	-0.00235%	0.03486%	0.02180%
Change - increase (decrease)	-0.00214%	0.00414%	0.00307%

For the year ended June 30, 2022, the District recognized pension expense of $36,711 for both risk pools combined. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources for the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 216,968	
Differences between actual and expected experience	204,018	
Differences between the employer's contribution and the employer's proportionate share of contributions		$ (217,476)
Change in employer's proportion	103,428	(5,412)
Net differences between projected and actual earnings on plan investments		(689,267)
Total	$ 524,414	$ (912,155)

NOTE F – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

The amount above 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 following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the risk pools will be recognized as pension expense as follows:

Year Ended June 30	
2023	$ (129,136)
2024	(131,722)
2025	(154,220)
2026	(189,631)
	$ (604,709)

Actuarial Assumptions: The total pension liabilities at the June 30, 2021 measurement date for each risk pool was determined using the following actuarial assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry-Age Normal Cost Method
Amortization Method	Level percent of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Projected salary increases	0.4% to 8.5% Miscellaneous and 0.97% to 17.0% Safety, depending on entry age and service
Investment rate of return	7.15%
Mortality[1]	Derived using CalPERS membership data for all funds

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

Discount Rate: The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member 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.

NOTE F – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(1)	Real Return Years 11+(2)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.00%		

(1) An expected inflation of 2.00% used for this period.
(2) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability for each risk pool, calculated using the discount rate for each risk pool, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
1% Decrease	6.15%	6.15%	6.15%
Net pension liability	$ (11,059)	$ 2,302,635	$ 2,291,576
Current discount rate	7.15%	7.15%	7.15%
Net pension (asset) liability	$ (44,535)	$ 1,223,377	$ 1,178,842
1% increase	8.15%	8.15%	8.15%
Net pension (asset) liability	$ (72,210)	$ 336,900	$ 264,690

NOTE F – DEFINED BENEFIT PENSION PLAN AND DEFERRED COMPENSATION PLAN (Continued)

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

Deferred Compensation Plan

The District offers an Internal Revenue Code (IRC) Section 457 deferred compensation plan (the Plan) to all employees immediately upon being hired and signing an acknowledgement form consenting to be included in the Plan. Benefit terms, including contribution requirements for the Plan, were established by and may be amended by the Board of Directors, subject to bargaining unit MOUs. The Plan is administered by Nationwide Retirement Solutions. The District has no contribution requirements for employees hired prior to September 22, 2012 and for participants hired after September 22, 2012, the District contributes a flat amount of $50 per month and matches participant contributions up to $25 per month for a maximum employer contribution of $75 per month. Participants may contribute voluntarily to the Plan up to the applicable IRC contribution limits. Employees vest immediately in their own contributions and employer contributions. The District and employees contributed $2,054 and $20,556, respectively, to the Plan during the year ended June 30, 2022. Contributions are made to individual accounts held in a qualifying trust for each participant and participants self-direct investment options.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description/Benefits Provided: The District offers a single employer OPEB plan (the Plan) that provides medical, dental, or other health benefits to retired employees and one eligible dependent at District cost for represented Rescue Professional Firefighters Association employees hired prior to July 1, 2013. Employees hired after this date are not eligible for Plan benefits. Employees hired prior to January 1, 2008 with a minimum of 15 years of continuous employment with the District that meet CalPERS retirement requirements may enroll in any available District sponsored medical plan of their choice. Any eligible employee that retires on or after January 1, 2014, shall receive a medical benefit equivalent to active employees. Dental and vision insurance and medical insurance coverage for additional dependents are available under the Plan, but at cost to the retiree.

The Plan does not issue separate financial statements.

Employees Covered by Benefit Terms: At June 30, 2022 (June 30, 2021 measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	2
Total	9

The plan is closed to new entrants.

Contributions: The Board of Directors has the authority to establish and amend the contribution requirements of the District and employees under powers granted to it under the California Government Code, subject to the District's Memorandum of Understanding with employee bargaining units. The Board of Directors has established reimbursement percentages of actual insurance premiums paid by Plan members. No other contribution requirements exist under the Plan. Employees are not required to

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

contribute to the Plan. During the fiscal year ended June 30, 2022, the District's contributed $132,368 to the Plan, including $90,541 through as pay-as-you-go health insurance premium payments on behalf of retired Plan members and implied subsidy payments totaling $41,827. Plan members did not make any contributions to the Plan and no contributions are made by the District to a qualifying trust fund to fund benefits.

