

**MONTEREY COUNTY
REGIONAL FIRE
PROTECTION DISTRICT**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022
AND INDEPENDENT AUDITORS' REPORT



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**MONTEREY COUNTY REGIONAL
FIRE PROTECTION DISTRICT**

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**MONTEREY COUNTY REGIONAL
FIRE PROTECTION DISTRICT**

Board of Directors

June 30, 2022

<u>Member</u>	<u>Office</u>
Warren Poitras	President
Chad Lindley	Director
George Haines	Director
Jim Slaten	Secretary
Richard Speciale	Director



INDEPENDENT AUDITORS' REPORT

Board of Directors,
Monterey County Regional
Fire Protection District
Salinas, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash-basis financial statements of the governmental activities and major fund of the Monterey County Regional 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 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 modified cash-basis financial position of the governmental activities and major fund of the Monterey County Regional Fire Protection District as of June 30, 2022, and the respective changes in modified cash-basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Monterey County Regional Fire Protection District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individual or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, such as budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

The Board of Directors' schedule and Management's Discussion and Analysis, which are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Salinas, California
February 21, 2023

**MONTEREY COUNTY REGIONAL
FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

This section of the Monterey County Regional Fire Protection District (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements. Comparisons to and analysis of the prior year are incorporated where appropriate.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$1,035,605 for the year ended June 30, 2022. Since the District engages only in governmental-type activities, the increase is all in the category of governmental-type net position. Net position (deficit) was \$(1,228,775) and \$(2,264,380) as of June 30, 2022, and 2021, respectively.
- The District's total general revenues were \$19,985,986 and expenses were \$18,950,381 for the year ended June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

The financial statements include a Balance Sheet and Statement of Net Position – Modified Cash Basis, Statement of Revenues, Expenditures and Changes in Fund Balances and Statement of Activities – Modified Cash Basis, Notes to the Financial Statements, an Independent Auditors' Report thereon, a General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Budget and Actual and this Management's Discussion and Analysis. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the District's financial condition.

Statement of Net Position – Modified Cash Basis

The Statement of Net Position – Modified Cash Basis is a report of the District's assets, liabilities and net position. Assets and liabilities are reported at book value, on a modified cash basis as of the statement date. Net position is reported in major categories reflecting any restriction thereon.

Statement of Activities – Modified Cash Basis

The Statement of Activities – Modified Cash Basis presents the District's revenues collected and expenses paid during the period on a modified cash basis.

Notes to Basic Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 to 24 of this report.

COMPARATIVE ANALYSIS

Statement of Net Position – Modified Cash Basis

A comparative summary of the District’s Statement of Net Position – Modified Cash Basis as of June 30 is as follows:

	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and cash equivalents	\$ 6,902,813	\$ 6,770,296
Receivables–net	341,848	282,975
Investments	–	249,000
Capital assets – net	<u>15,001,901</u>	<u>15,498,288</u>
Total assets	<u>22,246,562</u>	<u>22,800,559</u>
LIABILITIES:		
Accrued payroll	32,601	31,838
Loans payable	<u>23,442,736</u>	<u>25,033,101</u>
Total liabilities	<u>23,475,337</u>	<u>25,064,939</u>
NET POSITION:		
Net investment in capital assets – net of related debt	14,569,165	14,860,187
Unrestricted	(16,402,166)	(17,626,054)
Restricted	<u>604,226</u>	<u>501,487</u>
Total net position (deficit)	<u>\$ (1,228,775)</u>	<u>\$ (2,264,380)</u>

Major Factors Affecting the Statement of Net Position – Modified Cash Basis

Net position may serve over time as a useful indicator of the District’s financial position. Net position increased by \$1,035,605 over the prior year due primarily to an increase in revenue over expenses.

