

**CACHAGUA FIRE  
PROTECTION DISTRICT**

**FINANCIAL STATEMENTS  
June 30, 2022 and 2021**

**CACHAGUA FIRE PROTECTION DISTRICT**  
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**CACHAGUA FIRE PROTECTION DISTRICT**

**Board of Directors**

**June 30, 2022 and 2021**

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Robert Eaton	President	November 2022
Rob Lambert	Secretary	November 2022
Don Bonsper	Treasurer	November 2024



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Cachagua Fire Protection District  
Carmel Valley, California

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Cachagua Fire Protection District as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Cachagua Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Cachagua Fire Protection District, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Cachagua 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.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Cachagua 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 Cachagua 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.

### **Required Supplementary Information**

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

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*David Farnsworth, CPA*

Dublin, California  
October 4, 2022

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

As management of the Cachagua Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements.

**FINANCIAL HIGHLIGHTS**

The following summarizes the District's financial highlights for the years ended June 30, 2022 and 2021:

- In total, government-wide net position reported a balance of \$675,364 and \$691,353 as of June 30, 2022 and 2021, respectively.
- Program revenues accounted for \$16,293 or 12% and \$215,191 or 66%
- General revenues accounted for \$115,157 or 88% and \$111,248 or 34% for the years ended June 30, 2022 and 2021, respectively.
- Total government-wide assets reported a balance of \$682,505 and \$706,160 as of June 30, 2022 and 2021, respectively.

**Description of the Basic Financial Statements**

The financial statements consist of the following parts: management's discussion and analysis, the basic financial statements (government-wide, governmental funds, and notes to the financial statements) and required supplementary information. The basic government-wide and governmental funds financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements report Statement of Net Position and Statement of Activities. The Statement of Net Position reports all assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the long-term financial position of the District is improving or deteriorating. The Statement of Activities presents information on how the net position of the District 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 when cash is paid or received.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. The required financial statements are: Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures and Changes in Fund Balances report revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

The GASB 34 fund financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Plan Assets and Statement of Changes in Plan Net Position. The Statement of Plan Assets shows all current assets of the Plan.

The Statement of Changes in Plan Net Position reports all revenue and expenses during the year and the change in the Plan Net Position.

The government-wide and governmental funds financial statements show the results of the following funds:

General Fund – The District's basic services are accounted for in this fund.

**Condensed Government-Wide Financial Data**

**STATEMENT OF NET POSITION**

<b>Assets</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>\$ Difference</b>	<b>% Difference</b>	<b>\$ Difference</b>	<b>% Difference</b>
Current assets	\$ 491,019	\$ 539,687	\$ 487,624	\$ (48,668)	-9.02%	\$ 52,063	10.68%
Capital assets, net	191,486	166,473	90,264	25,013	15.03%	76,209	84.43%
<b>Total assets</b>	<b>682,505</b>	<b>706,160</b>	<b>577,888</b>	<b>(23,655)</b>	<b>-3.35%</b>	<b>128,272</b>	<b>22.20%</b>
<b>Liabilities</b>							
Current liabilities	7,141	14,807	6,641	(7,666)	-51.77%	8,166	122.96%
<b>Total liabilities</b>	<b>7,141</b>	<b>14,807</b>	<b>6,641</b>	<b>(7,666)</b>	<b>-51.77%</b>	<b>8,166</b>	<b>122.96%</b>
<b>Net Position</b>							
Net investment in capital assets	191,486	166,473	90,264	25,013	15.03%	76,209	84.43%
Unrestricted net position	483,878	524,880	480,983	(41,002)	-7.81%	43,897	9.13%
<b>Total net position</b>	<b>\$ 675,364</b>	<b>\$ 691,353</b>	<b>\$ 571,247</b>	<b>\$ (15,989)</b>	<b>-2.31%</b>	<b>\$ 120,106</b>	<b>21.03%</b>