OPEB Liability: The District's OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	2.16%
Inflation	2.50%
Salary increases	2.75%
Dental/vision cap increase	3.00%
Mortality rate	2017 CalPERS Mortality for Active Safety Employees
Pre-retirement turnover	2017 CalPERS Rates for Sworn Fire Employees
Healthcare trend rate	4.0% increase each year
Participation rate	100%

Discount Rate/Change in Assumptions: The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.16%, which changed from 2.20% at June 30, 2020. The discount rate is based on the Bond Buyer 20 Bond Index.

Changes in the OPEB Liability:

	Increase (Decrease) Total OPEB Liability
Balance at June 30, 2021	$ 2,705,323
Changes in the year:	
Service cost	68,999
Interest	59,267
Differences between expected and actual experience	144,874
Changes in assumptions	54,784
Benefit payments	(129,147)
Net change in OPEB liability	198,777
Balance at June 30, 2022	$ 2,904,100

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Sensitivity of the OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	$ 3,337,802	$ 2,904,100	$ 2,555,052

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 2,526,587	$ 2,904,100	$ 3,374,078

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2022, the District recognized OPEB expense of $381,158. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 132,368	
Differences between actual and expected experience	123,800	
Changes in assumptions	222,123	$ (16,910)
Total	$ 478,291	$ (16,910)

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Total
2023	$ 216,579
2024	112,434
	$ 329,013

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Payable to the OPEB Plan: At June 30, 2022, there was no payable to the OPEB Plan.

NOTE H – FIRE IMPACT FEES

The use of fire impact fees is restricted solely for financing public facilities and equipment necessary to serve new developments. Changes in unspent fire impact fees reported as restricted cash and investments were as follows during the year ended June 30, 2022:

Amount available at June 30, 2021	$ 557,679
Add fees collected and investment income, less County administration	149,478
Less qualifying expenditures and county administration fees	(1,687)
Amount available at June 30, 2022	$ 705,470

NOTE I – COMMITMENTS AND CONTINGENCIES

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

The District received resources under grant agreements that are subject to compliance audits by the provider. The amount of expenditures, if any, which may be disallowed by the provider cannot be determined although the District expects such amounts, if any, to be immaterial.

The County of El Dorado (the County) collects fire impact fees imposed on behalf of the District and deposits those fees into a separate account within the County's investment pool. The balance of the account in the County's investment pool holding the impact fees is reported as part of the District's cash and investments. The County will only release the fees from the County investment pool when the District incurs qualifying expenditures and provides supporting documentation for expenditures incurred that is acceptable to the County. It is possible that the County could disallow costs incurred by the District as part of the approval process.

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

Amounts reported for governmental activities in the governmental funds balance sheet are being adjusted to arrive at the statement of net position. The adjustments are as follows at June 30, 2022:

Fund balances - Total Governmental Funds	$ 2,087,966
Deferred outflows of resources on the pension and OPEB plans are not reported in governmental funds.	1,002,705
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	425,491
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Compensated absences	(46,801)
Net pension liability	(1,178,842)
Net OPEB Liability	(2,904,100)
Deferred inflows of resoures on pension and OPEB plans are not reported in govermental funds.	(929,065)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (1,542,646)

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

Amounts reported for governmental activities in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances are adjusted to arrive at the Statement of Activities for Government-wide presentation. The adjustments for the fiscal year ended June 30, 2022 are as follows:

Net change in fund balance - Governmental Funds	$	149,218
The change in net position for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlay		163,692
Depreciation		(50,965)
Changes in deferred inflows and outflows related to the pension and OPEB plans do not result in the receipt or use of current financial resources and are not reported in governmental funds.		
Change in deferred outflows of resources		5,499
Change in deferred inflows of resources		(734,137)
Governmental funds do not present revenues that are not available to pay current expenditures. Such revenues are recognized in the Statement of Activities.		(5,056)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences liability		(7,371)
Change in net pension liability		858,882
Change in OPEB liability		(198,777)
NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	180,985

NOTE K – SUBSEQUENT EVENTS

On August 18, 2022, the District entered into a $512,248 master equipment lease purchase agreement with a bank to purchase a Pierce Type III Engine. The title to the engine transferred to the district when the engine was accepted by the District, which is secured by a lien on the engine until the lease is repaid. Due to the title of the engine being transferred to the District, the agreement is considered to be a financed purchase, reported as a loan payable, rather than a lease for accounting and reporting purposes. Principal and interest payments of $114,593 are due annually at approximately 3.85% unless in default when the rate would increase to 18%. The District would also be liable for any unpaid lease payments not covered by the repossession of the leased asset and the bank may declare all payments immediately due and payable under default provisions. The leased asset had a cost of $512,248.