Capital Assets

As of June 30, 2022, the District’s investment in capital assets totaled \$15,001,901, which is a decrease of \$496,387 over the capital asset balance at June 30, 2021 of \$15,498,288. The decrease is due to the \$1,081,317 depreciation expense exceeding the \$682,197 of equipment purchases and a decrease of \$97,267 related to disposal of capital assets. Capital assets represents the largest portion of the District’s net position. The District utilizes its capital assets to provide services that it is responsible for, and these assets do not represent future expendable resources.

Long-Term Debt

At June 30, 2022, the District had \$23,442,736 of long-term debt, which is a decrease of \$1,590,365 over the long-term debt balance at June 30, 2021. The decrease is due to the monthly payments on the pension bond obligations.

COMPARATIVE ANALYSIS (Continued)

Statement of Activities – Modified Cash Basis

A summary of the District's Statement of Activities – Modified Cash Basis for the years ended June 30 is as follows:

	<u>2022</u>	<u>2021</u>
General revenues:		
Property taxes	\$ 14,665,270	\$ 13,933,797
Public safety revenues	1,205,344	1,148,868
Reimbursements – equipment and overtime	1,270,812	2,786,312
Ambulance revenue	705,725	718,232
Grants	335,167	303,485
Others	<u>1,803,668</u>	<u>3,829,659</u>
Total general revenues	<u>19,985,986</u>	<u>22,720,353</u>
Expenses:		
Salaries and employee benefits	14,764,905	14,633,991
Maintenance and operations	1,914,415	1,877,823
Grant expenditures	9,503	7,223
Contracted fire protection	300,000	196,000
Depreciation	1,081,317	895,691
Others	<u>880,241</u>	<u>1,077,963</u>
Total expenses	<u>18,950,381</u>	<u>18,688,691</u>
Change in net position	<u>\$ 1,035,605</u>	<u>\$ 4,031,662</u>

Major Factors Affecting the Statement of Activities – Modified Cash Basis

Total revenues decreased \$2,734,367 when compared to the previous year due to a decrease in reimbursements for overtime and equipment as well as the prior year including a one-time return on workers comp premiums previously paid in on a self-insurance program, which did not occur in the current year.

Total expenses increased \$261,690 when compared to the previous year primarily due to an increase in the contracted fire protection fee as well as an increase in depreciation expense due to two type I engines being placed in service during the year.

Budgeting Highlights

The original budgeted revenues were increased by \$805,243 primarily due to anticipated increases in property tax revenue.

The original budgeted expenses were increased by \$1,155,522. The primary reason for the increase was an increase in anticipated salary and benefits.

FACTORS AFFECTING FUTURE PERIODS AND OTHER ISSUES

Significant factors noted by management affecting future periods are as follows:

The City of Salinas continues to move toward a major annexation of territory currently in the District. The District staff is working with LAFCO & the County regarding loss of property tax growth and the affect this will have on the District long term.

The stability of the local cannabis industry remains uncertain as a consistent revenue stream.

The District will continue to be cognizant of PERS impacts, workers compensation rate increases and employee healthcare premiums.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the Monterey County Regional Fire Protection District finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Monterey County Regional Fire Protection District, 19900 Portola Drive, Salinas, CA 93908.

FINANCIAL STATEMENTS

MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
BALANCE SHEET AND STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments (See Note 2)</u>	<u>Statement of Net Position</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,902,813	\$ –	\$ 6,902,813
Receivables:			
Taxes – net	266,255	–	266,255
Other	75,593	–	75,593
Capital assets, net of A/D	<u>–</u>	<u>15,001,901</u>	<u>15,001,901</u>
TOTAL ASSETS	<u>7,244,661</u>	<u>15,001,901</u>	<u>22,246,562</u>
<u>LIABILITIES AND FUND BALANCES/NET POSITION</u>			
LIABILITIES:			
Accrued payroll	32,601	–	32,601
Deferred revenue	266,255	(266,255)	–
Loans payable:			
Due within one year	–	1,647,615	1,647,615
Due in more than one year	<u>–</u>	<u>21,795,121</u>	<u>21,795,121</u>
Total liabilities	<u>298,856</u>	<u>23,176,481</u>	<u>23,475,337</u>
FUND BALANCES:			
Restricted –			
Fire mitigation fees	604,226	(604,226)	–
Unassigned	<u>6,341,579</u>	<u>(6,341,579)</u>	<u>–</u>
Total fund balances	<u>6,945,805</u>	<u>(6,945,805)</u>	<u>–</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,244,661</u>		
NET POSITION:			
Net investment in capital assets – net of related debt		14,569,165	14,569,165
Unrestricted		(16,402,166)	(16,402,166)
Restricted –			
Fire mitigation fees		<u>604,226</u>	<u>604,226</u>
TOTAL NET POSITION (DEFICIT)		<u>\$ (1,228,775)</u>	<u>\$ (1,228,775)</u>