**STATEMENT OF ACTIVITIES**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>\$ Difference</b>	<b>% Difference</b>	<b>\$ Difference</b>	<b>% Difference</b>
Program Revenues	\$ 16,293	\$ 215,191	\$ -	\$ (198,898)	-92.43%	\$ 215,191	
<b>Total program revenues</b>	<b>16,293</b>	<b>215,191</b>	<b>-</b>	<b>(198,898)</b>	<b>-92.43%</b>	<b>215,191</b>	
<b>General Revenues:</b>							
Benefit assessments	54,197	54,720	52,791				
Public safety sales taxes	58,164	56,212	58,712	1,952	3.47%	(2,500)	-4.26%
Investment earnings	5,038	403	1,713	4,635	1150.12%	(1,310)	-76.47%
Loss on sale of capital assets	(2,242)	(1,083)	-	(1,159)	107.02%	(1,083)	
Miscellaneous	-	996	734	(996)	-100.00%	262	35.69%
<b>Total general revenues</b>	<b>115,157</b>	<b>111,248</b>	<b>113,950</b>	<b>3,909</b>	<b>3.51%</b>	<b>(2,702)</b>	<b>-2.37%</b>
<b>Total revenues</b>	<b>131,450</b>	<b>326,439</b>	<b>113,950</b>	<b>(194,989)</b>	<b>-59.73%</b>	<b>212,489</b>	<b>186.48%</b>
<b>Program Expenses:</b>							
Public safety	147,439	229,157	103,499	(81,718)	-35.66%	125,658	121.41%
<b>Total program expenses</b>	<b>147,439</b>	<b>229,157</b>	<b>103,499</b>	<b>(81,718)</b>	<b>-35.66%</b>	<b>125,658</b>	<b>121.41%</b>
<b>Change in net position</b>	<b>\$ (15,989)</b>	<b>\$ 97,282</b>	<b>\$ 10,451</b>	<b>\$ (113,271)</b>	<b>-116.44%</b>	<b>\$ 86,831</b>	<b>830.84%</b>

**Financial Analysis of the District as a Whole**

- Current assets decreased by \$48,668 and increased by \$52,063 as of June 30, 2022 and 2021, respectively. Capital assets, net of accumulated depreciation increased by \$25,013 as of June 30, 2022 and increased by \$76,209 as of June 30, 2021.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Management's Discussion and Analysis**  
**June 30, 2022 and 2021**

- Current liabilities decreased by \$7,666 and increased by \$8,166 as of June 30, 2022 and 2021, respectively.
- The District's net position decreased by \$15,989 and increased by \$120,106 for the fiscal years ended June 30, 2022 and 2021, respectively. The decrease/increase in the change in net position mostly relates to a decrease in program revenues of \$198,898 and increased in program revenues by \$215,191 and general revenues increased by \$3,909 and decreased by \$2,702 for the years ended June 30, 2022 and 2021, respectively. Total public safety expenses decreased by \$81,718 and increased by \$125,658 for the years ended June 30, 2022 and 2021, respectively.

**Budgetary Highlights**

The District is required, pursuant to the Health and Safety Code Section 13895, to adopt its final budget on, or before, October 1st of each year. Modifications to the budget normally occur throughout the fiscal year taking into consideration unanticipated expenses utilizing unanticipated revenues or transfers from Contingency or Reserves. There were no changes to the adopted and final budget. The budgeted revenues were \$138,164 and \$116,212 for the years ended June 30, 2022 and 2021 respectively. The budgeted expenditures were \$167,167 and \$115,984 for the years ended June 30, 2022 and 2021, respectively. The budgeted other financing sources were \$2,000 and \$0 for the years ended June 30, 2022 and 2021, respectively. The budgeted net change in fund balances was (\$27,003) and \$228 for the years ended June 30, 2022 and 2021, respectively.