NOTE K – SUBSEQUENT EVENTS (Continued)

On September 27, 2022, the District was awarded a $288,750 grant from El Dorado County for the acquisition of vehicle and equipment to outfit one Type III fire engine. The grant was funded with the County's unspent Transient Occupancy Tax funds.

In April 2023, the District purchased a 3,000-gallon water tender for a total cost of $484,406, which was funded by unspent Development impact fees.

REQUIRED SUPPLEMENTARY INFORMATION

RESCUE FIRE PROTECTION DISTRICT

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 1,225,004	$ 1,225,004	$ 1,238,396	$ 13,392
Special tax assessments:				
Direct assessment	133,400	133,400	131,223	(2,177)
Special benefit assessment	263,552	263,552	261,350	(2,202)
Grant revenue	827,841	827,841	822,126	(5,715)
Development impact fees			167,021	167,021
Operating lease revenue	12,669	12,669	11,283	(1,386)
Use of money and property	5,000	5,000	(55,455)	(60,455)
Other revenues	35,000	35,000	40,090	5,090
TOTAL REVENUES	2,502,466	2,502,466	2,616,034	113,568
EXPENDITURES				
Current				
Public Protection:				
Salaries and Benefits:				
Salaries and wages	516,588	516,588	583,386	(66,798)
Health, disability and other benefits	221,622	221,622	216,811	4,811
Retirement	254,121	254,121	170,192	83,929
Overtime	143,546	143,546	230,743	(87,197)
Worker's compensation	70,000	70,000	46,306	23,694
Total Salaries and Benefits	1,205,877	1,205,877	1,247,438	(41,561)
Services and Supplies:				
Professional services	150,294	150,294	150,186	108
Maintenance:				
Vehicles	55,000	55,000	19,839	35,161
Equipment	6,928	6,928	4,290	2,638
Structures	15,480	15,480	5,929	9,551
Radios	500	500	23,345	(22,845)
Insurance	18,000	18,000	21,916	(3,916)
Utilities	22,500	22,500	19,799	2,701
Fuel purchases	21,000	21,000	14,494	6,506
Clothing	24,568	24,568	13,539	11,029
Communications	15,318	15,318	12,744	2,574
Software license	10,158	10,158	10,496	(338)
Medical supplies	7,000	7,000	7,635	(635)
Household	3,300	3,300	3,446	(146)
Small tools and equipment	2,200	2,200	2,388	(188)
Rents and leases - equipment	1,623	1,623	1,623	
Special department	1,833	1,833	1,251	582
Memberships	788	788	1,051	(263)
Office expense	2,910	2,910	930	1,980
Staff development	6,480	6,480	784	5,696
Publications and legal notices	450	450	325	125
Food	1,000	1,000	437	563
Transportation and travel	2,500	2,500	42	2,458
Fire prevention	640	640		640
Total Services and Supplies	370,470	370,470	316,489	53,981

RESCUE FIRE PROTECTION DISTRICT

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES (Continued)				
Pass-through grants			$ 739,197	$ (739,197)
Contingencies	$ 310	$ 310		310
Capital outlay:				
Equipment	925,811	925,811	153,491	772,320
Building and Improvements	300,000	300,000	10,201	289,799
TOTAL EXPENDITURES	2,802,468	2,802,468	2,466,816	335,652
NET CHANGE IN FUND BALANCE	$ (300,002)	$ (300,002)	149,218	$ 449,220
Fund balance at beginning of year			1,938,748	
FUND BALANCE AT END OF YEAR			$ 2,087,966	