See Notes to Financial Statements.

MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AND STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments (See Note 2)</u>	<u>Statement of Activities</u>
GENERAL REVENUES:			
Property taxes	\$ 14,633,425	\$ 31,845	\$ 14,665,270
Public safety revenues	1,205,344	–	1,205,344
Reimbursements – equipment and overtime	1,270,812	–	1,270,812
Ambulance revenue	705,725	–	705,725
Grants	335,167	–	335,167
Fire mitigation fees	131,405	–	131,405
Fire prevention fees	599,221	–	599,221
Gain (loss) on sale of capital assets	94,144	(97,266)	(3,122)
Investment earnings	20,829	–	20,829
Miscellaneous	<u>1,055,335</u>	<u>–</u>	<u>1,055,335</u>
Total general revenues	<u>20,051,407</u>	<u>(65,421)</u>	<u>19,985,986</u>
EXPENDITURES/EXPENSES:			
Fire protection – operations:			
Salaries and employee benefits	14,764,905	–	14,764,905
Maintenance and operations	1,914,415	–	1,914,415
Grant expenditures	9,503	–	9,503
Contracted fire protection	300,000	–	300,000
Depreciation	–	1,081,317	1,081,317
Capital outlay	682,197	(682,197)	–
Debt service:			
Principal	1,590,364	(1,590,364)	–
Interest	<u>880,241</u>	<u>–</u>	<u>880,241</u>
Total expenditures/expenses	<u>20,141,625</u>	<u>(1,191,244)</u>	<u>18,950,381</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(90,218)</u>	<u>90,218</u>	<u>–</u>
CHANGES IN FUND BALANCE/NET POSITION	–	1,035,605	1,035,605
FUND BALANCES/NET POSITION,			
Beginning of year	<u>7,036,023</u>	<u>(9,300,403)</u>	<u>(2,264,380)</u>
FUND BALANCES/NET POSITION (DEFICIT),			
End of year	<u>\$ 6,945,805</u>	<u>\$ (8,174,580)</u>	<u>\$ (1,228,775)</u>

See Notes to Financial Statements.

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

NOTE 1. ORGANIZATION AND DESCRIPTION OF DISTRICT

The Monterey County Regional Fire Protection District was formed in 1934 to provide fire protection and emergency services. The original boundaries surrounded the City of Salinas and ran down River Road to Pine Canyon. Over the years, annexations into the District have increased its service area to approximately 360 square miles with a population of about 40,000 residents. The District changed its original name, Salinas Rural Fire Protection District to Monterey County Regional Fire Protection District in November 2009 and the District merged with Carmel Valley Fire Protection District on July 1, 2012. The District is governed by a five-member Board of Directors that is appointed by the Board of Supervisors of Monterey County. The District operates as an independent governmental entity under the California Health and Safety Code, section 13800.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Monterey County Regional Fire Protection District are summarized as follows:

Basis of Accounting – The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

Basis of Presentation – The District has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

The government-wide financial statements are prepared using the modified cash basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account groups but report on the District as a whole and consist of a Statement of Net Position and Statement of Activities.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to the government-wide financial statements, the District also presents fund financial statements that consist of a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis. These statements are presented based on the modified cash basis of accounting.