**Capital Assets**

As of June 30, 2022 and 2021, the District invested \$191,485 and \$166,473 in a broad range of capital assets including land, structures and improvements and equipment. During fiscal year ended June 30, 2022 and 2021, the District invested in the following capital assets:

Capital Assets	2022	2021	2020	\$ Difference	% Difference	\$ Difference	% Difference
Land	\$ -	\$ -	\$ -	\$ -		\$ -	
Construction in progress	-	67,574	-	(67,574)	-100.00%	67,574	
Buildings and improvements	-	-	-	-		-	
Machinery, equipment and vehicles	558,091	450,991	471,177	107,100	23.75%	(20,186)	-4.28%
Accumulated Depreciation	(366,606)	(352,092)	(380,913)	(14,514)	4.12%	28,821	-7.57%
Total capital assets	<u>\$ 191,485</u>	<u>\$ 166,473</u>	<u>\$ 90,264</u>	<u>\$ 25,012</u>	<u>15.02%</u>	<u>\$ 76,209</u>	<u>84.43%</u>

**Long-Term Liabilities**

The District does not report long-term liabilities.

**Economic Factors and Next Year's Budget**

The general fund budgeted revenues for the next fiscal year ending June 30, 2023 are \$141,500. The general fund budgeted expenditures are \$141,323.

**Contacting the District's Financial Management**

These financial statements are designed to provide a general overview of the District's finances. If you have questions about financial statements or need additional financial information, contact the District's office at P.O. Box 2090, Carmel Valley, CA 93924.

## **FINANCIAL STATEMENTS**

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**June 30, 2022 and 2021**

	<b>Governmental Activities 2022</b>	<b>Governmental Activities 2021</b>
<b>ASSETS</b>		
Cash and investments	\$ 491,019	\$ 539,687
Capital assets not being depreciated	-	67,574
Capital assets , net of accumulated depreciation	191,486	98,899
Total assets	<u>682,505</u>	<u>706,160</u>
<b>LIABILITIES</b>		
Accounts payable	4,178	11,083
Accrued liabilities	2,963	3,724
Total liabilities	<u>7,141</u>	<u>14,807</u>
<b>NET POSITION</b>		
Net investment in capital assets	191,486	166,473
Unrestricted	483,878	524,880
Total net position	<u>\$ 675,364</u>	<u>\$ 691,353</u>

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

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**For the Years Ended June 30, 2022 and 2021**

	<b>Governmental Activities 2022</b>	<b>Governmental Activities 2021</b>
	<u>2022</u>	<u>2021</u>
<b>EXPENSES</b>		
Public safety	\$ 147,439	\$ 229,157
Total expenses	<u>147,439</u>	<u>229,157</u>
 <b>PROGRAM REVENUES</b>		
Operating grants	<u>16,293</u>	<u>215,191</u>
Net program (expense)	<u>(131,146)</u>	<u>(13,966)</u>
 <b>GENERAL REVENUES</b>		
Benefit assessments	54,197	54,720
Public safety sales taxes	58,164	56,212
Investment earnings	5,038	403
Loss on sale of capital assets	(2,242)	(1,083)
Miscellaneous	-	996
Total general revenues	<u>115,157</u>	<u>111,248</u>
 Change in net position	(15,989)	97,282
 Net position - beginning, restated	<u>691,353</u>	<u>594,071</u>
 Net position - ending	<u><u>\$ 675,364</u></u>	<u><u>\$ 691,353</u></u>

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

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022 and 2021**

	<b>General Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 191,426	\$ 539,687
Investments	299,593	-
Total assets	\$ 491,019	\$ 539,687
 <b>LIABILITIES</b>		
Accounts payable	\$ 4,178	\$ 11,083
Accrued liabilities	2,963	3,724
Total liabilities	7,141	14,807
 <b>FUND BALANCES</b>		
Unassigned fund balance	483,878	524,880
Total fund balances	483,878	524,880
 Total liabilities and fund balances	\$ 491,019	\$ 539,687

The notes to basic financial statements are an integral part of this statement.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-wide Statement of Net Position**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances - governmental funds	\$ 483,878	\$ 524,880
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	191,486	166,473
Net position of governmental activities	\$ 675,364	\$ 691,353
	675,364	691,353

