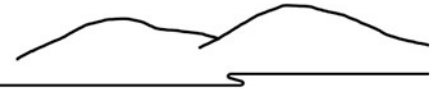


Hopland Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2022



February 15, 2023

Hopland Fire Protection District

Hopland

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Hopland Fire Protection District as of and for the year-ended June 30, 2022, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

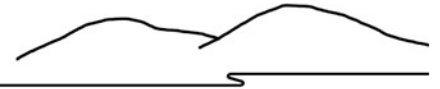
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hopland Fire Protection District as of June 30, 2022, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis information and Budget VS. Actual comparison 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 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Zach Pehling, CPA

Hopland Fire Protection District

**Audit Report
June 30, 2022**

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Hopland Fire Protection District

Management's Discussion and Analysis For the year ended June 30, 2022

The intent of the management's discussion and analysis is to provide highlights of the Hopland Fire Protection District's financial activities for the fiscal year ended June 30, 2022.

The District's Operations – an Overview

The District operates under the authority of the California Health and Safety Code. Major activities include Fire Prevention and control in the Sanel Valley/ Hopland area.

FINANCIAL HIGHLIGHTS

Revenues

Combined revenues for the fiscal year totaled \$1,262,995 for the statement of activities and \$ 1,271,567 for the statement of revenues and expenditures.

Expenses

Combined expenses for the fiscal year totaled \$1,242,749

Expenditures.

Combined expenditures for the fiscal year totaled \$1,362,031

Reserves

The District increased cash reserves during the current fiscal year.

Interest Earnings

Interest earnings for the year totaled \$2,088.

Capital Expenditures

The District spent money for capital equipment during the fiscal year \$213,608.

Basis of Accounting

The District's financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

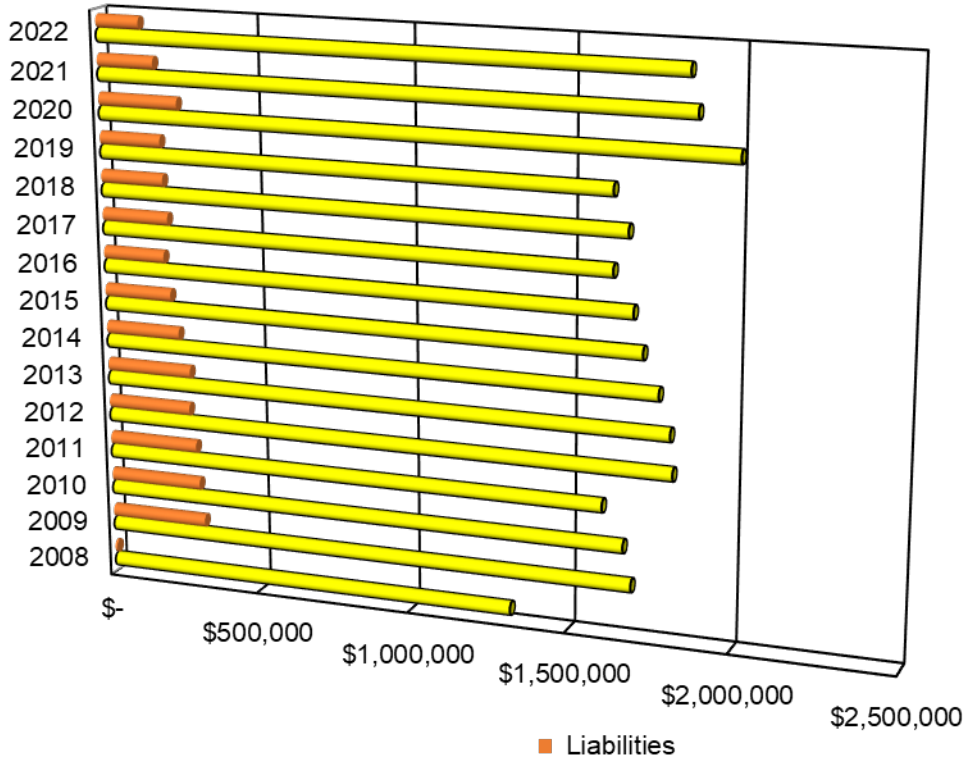
GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