Adjustments to Convert Statements to Modified Cash Basis – The Adjustments needed to adjust the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances of the District to a modified cash basis which consists of a Statement of Net Position and Statement of Activities is as follows:

Reconciliation of balance sheet – modified cash basis to statement of net position-Modified-cash basis:

Total fund balances per fund financial statements.	\$ 6,945,805
Property tax receivables are not available to pay for current period expenditures, and therefore are not reported in the funds.	266,255
Capital assets not reported in the fund financial statements because they are not current financial resources but are reported in the statement of net position.	15,001,901
Loans payable not reported in the fund financial statement because they are not current financial obligations but are reported in the statement of net position.	<u>(23,442,736)</u>
Net position for governmental activities	<u>\$ (1,228,775)</u>

Reconciliation of statement of revenues, expenditures, and changes in fund balances – modified cash basis to statement of activities – modified cash basis:

Net change in fund balances per fund financial statements.	\$ (90,218)
Property tax revenues reported in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	266,255
Property tax revenues that become available and are recognized in the current year that related to prior years are not reported as revenues in the statement of activities.	<u>(234,410)</u>
Total forward	\$ (58,373)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Total forward	\$ (58,373)
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Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources but are reported as capital assets in the statement of activities but are depreciated over the estimated useful life on the statement of activities:

Capital outlay	682,197
Depreciation	(1,081,317)
Loss on disposal of capital assets	(97,266)

Principal on debt service is reported as expenditures in the fund financial statements because they use current financial resources, but are reported as a reduction in debt on the statement of net position.

1,590,364

Change in net position for governmental activities	\$ <u>1,035,605</u>
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Cash and Investments – Pooled cash and investment accounts, which essentially operate as demand deposit accounts, are maintained by the Monterey County Treasurer’s Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and high investment returns for all funds. Interest earnings from these funds are generally credited to the District’s account on a quarterly basis based on its relative equity. The investments are stated at fair value, which equates cost.

An individual fund’s deposit in the pool can be liquidated at any time and therefore is considered a “cash equivalent” when preparing the financial statements.

The Monterey County Treasurer’s investment policy is in compliance with Section 53601 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies.

The District also has cash held with a banking institution for accounts payable and payroll purposes.

Taxes Receivable and Deferred Revenue – Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have not been remitted within 60 days subsequent to year end are offset by deferred revenues, and accordingly have not been recorded as revenue in the governmental fund. When the revenue becomes available, the revenue is recognized in the governmental fund. Deferred revenues are detailed on the Balance Sheet.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts. At June 30, 2022, the allowance was \$ –0–.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – It is the District’s policy to allow the employees to accumulate vacation and sick leave at varying durations depending on years of service. The amount of potential vacation and sick leave at June 30, 2022, has not been calculated by the District.

Capital Assets – Capital assets which include property, plant and equipment assets, are reported in the government-wide financial statement. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 for equipment and \$10,000 for structure, and an estimated useful life in excess of one year. Capital assets are accounted for at historical cost or estimated historical cost if actual historical cost is not known. Donated capital assets are accounted for at their estimated fair value on the date received. Purchased capital assets are recorded as expenditures in the governmental type funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated on a straight-line basis over their estimated useful lives; buildings 10–50 years, equipment and vehicles 5–20 years.

Long-Term Obligations – In the government-wide financial statement long-term debt is reported as liabilities.

Net Position – The Statement of Net Position presents the District’s assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for notes and other debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

Property Taxes – The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes for each year ended June 30 are payable in equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the Governmental Funds. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effects of New Pronouncements – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of this statement had no impact on the accompanying financial statements.

In March 2020, GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. The implementation of this statement had no impact on the accompanying financial statements.

In June 2020, GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The implementation of this statement had no impact on the accompanying financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statements Issued but not yet Effective – The Governmental Accounting Standards Board (GASB) has released the following new standards which are not yet effective.