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

RESCUE FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.02180%	0.01873%	0.01793%	0.01817%	0.01824%	0.01884%	0.03074%	1)
Proportionate share of the net pension liability	$ 1,178,842	$ 2,037,724	$ 1,837,374	$ 1,750,442	$ 1,809,219	$ 1,629,933	$ 1,278,862	
Covered payroll - measuremant period	$ 460,502	$ 493,909	$ 664,271	$ 683,982	$ 657,346	$ 657,711	$ 626,610	
Proportionate share of the net pension liability as a percentage of covered payroll	255.99%	412.57%	276.60%	255.92%	275.23%	247.82%	204.09%	
Plan fiduciary net position as a percentage of the total pension liability	85.75%	74.24%	76.64%	77.96%	77.96%	77.96%	77.96%	
Changes in assumptions:								
Discount rate changes (measurement date)	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contactually required contribution (actuarially determined)	$ 216,968	$ 186,116	$ 164,900	$ 139,063	$ 84,034	$ 86,580	$ 133,818	1)
Contributions in relation to the actuarially determined contributions	(216,968)	(186,116)	(164,900)	(139,063)	(84,034)	(86,580)	(164,326)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (30,508)	
Covered payroll - employer's fiscal year	$ 433,469	$ 460,502	$ 493,909	$ 664,271	$ 683,982	$ 657,346	$ 657,711	
Contributions as a percentage of covered payroll	50.05%	40.42%	33.39%	20.93%	12.29%	13.17%	24.98%	
Notes to schedule:								
Contribution valuation date - June 30:	2019	2018	2017	2016	2015	2014	2013	2012
Reporting valuation date - June 30:	2020	2019	2018	2017	2016	2015	2014	2013
Reporting measurement date - June 30:	2021	2020	2019	2018	2017	2016	2015	2014

Change in benefit terms: There were no changes to benefit terms.

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method							
Amortized method	Level percentage of payroll, closed							
Remaining amortization period	Varies by rate plan, but not more than 30 years							
Asset valuation method	Market value							
Inflation	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service							
Investment rate of return and discount rate used to compute contribution rates	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement are based on the the most recent CalPERS Experience Study.							
Mortality	Most recent CalPERS Experience Study							

1) The District implemented GASB Statement No. 68 during the year ended June 30, 2015. However, information for 2015 was not disclosed and is not available.

Omitted Years: GASB Statement No. 68 was Implemented During the Year Ended June 30, 2015. No information was Available Prior to this Date. Future years will be reported prospectively as they become available.

RESCUE FIRE PROTECTION DISTRICT

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

For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 68,999	$ 47,823	$ 83,012	$ 87,465	$ 85,124
Interest	59,267	78,681	73,186	72,101	62,480
Differences between expected and actual experience	144,874	12,768	7,627		
Changes in assumptions	54,784	411,968	77,533	(92,078)	
Experience (gains)/losses			182,169		
Benefit payments	(129,147)	(127,280)	(45,583)	(35,537)	(34,074)
Net change in total OPEB liability	198,777	423,960	377,944	31,951	113,530
Total OPEB liability - beginning	2,705,323	2,281,363	1,903,419	1,871,468	1,757,938
Total OPEB liability - ending (a)	$ 2,904,100	$ 2,705,323	$ 2,281,363	$ 1,903,419	$ 1,871,468
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll - measurement period	$ 650,032	$ 536,909	$ 493,909	$ 562,409	$ 556,968
Net OPEB liability as percentage of covered-employee payroll	446.76%	503.87%	461.90%	338.44%	336.01%
Notes to schedule:					
Valuation date - June 30:	2021	2019	2019	2017	2017
Measurement period - fiscal year ended June 30:	2021	2020	2019	2018	2017
Benefit changes:	None	None	None	None	None

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes. None.

Changes in assumptions:					
Changes in discount rate	2.16%	2.20%	3.50%	3.80%	3.50%

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

RESCUE FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
LAST TEN FISCAL YEARS

For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Contractually determined contribution - employer fiscal year	$ 132,368	$ 129,147	$ 127,280	$ 45,583	$ 35,437
Contributions in relation to the contractually determined contributions	(132,368)	(129,147)	(127,280)	(45,583)	(35,437)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll - employer fiscal year	$ 736,281	$ 650,032	$ 536,039	$ 493,909	$ 562,409
Contributions as a percentage of covered - employee payroll	17.98%	19.87%	23.74%	9.23%	6.30%
Notes to Schedule:					
Valuation date - June 30:	2021	2019	2019	2017	2017
Measurement period - fiscal year ended June 30:	2021	2020	2019	2018	2017
Methods and assumptions used to determine contribution rates:					
Discount rate	2.16%	2.20%	3.50%	3.80%	3.50%
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%
Payroll growth	2.75%	2.75%	2.75%	2.75%	2.75%
Healthcare trend	4.00%	4.00%	4.00%	4.00%	4.00%
Actuarial cost method	Entry Age Normal Cost Method				
Amortization method	Level of percentage of payroll				
Asset valuation method	There are no plan assets				
Mortality	2014 CalPERS Mortality for Active Safety Employees				

Notes: June 30, 2020 was the first year an implied subsidy was calculated. No information was available prior to this date.