Hopland Fire Protection District

**Management's Discussion and Analysis
For the year ended June 30, 2022**

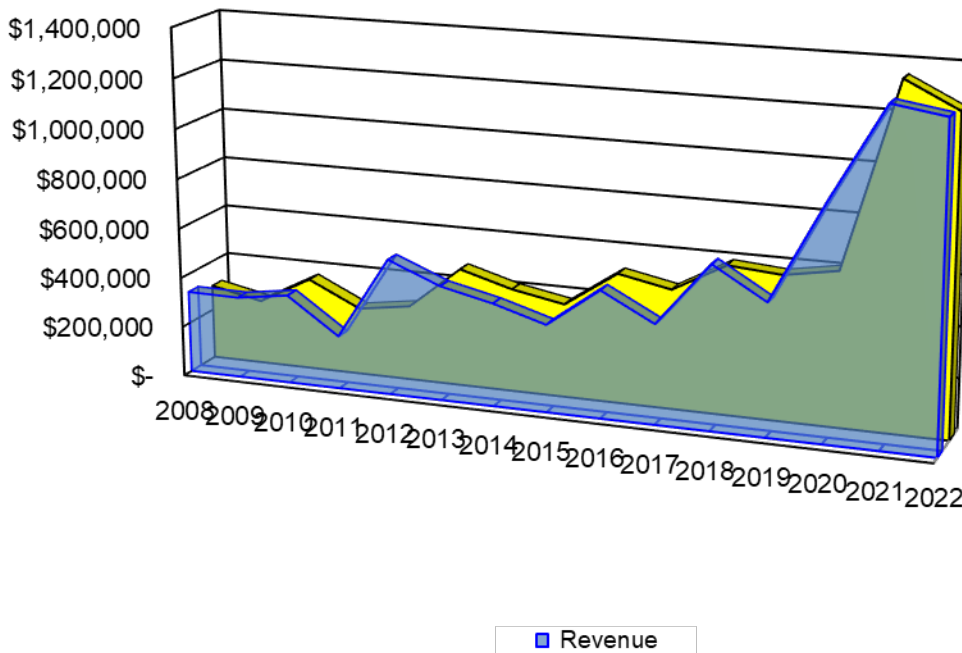
The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving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



Hopland Fire Protection District

**Management's Discussion and Analysis
For the year ended June 30, 2022**

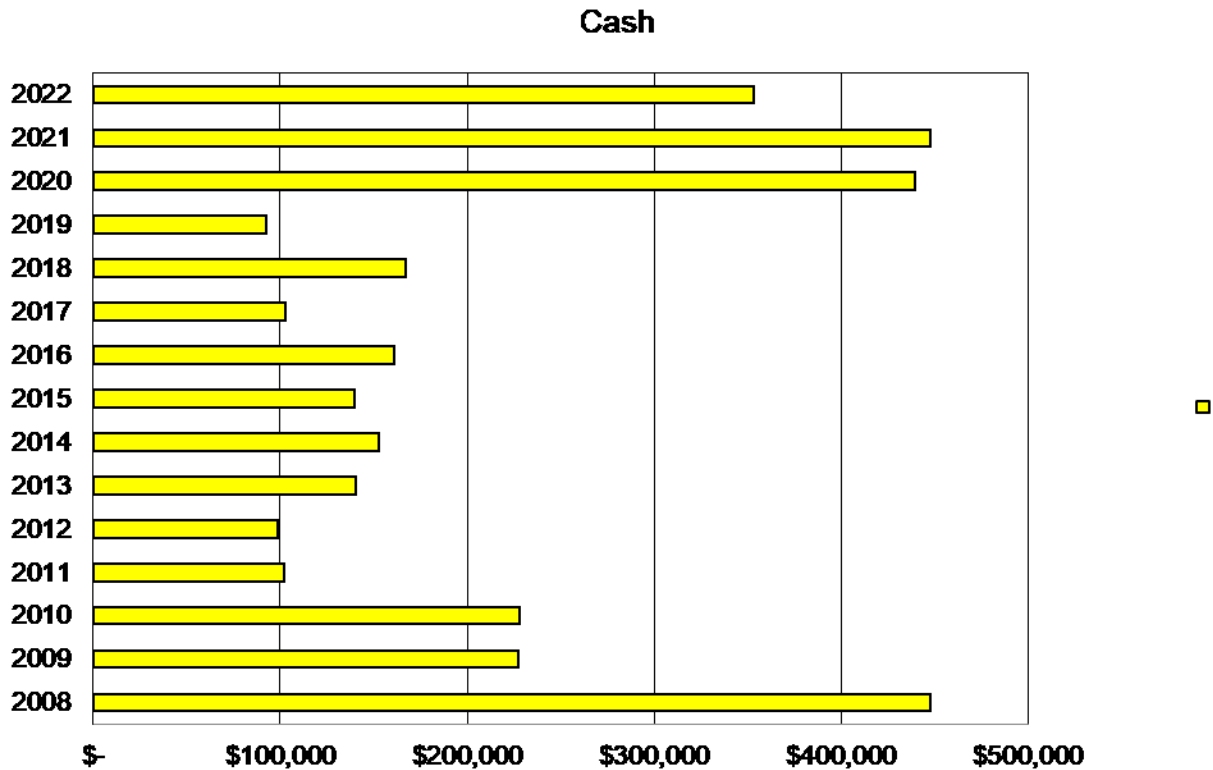
The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).