<u>Statement No.</u>	<u>Title</u>	<u>Effective for Fiscal Year Beginning on or After</u>
91	Conduit Debt Obligations	June 30, 2023
96	Subscription-Based Information Technology Arrangement	June 15, 2022

Fund Balance – In the Fund financial statements, fund balance consists of non-spendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balances are amounts restricted to specific purposes. Committed fund balances are amounts that can only be used for specific purposes as pursuant to official action by the Board prior to the end of the reporting period. Assigned fund balances are amounts the Board intends to use for a specific purpose but is neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, the District has elected to use restricted resources first, followed by unrestricted amounts, respectively.

The Board has not established a policy for defining funds as committed or assigned, thus any funds which do not meet the definition of non-spendable or restricted are presented as unassigned.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

Subsequent Events – Subsequent events have been evaluated through February 21, 2023, which is the date the financial statements were available to be issued.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022, consisted of the following:

Cash on hand	\$	250
Deposits with financial institutions		1,565,254
Monterey County investment pool		<u>5,337,309</u>
Total cash and cash equivalents	\$	<u><u>6,902,813</u></u>

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Custodial Credit Risk Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that complies with California Government Code Section commencing at 53630 (Public Deposits). As of June 30, 2022, \$1,557,326 of the District's bank balances of \$1,807,326 was exposed to custodial credit risk as uninsured, but it's collateralized by the pledging bank's trust department not in the District's name.

NOTE 4. CAPITAL ASSETS

The following is a summary of the changes in Capital Assets for the year ended June 30, 2022:

	Balance <u>July 1, 2021</u>	Additions/ <u>Transfers</u>	Disposals/ <u>Transfers</u>	Balance <u>June 30, 2022</u>
Land	\$ 264,019	\$ –	\$ –	\$ 264,019
Structures and improvements	11,551,281	–	–	11,551,281
Equipment	10,971,353	1,621,711	(744,641)	11,848,423
Construction in progress	1,375,141	505,286	(1,444,800)	435,627
Accumulated depreciation	<u>(8,663,506)</u>	<u>(1,081,317)</u>	<u>647,374</u>	<u>(9,097,449)</u>
Total	<u>\$ 15,498,288</u>	<u>\$ 1,045,680</u>	<u>\$ (1,542,067)</u>	<u>\$ 15,001,901</u>

NOTE 5. LONG-TERM DEBT

Long-term debt balances and transactions for the year ended June 30, 2022, are as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>	<u>Due Within One Year</u>
Pension Obligation Bonds	\$ 24,395,000	\$ -	\$ 1,385,000	\$ 23,010,000	\$ 1,435,000
Municipal Finance Corp	<u>638,101</u>	<u>-</u>	<u>205,365</u>	<u>432,736</u>	<u>212,615</u>
Total	<u>\$ 25,033,101</u>	<u>\$ -</u>	<u>\$ 1,590,365</u>	<u>\$ 23,442,736</u>	<u>\$ 1,647,615</u>

Pension Obligation Bonds – On April 1, 2012, the District purchased Pension Obligation Bonds for the sole purpose of refinancing the outstanding “side fund” obligations in the amount of \$9,260,000. The bonds are subject to mandatory redemption every year between September 1, 2012 and September 1, 2027 with increase in interest rate of .75% to 5.65%, as set forth in the “Indenture of Trust.”

On November 1, 2019, the District purchased Pension Obligation Bonds for the sole purpose of refinancing the outstanding “side fund” obligations in the amount of \$20,250,000. The bonds are subject to mandatory redemption every year between September 1, 2020 and September 1, 2039 with increase in interest rate of 2.20% to 3.60%, as set forth in the “Indenture of Trust.”

This debt was incurred to retire a previously unrecorded liability between the District’s funded status of the CalPERS plan versus the funded status of the entire risk pool.

Municipal Finance Corp – On June 7, 2012, the District entered into a 12-year agreement with Municipal Finance Corporation for the purpose of consolidating its outstanding debt in the amount of \$2,123,756 at an interest rate of 3.5%. The District consolidated an outstanding loan of \$912,711, used for the Toro Expansion Project and Certificates of Participation issued by Carmel Valley Fire Protection District in the amount of \$1,211,045, used for improvements to its fire station facilities.