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

COMPLIANCE REPORTS

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Rescue Fire Protection District
Rescue, 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 the major fund of the Rescue 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 November 1, 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.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests

disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described as Findings 2022-001, 2022-002, and 2022-003 in the accompanying schedule of findings and questioned costs.

District's Response to Finding

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

Purpose of this Report

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

Richardson & Company, LLP

November 1, 2023

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Rescue Fire Protection District
Rescue, California

Report on Compliance for Major Federal Program

Qualified Opinion on Major Federal Program

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

Qualified Opinion on Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Qualified Opinion on Major Federal Program

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

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

Matter Giving Rise to Qualified Opinion on Compliance on AL 97.044, Assistance to Firefighters Grant

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding AL 97.044, Assistance to Firefighters Grant, Finding 2022-003 for procurement and suspension and debarment.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2022-00, 2022-002, and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

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

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

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

Richardson & Company, LLP

November 1, 2023

RESCUE FIRE PROTECTION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	Yes

Federal Awards

4. Internal control over major federal programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes
7. Identification of major programs:	

Federal Assistance Listing (AL) Number	Name of Federal Program
97.044	Assistance to Firefighters Grant

8. Dollar Threshold used to distinguish between Type A and Type B programs?	$750,000
9. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)?	Yes

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control over Financial Reporting

None

Compliance and Other Matters

See Findings 2022-001, 2022-002, and 2022-003 in the CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT.

C. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

COMPLIANCE

See Findings 2022-001, 2022-002, and 2022-003 under the INTERNAL CONTROL OVER COMPLIANCE section.

INTERNAL CONTROL OVER COMPLIANCE

Finding 2022-001 – Significant Deficiency

Assistance Listing No: 97.044, Assistance to Firefighters Grant

Federal Grantor: U.S. Department of Homeland Security - Direct Award

Compliance Requirement: Other

Condition: The District submitted its audited financial statements and single audit report to the federal clearinghouse in October 2023, more than 6 months after it was due on March 31, 2023.

Criteria: The District was required to submit its audited financial statements and single audit report to the federal audit clearinghouse no later than March 31, 2023, 9 months after the fiscal year-end (2 Code of Federal Regulations, Section 200.512(a)).

Cause: The District failed to prepare its audited financial Statements and schedule of expenditures of federal awards (SEFA) in a timely manner due to not being able to locate and provide information to the auditor by the reporting deadline.

Effect: Federal awarding agencies could deny future federal awards to recipients that do not comply with the Uniform Guidance.

Context: In March 2022, the District was able to acquire additional accounting help from El Dorado Hills Fire District to close its books for the year ended June 30, 2022. Prior to obtaining this additional assistance, the District did not have qualified staff available to manage the audit and single audit.

Recommendation: The District should consider contracting with an external accounting firm with significant knowledge in governmental and single audit accounting and reporting standards so that it can close its books and submit its audited financial statements and single audit report to the federal audit clearinghouse no later than the statutory deadline.

View of Responsible Officials and Planned Corrective Action: Management's response and planned corrective actions are included at the corrective action plan end of this report.

Finding 2022-002 – Significant Deficiency

Assistance Listing No: 97.044, Assistance to Firefighters Grant

Federal Grantor: U.S. Department of Homeland Security - Direct Award

Compliance Requirement: Allowable Costs/Costs Principals

Condition: The District's internal control over compliance procedures did not ensure the appropriate amount was claimed on the grant and did not ensure the appropriate local match amount was billed to five other local fire districts participating in the grant program (participating agencies). The District overclaimed federal grant funds by $6,399 and overcharged local matching fund amounts to the participating agencies by $6,557.

Criteria: Uniform Guidance, Section 200.303 requires funding recipients to establish and maintain internal control over the Federal Award that provides reasonable assurance that the entity is managing the Federal award in compliance with Federal statutes, regulations and the terms and conditions of the federal award, which includes controls that ensure the entity claims the appropriate amount of grant funds.

Cause: The District is not experienced in the requirements of the Uniform Guidance and does not have an experienced accountant on staff.

Effect: The District overbilled grant funds and is not in compliance with the terms and conditions of the award.