Hopland Fire Protection District

**Management’s Discussion and Analysis
For the year ended June 30, 2022**

The *Cash Flows graph* presents information showing how the District’s cash changed during the most recent fiscal year. Observing the cash balances at the District’s year-end shows the funds available to meet current operating needs, pay current liabilities, and meet the amount of capital improvements required to carry on the Districts activities and objectives.



The government-wide financial statements report on the function of the District that is principally supported by intergovernmental revenues. The District’s function is to provide fire protection service to the residents of the District. This is funded primarily with direct charges tax revenue.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Hopland Fire Protection District

Management's Discussion and Analysis For the year ended June 30, 2022

The District has capital assets (e.g. land, structures, and equipment). Any investment in capital assets would restrict the use of assets for future spending. The unrestricted net assets of the District are available for future use to provide program services.

Budgetary Comparison

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2022 fiscal year:

- Property tax rates
- Actual expenditures for 2021

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all citizens, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Hopland Fire Protection District, PO Box 463, Hopland, California 95449.

Hopland Fire Protection District

Balance Sheet June 30, 2022

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 353,357
Accounts Receivable	2,001
Prepays	<u>-</u>
TOTAL ASSETS	<u>355,358</u>
<u>LIABILITIES & FUND BALANCES</u>	
<u>Liabilities:</u>	
Accounts & Accrued Payables	<u>17,801</u>
Total Current Liabilities	<u>17,801</u>
 Total Liabilities	 <u>17,801</u>
<u>Fund Balances:</u>	
Unassigned	252,483
Committed	85,074
Assigned	<u>-</u>
 Total Fund Balance	 <u>\$ 337,557</u>
 <u>TOTAL LIABILITIES & FUND BALANCE</u>	 <u>\$ 355,358</u>
 Fund Balance	 337,557
Amounts reported for governmental activities on the Statement of Net Assets are different because:	
Capital Assets are not current financial resources and therefore are not reported in the funds.	1,500,024
Long-term liabilities, including bonds payable are not due in the current period and therefore are not reported in the funds.	<u>(122,987)</u>
 Net Position of governmental activities	 <u>\$ 1,714,594</u>

The accompanying notes are an integral part of these financial statements

Hopland Fire Protection District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2022**

REVENUE

Special Tax	\$ 384,850
Charges for Service	480,452
Other Income	220,883
Interest	2,088
Capital Contributions	19,584
Taxes and Intergovernmental	163,710
TOTAL REVENUE	<u>1,271,567</u>

EXPENDITURES

Salaries and Employee Benefits	788,245
Debt Service	
Principle	42,412
Interest	7,232
Fixed Assets	213,608
Insurance	31,883
Professional Fees	38,389
Repairs and Maintenance	71,124
Services, Supplies and Refunds	169,138
TOTAL EXPENDITURES	<u>1,362,031</u>

Excess (Deficit) Revenues over Expenditures **(90,464)**

Other Financing Sources **-**

CHANGE IN FUND BALANCE **(90,464)**

FUND BALANCE, BEGINNING OF YEAR **428,021**

FUND BALANCE, END OF YEAR **\$ 337,557**

Reconciliation of net change in Fund Balance \$ (90,464)

To the change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated lives and reported as depreciation expense. This is the amount which capital outlays exceed depreciation in the current period. 76,871

In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year (8,570)

The issuance of long term debt provides current resources to governmental funds, while the payment of the principle consumes resources. This amount is the net effect of the differences in the treatment of long-term debt. 42,412