Long-term debt repayments are as follows:

	<u>Principal Repayments</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 1,647,615	\$ 824,437	\$ 2,472,052
2024	1,705,121	764,110	2,469,231
2025	1,540,000	701,969	2,241,969
2026	1,600,000	641,429	2,241,429
2027 – Thereafter	<u>16,950,000</u>	<u>4,164,565</u>	<u>21,114,565</u>
Total	<u>\$ 23,442,736</u>	<u>\$ 7,096,510</u>	<u>\$ 30,539,246</u>

NOTE 6. FUND BALANCE – DESIGNATED

Designated – The Board of Directors of the District have designated certain revenues towards tentative spending plans. These revenues have been designated as follows:

Emergencies	\$ 759,999
Breathing support maintenance	3,992
Salary and benefit reserve	1,334,361
Defibrillator replacement	167,544
Specialized equipment	76,600
SCBA cylinder replacement	144,122
Apparatus	196,432
Contingencies	<u>60,000</u>
Total	<u>\$ 2,743,050</u>

Since the District has not adopted a policy defining funds as committed or assigned as required by GASB Statement 54, the designated funds are not reflected on the balance sheet.

NOTE 7. GENERAL FUND – RESTRICTED

Fire Mitigation Fees – The District adopted Resolution 1996–01, January 30, 1996, pertaining to imposing fire development fees on new construction developments within the District. The purpose of the fee is to enable the District to provide and maintain its level of service of fire protection services. As required by Ordinance 3602 of the Monterey County Code, all fees collected shall be segregated and expended for the purpose of providing capital facilities and equipment to serve new development within the service area of the District. The Fire Mitigation Fee balance is \$604,226 as of June 30, 2022.

NOTE 8. PENSION PLAN

General Information About the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Local Government’s separate Safety (fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government 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.

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: Basic Death Benefit, the 1957 Survivor Benefit, 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 Plans’ provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
<u>Hire date</u>		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	7.25%
Required employer contribution rates	9.78%	7.73%
	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
<u>Hire date</u>		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	13.75%
Required employer contribution rates	23.62%	13.98%

NOTE 8. PENSION PLAN (Continued)

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 both Plans 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.

For the year ended June 30, 2022, the contributions paid for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions – employer	\$ 24,621	\$ 1,539,420

Pension Obligation Bonds – The District issued Pension Obligation Bonds on April 1, 2012, and November 1, 2019, in the amount of \$9,260,000 and \$20,250,000, respectively, which was used for the purpose of retiring a previously unrecorded liability for the District’s unfunded PERS obligations.

The District’s financial statements are presented on the modified cash basis of accounting therefore long-term liabilities such as pension liability are not reflected in the financial statements.

NOTE 9. DEFERRED COMPENSATION PLAN

The District has a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. This plan meets the requirements of Internal Revenue Code 457. All full-time, regular employees are eligible to participate in the plan beginning on the day of hire. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan was originally established in conformity with Section 457 of the Internal Revenue Code which prevented governments from placing plan assets in a trust for the benefit of participants. Consequently, the participating employees’ assets were potentially at risk of loss by the claims of the District’s general creditors. In 1996, Congress amended Section 457 by requiring governments to place plan assets in a trust for the exclusive benefit of participants and their beneficiaries, thus protecting the plan assets from the District’s general creditors.

Through its plan administrators, the District has complied with the amended Section 457 requirements. Governmental Accounting Standards Board Statement (GASB) 32 states that if a fiduciary relationship no longer exists between the governmental entity and the Section 457 Deferred Compensation Plan, the governmental entity should no longer report the assets of the plan in its financial statements.