Context: The District previously contracted with the El Dorado Hills Fire Department for accounting assistance, but the contract terminated during 2022 and the District did not contract with a qualified accountant subsequent to the termination of the contract. Also, the District assumed a certain dollar amount would be received from the contractor from the trade-in of equipment being replaced with grant funds, but the trade-in proceeds exceeded the expected amount and the total contract costs declined. The District did not account for the additional trade in value of the equipment when claiming grant funds and billing local match to participating agencies.

Recommendation: The District should implement additional control procedures to ensure grant expenses are reconciled and the appropriate amount of grant funds are claimed. The District should consider contracting with an external accountant with significant knowledge of governmental and single audit accounting and reporting standards so has an additional layer of review over grant activity.

View of Responsible Officials and Planned Corrective Action: Management's response and planned corrective actions are included at the corrective action plan end of this report.

Finding 2022-003 – Significant Deficiency

Assistance Listing No: 97.044, Assistance to Firefighters Grant

Federal Grantor: U.S. Department of Homeland Security - Direct Award

Compliance Requirement: Procurement and Suspension and Debarment

Condition: The District piggybacked on a procurement with Los Angeles County to procure program equipment, but the District did not have a procurement policy that meets the requirements of Uniform Guidance and did not adopt a compliant procurement policy for the program by, for example, adopting the Los Angeles County procurement policy for purposes of the procurement. In addition, the District did not obtain enough procurement documentation from Los Angeles County prior to approving the procurement to ensure the procurement was in accordance with Uniform Guidance and the District was not able to obtain enough information from Los Angeles County to confirm the procurement was in accordance with the requirements of Uniform Guidance during the single audit. Specifically, the District

did not obtain evidence that Los Angeles County publicized the procurement, received an adequate number of bids and adequately evaluated the bids to select the lowest responsible bidder, ensuring full and open competition occurred.

Criteria: Uniform Guidance, Sections 200.318 to 200.327 lists procurement requirements that must be followed by non-federal entities other than states. Section 200.318(a) indicates "the non-Federal entity must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements confirm to applicable Federal law and the standards identified in this section." Section 200.318(h)(1) indicates "the non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

Cause: The District was inexperienced in the requirements of Uniform Guidance and did not know it needed to obtain evidence that the procurement met the requirements of Sections 200.318 to 200.327 of the Uniform Guidance.

Effect: Federal awarding agencies could deny future federal awards to recipients that do not comply with the Uniform Guidance.

Context: The District obtained the request for proposal, contract and the Los Angeles County purchasing policy after we identified this finding in an attempt to verify the procurement was in compliance with Uniform Guidance. The District was able to verify that the Los Angeles County purchasing policy appeared to comply with Sections 200.318 to 200.327 of the Uniform Guidance, was able to verify the request for proposal did not request certain name brands, have local preferences or any other provisions that limited competition, and was able to verify that the contractor's agreement indicated in was required to comply with the provisions of the Uniform Guidance. The District was just not able to obtain evidence the procurement was publicized, an adequate number of bids were received and Los Angeles County adequately evaluated the bids to select the lowest responsible bidder, ensuring full and open competition occurred.

Recommendation: The District should continue to try to obtain evidence that Los Angeles County publicized the procurement, obtained an adequate number of bids and adequately analyzed the bids to select the lowest responsible bidder. The District should also update its own procurement policy to be in compliance with Uniform Guidance in case future federal awards are received by the District.

View of Responsible Officials and Planned Corrective Action: Management's response and planned corrective actions are included at the corrective action plan end of this report.

D. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

E. PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

RESCUE FIRE PROTECTION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing (AL) Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Homeland Security - Direct Award				
Assistance to Firefighters Grant - AFG18	97.044			$ 47,619
Assistance to Firefighters Grant - AFG19	97.044		$ 671,998	706,716
TOTAL FEDERAL AWARDS			$ 671,998	$ 754,335

See accompanying notes to schedule of expenditures of federal awards.

RESCUE FIRE PROTECTION DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Rescue Fire Protection District (the District) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST ALLOCATION PLAN

The District did not charge indirect costs to federal programs during the year ended June 30, 2022.