The notes to basic financial statements are an integral part of this statement.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Years Ended June 30, 2022 and 2021**

	<b>General Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUES</b>		
Benefit assessments	\$ 54,197	\$ 54,720
Public safety sales taxes	58,164	56,212
Intergovernmental	16,293	215,191
Investment earnings	5,038	403
Miscellaneous	-	996
Total revenues	133,692	327,522
<b>EXPENDITURES</b>		
Public safety	130,168	216,227
Capital outlay	44,526	67,574
Total expenditures	174,694	283,801
Excess of revenues over expenditures	(41,002)	43,721
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of capital assets	-	6,000
Total other financing sources (uses)	-	6,000
Net change in fund balances	(41,002)	49,721
Fund balances-beginning, restated	524,880	475,159
Fund balances-ending	\$ 483,878	\$ 524,880

The notes to basic financial statements are an integral part of this statement.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances-total governmental funds	\$ (41,002)	\$ 49,721
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of the assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.	27,254	54,644
The net effect of various miscellaneous involving capital assets is to increase net position.		
Gain on sale of assets	(2,242)	(7,083)
Change in net position of governmental activities	\$ (15,990)	\$ 97,282

The notes to basic financial statements are an integral part of this statement.

**CACHAGUA FIRE PROTECTION DISTRICT**  
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**June 30, 2022 and 2021**

**Note 1 – Summary of Significant Accounting Policies**

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# CACHAGUA FIRE PROTECTION DISTRICT

## Notes to the Financial Statements

June 30, 2022 and 2021

### Note 1 – Summary of Significant Accounting Policies

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#### A. *Description of the Financial Reporting Entity*

*Organization.* The Cachagua Fire Protection District (the District) is a special district that was formed in 1993, and currently operates under the authority of the California Health and Safety Code, Section 13801 et seq. It is governed by a three-member Board of Directors. The District was created to provide fire protection and emergency services to an area in the Carmel Valley extending east from Sleepy Hollow to nineteen miles east of the Village.

*Financial Reporting Entity.* The basic criterion for determining whether a governmental department, District, institution, commission, public authority, or other governmental organization should be included in a Primary Government's reporting entity for the basic financial statements is financial accountability wherein the entity is both fiscally dependent on the Primary Government and provides either a benefit or creates a burden on the Primary Government. The District does not report any component units.

#### B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District utilizes the modified accrual basis of accounting for the general fund.

#### **Basis of Presentation**

*Government-wide Financial Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government (the "District"). These statements include the financial activities of the District overall. Eliminations have been made to minimize double counting of internal activities. These statements display the governmental activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and nonexchange transactions.

The government-wide financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) 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 are presented as general revenues.

*Governmental Fund Financial Statements.* The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are

# CACHAGUA FIRE PROTECTION DISTRICT

## Notes to the Financial Statements

June 30, 2022 and 2021

aggregated and reported as non-major funds. Currently, the District reports one major fund – the general fund.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

*Government-wide Financial Statements.* The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements.* Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

### **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

*Revenues — exchange and non-exchange transactions.* Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected

## CACHAGUA FIRE PROTECTION DISTRICT

### Notes to the Financial Statements

June 30, 2022 and 2021

within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are 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. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

*Expenses/expenditures.* On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first then unrestricted resources as they are needed.

*Fund Accounting.* The accounts of the District are organized on the basis of funds, each of which is considered to be 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 balance or net position, revenues, and expenditures. The District's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into one major fund as follows: General fund.

The General Fund is the general operating fund of the District. It is used to account for all financial resource.

#### **C. Budget and Budgetary Accounting**

The District adopts an annual budget on or before August 30 of each fiscal year. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

The Board of Directors may amend the budget by motion during each fiscal year. The original and revised budgets are presented for the General Fund. All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the District are subject to annual review by the Board of Directors; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

#### **D. Capital Assets**

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and estimated useful life in excess of two years.