The District believes that, since it does not provide investment advice or administer the plan, it does not maintain a fiduciary relationship with the plan. Therefore, it does not report the plan assets in its financial statements.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – Upon retirement, the District shall contribute the statutory minimum contribution required under PEMHCA to eligible retirees (as defined by California Government Code at Section 22760) who elect to continue the District’s health insurance benefits administered by CalPERS. In addition, for eligible retirees hired before January 1, 2021 (for Local 2606 employees) and before January 1, 2022 (for Admin Unit employees), the District will reimburse an amount up to the difference between the statutory minimum contribution required under PEMHCA and the then current premium rate for the “Basic Plan” for “Single” under the PERS Platinum Plan, up to age 65. For the former Carmel Valley Fire District retirees, the District is required to pay 75% of the PORAC premium rate for the retiree and dependents. This is a lifetime benefit.

Funding Policy – The contribution rate is determined annually by the CalPERS Board of Directors with the annual release of the CalPERS premiums which include the District’s subscribed insurance premiums. The healthcare reimbursement rates for the District’s retirees are defined in the Memorandum of Understanding between the District and the various employee groups. The District currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. As of June 30, 2022, the District has 32 retirees receiving benefits, 21 active employees eligible to receive benefits in the future, and 45 active employees not yet fully eligible for benefits.

The District’s financial statements are presented on the modified cash basis of accounting therefore long-term liabilities such as OPEB liability are not reflected in the financial statements.

NOTE 11. JOINT VENTURES

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

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

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

NOTE 12. RISK MANAGEMENT

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

NOTE 13. FIRE PROTECTION AND EMERGENCY SERVICES

The District has contracted with the City of Salinas Fire Department to receive fire protection and emergency services within the District's boundaries. For the year ended June 30, 2022, the District paid \$300,000 for these services.

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SUPPLEMENTAL INFORMATION

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MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 13,049,117	\$ 13,847,473	\$ 14,633,425	\$ 785,952
Public safety revenues	1,148,868	1,205,344	1,205,344	–
Ambulance revenue	500,000	500,000	705,725	205,725
Reimbursements – equipment and overtime	131,000	139,000	1,270,812	1,131,812
Grants	340,084	185,373	343,271	226,938
Fire mitigation fees	150,000	150,000	131,405	(18,595)
Fire prevention fees	470,000	515,000	599,221	84,221
Investment earnings (loss)	–	–	20,829	20,829
Sale of fixed assets	–	–	17,000	17,000
Other revenues	<u>(20,477)</u>	<u>31,645</u>	<u>1,124,375</u>	<u>1,023,690</u>
Total general revenues	<u>15,768,592</u>	<u>16,573,835</u>	<u>20,051,407</u>	<u>3,477,572</u>
SALARIES AND EMPLOYEE BENEFITS:				
Salaries	6,579,813	7,047,509	6,655,389	392,120
Overtime *	1,099,181	1,363,032	2,262,968	(899,936)
Retirement	1,636,932	1,717,316	1,612,837	104,479
Health insurance	1,828,953	1,907,886	1,782,796	125,090
Longevity	926,163	880,247	829,028	51,219
Workers' compensation insurance	688,786	1,091,347	980,582	110,765
Social Security and Medicare	125,062	137,100	146,101	(9,001)
Volunteer pay	31,000	21,000	10,710	10290
Sick/vacation payout	41,000	88,250	400,714	(312,464)
Uniform allowance	48,455	48,455	48,274	181
Long-term disability	27,234	27,942	27,145	797
Unemployment	<u>15,750</u>	<u>15,750</u>	<u>8,361</u>	<u>7,389</u>
Total salaries and employee benefits	<u>\$ 13,048,329</u>	<u>\$ 14,345,834</u>	<u>\$ 14,764,905</u>	<u>\$ (419,071)</u>

MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
MAINTENANCE AND OPERATIONS:				
Other professional services	\$ 362,810	\$ 307,272	\$ 357,459	\$ (50,187)
Vehicle maintenance	183,250	208,140	273,946	(65,806)
County radio	240,652	194,437	194,337	100
Medical supplies	100,356	101,856	85,545	16,311
Station expense	29,202	36,775	30,801	5,974
Covid- expenses	6,773	10,193	29,809	(19,616)
General liability insurance	93,232	161,000	155,923	5,077
Gasoline and fuel	102,000	102,000	119,396	(17,396)
Building maintenance	58,000	75,900	59,171	16,729
Medical services	37,006	60,361	49,168	11,193
District special expense	18,044	52,984	57,749	(4,765)
Equipment maintenance	51,858	48,714	40,483	8,231
Utilities	45,000	48,000	48,158	(158)
Telephone	30,900	34,140	32,166	1,974
Protective clothing	15,644	40,739	36,636	4,103
Conference and schools	25,045	53,410	19,542	33,868
Office supplies	19,300	20,700	23,094	(2,394)
Communication maintenance	14,598	51,916	18,430	33,486
Subscriptions	46,346	51,382	52,228	(846)
Auditing services	20,300	22,000	22,500	(500)
Legal services	300,000	300,000	99,928	200,072
Water	18,500	22,000	23,434	(1,434)
Computer maintenance	9,977	14,656	16,962	(2,306)
Education and training	19,476	20,460	10,933	9,527
Permits	8,000	8,250	9,108	(858)
Food	11,000	11,000	9,830	1,170
Sewer and garbage	8,800	10,000	10,145	(145)
Breathing support	4,850	4,850	4,556	294
Leases and rentals	6,200	6,200	4,288	1,912
Memberships	3,450	4,279	4,170	109
Bank service charge	1,000	1,000	733	267
Directors' fees	3,990	3,990	2,265	1,725
Small tools	2,000	1,800	3,151	(1,351)
Legal notices	3,000	2,500	876	1,624
Stationary Cascade Systems	3,975	3,975	5,984	(2,009)
Air systems maintenance	2,150	2,560	1,511	1,049
Total maintenance and operations	<u>\$ 1,906,684</u>	<u>\$ 2,099,439</u>	<u>\$ 1,914,415</u>	<u>\$ 185,024</u>

MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MODIFIED CASH BASIS – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
GRANT EXPENDITURES	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 9,503</u>	<u>\$ 497</u>
CONTRACTED FIRE PROTECTION	<u>196,000</u>	<u>300,000</u>	<u>300,000</u>	<u>–</u>
CAPITAL OUTLAY:				
Equipment	614,339	576,697	653,532	(76,835)
Facilities	618,324	378,000	28,665	349,335
Structure	50,000	125,000	–	125,000
Grant capital expenditure	<u>80,264</u>	<u>6,480</u>	<u>–</u>	<u>6,480</u>
Total capital outlay	<u>1,362,927</u>	<u>1,086,177</u>	<u>682,197</u>	<u>403,980</u>
CONTINGENCY	<u>60,000</u>	<u>60,000</u>	<u>–</u>	<u>60,000</u>
DEBT SERVICE:				
Principal	1,548,362	1,590,365	1,590,364	1
Interest	<u>1,084,238</u>	<u>880,247</u>	<u>880,241</u>	<u>6</u>
Total debt service	<u>2,632,600</u>	<u>2,470,612</u>	<u>2,470,605</u>	<u>7</u>
TOTAL EXPENDITURES	<u>19,216,540</u>	<u>20,372,062</u>	<u>20,141,625</u>	<u>230,437</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (3,447,948)</u>	<u>\$ (3,798,227)</u>	<u>\$ (90,218)</u>	<u>\$ 3,708,009</u>

See Notes to General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Budget and Actual.

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MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT
NOTES TO GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. BUDGET

The Board of Directors legally adopts an annual operating budget which may be amended by the Board throughout the year. The budget is prepared on the modified cash basis of accounting, which is the same basis of actual results. Budget amounts reflect the original budget adopted by the Board and the final budget after all applicable amendments. All budget appropriations lapse at year-end.

*The District budgets for anticipated overtime but does not budget for reimbursable overtime as this can vary year to year greatly based on demand. Budget variance noted is primarily due to reimbursable overtime.



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