Change in Net Position of Governmental Activities **\$ 20,249**

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

Hopland Fire Protection District

Statement of Net Position

June 30, 2022

	General
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash in County Treasury - Equip Trust	85,074
Cash in County Treasury	244,647
Cash on Hand and in Banks	23,636
Accounts Receivable	2,001
Prepaid Expenses	-
Total Current Assets	355,358
 <u>Fixed Assets:</u>	
Land	200,000
Construction-in-Process	-
Buildings and Improvements	1,225,067
Equipment & Vehicles	896,548
Less: Accumulated Depreciation	(821,591)
Total Fixed Assets	1,500,024
 <u>TOTAL ASSETS</u>	 1,855,381
 <u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	17,801
Current Portion	42,193
Total Current Liabilities	59,994
 <u>Long-Term Liabilities:</u>	
Note Payable	122,987
(Less) Current Portion	(42,193)
Total Long-Term Liabilities	80,794
 <u>TOTAL LIABILITIES</u>	 140,788
 <u>NET POSITION</u>	
Net Investment in Fixed Assets	1,377,037
Unrestricted	337,556
 <u>TOTAL NET POSITION</u>	 \$ 1,714,593

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

Hopland Fire Protection District

**Statement of Activities
For the Year-Ending
June 30, 2022**

	<u>General</u>
<u>EXPENSES</u>	
<u>Program Expenses:</u>	
Depreciation	124,088
Interest Expense	7,232
Insurance	31,883
Professional Fees	38,389
Maintenance	71,124
Salaries and Employee Benefits	788,245
Equipment	12,649
Services and Supplies	<u>169,139</u>
<u>TOTAL EXPENSES</u>	<u>1,242,749</u>
 <u>REVENUE</u>	
<u>Program Revenue:</u>	
Assessments	384,850
Capital Contributions	<u>19,584</u>
Total Program Revenue	<u>404,434</u>
 <u>General Revenue:</u>	
Taxes and Intergovernmental	163,710
Use of Money and Property	2,088
Other Income	220,883
Charges for Services	<u>471,880</u>
Total General Revenue	<u>858,561</u>
<u>TOTAL REVENUE</u>	<u>1,262,995</u>
 <u>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</u>	 <u>20,246</u>
 <u>NET CHANGE IN NET POSITION</u>	 <u>20,246</u>
 <u>NET POSITION, BEGINNING OF YEAR</u>	 <u>1,694,347</u>
 <u>NET POSITION, END OF YEAR</u>	 <u><u>\$ 1,714,593</u></u>

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

HOPLAND FIRE PROTECTION DISTRICT

Notes to Financial Statements June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hopland Fire Protection District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) 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 more significant of the District's accounting policies are described below.

A. Description of the Reporting Entity

The Hopland Fire Protection District (the District) was formed under Resolution 97-209 by the Mendocino County Board of Supervisors on November 25, 1997. The District provides fire protection service to areas in and around Hopland, Ca.

The District is a governed entity administered by a Board of Directors (the Board) that acts as the authoritative and legislative body of the entity.

The Board appoints the Chair (person) of the Board from existing board members. The Chair's responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization; and exercise supervision over the business of the District, its officers, and its employees.

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual

HOPLAND FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Program revenues include (1) charges paid by the recipients of services offered by the program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including taxes are presented instead as general revenues.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the

HOPLAND FIRE PROTECTION DISTRICT

Notes to Financial Statements June 30, 2022

fund from which they will be paid. The difference between governmental assets and liabilities is reported as net assets. The District reports using the major governmental fund of General Fund. The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.

Exchange and Non-Exchange Transactions of Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The assessor of the County of Mendocino determines the assessed valuations of such property and the tax collector of the County collects the taxes. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses/Expenditures- On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. Budgets and Budgetary Accounting

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 for the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year. Budgeted amounts are the final authorized amount as revised during the year. Actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items to the General Fund.

F. Cash

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition,

HOPLAND FIRE PROTECTION DISTRICT

**Notes to Financial Statements
June 30, 2022**

To maximize investment opportunities, the District participate in a pooling of cash and investment income with other local agencies. Each fund may liquidate its equity in the pool on demand. Investments are recorded at fair value,. Fair value is based on quoted market prices.

As of June 30, 2022, the primary government had the following investments:

	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Cash in Equipment Trust	85,074	Unrated	NA
Cash in County Treasury	244,647	Unrated	NA
Cash in Local Bank	<u>23,636</u>	FDIC ins.	NA
Total Cash	\$ 353,357		

Interest rate risk. - The District does not currently have a policy regarding interest rate risk.

Credit risk. - The District does not have a formal policy regarding credit risk

Custodial credit risk. -The District’s investment in the State and County Treasurer’s investment pools represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk. Cash in local bank is covered by federal depository insurance.