NOTE D – SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

Program Title	Assitance Listing Number	Amount
Assistance to Firefighters Grant	97.044	
Cameron Park Community Services District		$ 106,105
Diamond Springs/El Dorado Fire Protection District		70,737
El Dorado County Fire District		353,682
Georgetown Fire District		70,737
Mosquito Fire District		70,737
		$ 671,998

NOTE E – CLUSTERS OF PROGRAMS

There were no clusters of the District's federal programs during the year ended June 30, 2022.

Rescue Fire Protection District

• P.O. Box 201 Rescue, CA 95672 • Phone: (530) 677-1868 • Fax: (530) 677-9609
www.rescuefiredepartment.org

October 2, 2023

To: Richardson & Company, LLP
From: Bryan Ransdell, Fire Chief
Subject: Rescue Fire District (District)
FY 2021-22 Single Audit Management Response and Corrective Action Plan

Finding 2022-001 – Significant Deficiency

Assistance Listing No: 97.044, Assistance to Firefighters Grant
Federal Grantor: U.S. Department of Homeland Security - Direct Award
Compliance Requirement: Other

Condition: The District submitted its audited financial statements and single audit report to the federal clearinghouse in October 2023, more than 6 months after it was due on March 31, 2023.

Recommendation: The District should consider contracting with an external accounting firm with significant knowledge in governmental and single audit accounting and reporting standards so that it can close its books and submit its audited financial statements and single audit report to the federal audit clearinghouse no later than the statutory deadline.

Management Response and Corrective Action Plan: The District will consider hiring a bookkeeper that is knowledgeable in governmental accounting and reporting to assist the District with accounting and reporting and grant management, including federal grants.

District Personnel Responsible for Corrective Action: Joel Warman, Fire Captain; joel@rescuefiredepartment.org.

Date Corrective Action will Occur: December 1, 2023

Finding 2022-002 – Significant Deficiency

Assistance Listing No: 97.044, Assistance to Firefighters Grant
Federal Grantor: U.S. Department of Homeland Security - Direct Award
Compliance Requirement: Allowable Costs/Costs Principals

Condition: The District's internal control over compliance procedures did not ensure the appropriate amount was claimed on the grant and did not ensure the appropriate local match amount was billed to five other local fire districts participating in the grant program (participating agencies). The District overclaimed federal grant funds by $6,399 and overcharged local matching fund amounts to the participating agencies by $6,557.

Management Response and Corrective Action Plan: We will work with FEMA and the participating agencies to return the amounts overclaimed.

District Personnel Responsible for Corrective Action: Joel Warman, Fire Captain; joel@rescuefiredepartment.org.

Rescue Fire Protection District

• P.O. Box 201 Rescue, CA 95672 • Phone: (530) 677-1868 • Fax: (530) 677-9609
www.rescuefiredepartment.org

Date Corrective Action will Occur: December 1, 2023.

Finding 2022-003 – Significant Deficiency

Assistance Listing No: 97.044, Assistance to Firefighters Grant
Federal Grantor: U.S. Department of Homeland Security - Direct Award
Compliance Requirement: Procurement and Suspension and Debarment

Condition: The District piggybacked on a procurement with Los Angeles County to procure program equipment, but the District did not have a procurement policy that meets the requirements of Uniform Guidance and did not adopt a compliant procurement policy for the program by, for example, adopting the Los Angeles County procurement policy for purposes of the procurement. In addition, the District did not obtain enough procurement documentation from Los Angeles County prior to approving the procurement to ensure the procurement was in accordance with Uniform Guidance and the District was not able to obtain enough information from Los Angeles County to confirm the procurement was in accordance with the requirements of Uniform Guidance during the single audit. Specifically, the District did not obtain evidence that Los Angeles County publicized the procurement, received an adequate number of bids and adequately evaluated the bids to select the lowest responsible bidder, ensuring full and open competition occurred.

Management Response and Corrective Action Plan: We will add language to Section 100-014, Bids and Contracts, of the District's Policies and Procedures indicating the District will follow 2 CFR Sections 200.318 to 200.327, including all applicable Appendixes, for procurements financed with federal funds. We believe the procurement of equipment under the program by Los Angeles County was in accordance with Uniform Guidance, but we were unable to obtain supporting documentation at the date the financial statements were issued. We will contact Los Angeles County for information indicating the procurement was properly publicized and Los Angeles County evaluated the bids obtained to select the lowest responsible bidder.

District Personnel Responsible for Corrective Action: Joel Warman, Fire Captain; joel@rescuefiredepartment.org.

Date Corrective Action will Occur: December 1, 2023.

Sincerely,

Bryan Ransdell
Fire Chief