Concentration of credit risk. - The District does not have a policy for concentration of credit risk.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Accounts Payable

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received. Payables are liabilities of the District based upon current year charges for goods or services received but not paid in the current year.

I. Grants

On an accrual basis, revenue from grants is recognized in the fiscal year that eligibility requirements have been satisfied, regardless of whether cash is received and all.

J. Fixed Assets

Capital assets, which include property, plant, and equipment, infrastructure assets and intangible are reported in the applicable governmental -type activities columns in the government-wide

HOPLAND FIRE PROTECTION DISTRICT

**Notes to Financial Statements
June 30, 2022**

financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and an individual unit price of more than \$5,000. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

K. Notes Payable

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from the governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of mortgages, equipment leases and unfunded workmen’s compensation liability.

Long-term liabilities for governmental funds are not reported as a liability in the fund financial statements. The liability proceeds are reported as other financing sources and payments of principal and interest as expenditures.

Hopland Fire Protection District has an obligation to Savings Bank of Mendocino bearing interest at 5%. The loan is payable in monthly installments of \$2,591.35, including interest, and is collateralized by Firehouse and Engines. Principal and interest payments for the years following June 30, 2021, are as follows:

	<u>Principal</u>	<u>Interest</u>		
2023	28,183	2,915		
2024	29,847	1,251		
2025	4,907	52		
	\$ 62,937	\$ 4,218		

HOPLAND FIRE PROTECTION DISTRICT

**Notes to Financial Statements
June 30, 2022**

Hopland Fire Protection District has an obligation with Kansas State Bank for the financing of a Dodge truck. Annual payments of \$9748.89 are required over seven years in arrears. Interest Rate of 3.700%

Maturities of long-term debt:			
	<u>Principle</u>	<u>Interest</u>	
2023	8,126	1,623	
2024	8,427	1,322	
2025	8,740	1,009	
2026	9,064	685	
2027	9,400	349	
	\$ 43,756	\$ 4,988	

Hopland Fire Protection District has an obligation with Kansas State Bank for the financing of a Dodge truck. Annual payments of \$8796.49 are required over five years in arrears. Interest Rate of 4.2500%

Maturities of long-term debt:			
	<u>Principle</u>	<u>Interest</u>	
2023	8,081	715	
2024	8,432	368	
	\$ 16,513	\$ 1,083	

L. Net Position

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net Position is reported as restricted with there are legal limitations imposed on their use by their source. Portions of the unreserved net assets or fund balance may be designated to indicate tentative plans for financial resources utilization in a future period, such as

HOPLAND FIRE PROTECTION DISTRICT

Notes to Financial Statements June 30, 2022

for general contingencies, purchase of capital assets, or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

M. Property Tax Revenue

The District assesses tax through the County tax rolls. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and payable in two installments on December 10 and April 10, for the secured roll. The unsecured roll is due August 31. All taxes become delinquent if not paid on the due dates.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - JOINT POWERS AGREEMENT

The District participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the District and the JPA is such that is not a component unit of the District and the JPA is not a component unit of the District for financial reporting purposes.

The JPA'S purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage's for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the District. This program is provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof. Copies of SDRMA annual financial reports may be obtained from their executive office at 1112 I Street # 300, Sacramento, CA 95814.

NOTE 3—NET POSITION/FUND BALANCES

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

_ Net Investment in Capital Assets—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding

balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

_ Restricted Net Position—This category reflects net assets that are subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

HOPLAND FIRE PROTECTION DISTRICT

Notes to Financial Statements June 30, 2022

_ Unrestricted Net Position—This category represents net assets of the District not restricted for any project or other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

Fund Statement—Fund Balances

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Nonspendable fund balance—includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts and also include the long-term receivables, including long-term advances to other funds.

Restricted fund balance—includes amounts with constraints on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance—includes amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority, the District Board of Supervisors. Commitments may be changed only by the District taking the same formal action that originally imposed the constraint.

Assigned fund balance—includes amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be expressed by either the highest level of decision making, or by a body or an official to which the Board has delegated the authority. This is also the classification for residual amounts in governmental funds, other than the General Fund.

NOTE 4: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022, the District contracted with private insurance for liability, property, crime damage, and employee and director insurances.

NOTE 5: CONTIGENCIES

As of June 30, 2022, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 6: DATE OF MANAGEMENT’S REVIEW

Subsequent events have been evaluated through February 15, 2023, which is the date the financial statements were available to be issued.