## CACHAGUA FIRE PROTECTION DISTRICT

### Notes to the Financial Statements

June 30, 2022 and 2021

Buildings	18-40 years
Equipment - Mobile	12-20 years
Equipment – Other	5-15 years

Fire hose couplings and nozzles are peculiar to fire districts; the manual of the State Controller provides that purchases of such items be charged to the expense account "District Special Expense" instead of reporting them as capital expenditures.

#### ***E. Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***F. Net Position***

In the government-wide financial statements, net position is classified as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, capital asset related debt net of unspent bond proceeds, deferred charges, and retention payable.

Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted Net Position – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the District's practice is to apply the restricted component of the net position first, then use the unrestricted component of net position as needed.

#### ***G. Fund Balances***

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget.

**CACHAGUA FIRE PROTECTION DISTRICT**

**Notes to the Financial Statements**

**June 30, 2022 and 2021**

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**Note 2 – Cash and Investments**

**Cash and investments**

The District does not have an adopted investment policy. The California Government Code allows the District to invest in the following provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code:

<b>Authorized Investment Type</b>	<b>Maximum Remaining Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Required Rating</b>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	5 years	None	None
Commercial Paper – Selected Agencies	270 Days	25%	Highest letter and number rating by an NRSRO
Commercial Paper – Other Agencies	270 Days	40%	NoneHighest letter and number rating by an NRSRO
Commercial Paper - Pooled Funds	270 days	40%	
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	50%	None

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

Placement Service Certificates of Deposit	5 years	50%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Corporate Notes	5 years	30%	A
Money Market Mutual Funds & Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage pass-Through Securities	5 years	20%	AA
County pooled Investment Funds	N/A	None	None
Joint Powers Authority	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	Compensation
Public Bank Obligations	5 years	None	None

**A. Cash deposits with financial institutions**

*Custodial credit risk – deposits.* In the case of deposits, this is the risks that in the event of a bank’s failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022 and 2021, the District’s bank balance \$194,241 and \$541,897 and of that amount \$0 and \$289,687 was exposed to custodial credit risk because it was FDIC insured. The carrying amounts of the deposits as of June 30, 2022 and 2021, were \$191,683 and \$539,687.

**B. Investments**

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, corporate bonds, and the State Treasurer’s Investment Pool.

*Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have an investment policy to provide guidance over interest rate risk. As of June 30, 2022 and 2021, the District had the following investments:

<u>Investment Type</u>	<u>2022</u>	<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>More than 5 Years</u>
Annuities	\$ 299,593	\$ -	\$ 299,593	\$ -

*Credit Risk* – Generally, credit Risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The summary of investments table above shows the minimum rating under the actual rating of the District’s investments at year end. The District does not have an investment policy to provide guidance over credit risk.

*Custodial Credit Risk – Investments* – 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 does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a

**CACHAGUA FIRE PROTECTION DISTRICT**

**Notes to the Financial Statements**

**June 30, 2022 and 2021**

depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. The District does not have an investment policy to provide guidance over the custodial credit risk.

*Concentration of Credit Risk* – The concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District does not have an investment policy to provide guidance over concentration of credit risk.

*Fair Value of Investments* – The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy has three levels and is based on the valuation inputs used to measure an asset’s fair value. Deposits and withdrawals in the investment is made in the basis of \$1 and not fair value. The fair value of investments in the annuity is measured at net asset value (NAV) per share (or its equivalent).

The annuity is comprised of a fixed income security, the fair value of which are provided by the respective investment managers. Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy of level 1, level 2, or level 3.

	<b>Fair Market Value</b>
<b><u>Investment Type</u></b>	<b><u>Measurement</u></b>
Annuities	Net Asset Value

*Reconciliation to basic financial statements* – The cash and investments as of June 30, 2022 and 2021, are reported in the financial statements as follows:

	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>Total</u></b>	<b><u>Total</u></b>
	<b><u>Governmental</u></b>	<b><u>Governmental</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>
Government-wide Statement of Net Position		
Governmental Activities:		
Cash and investments with financial institutions	\$ 191,426	\$ 539,687
Cash and investments with fiscal agents/brokers	299,593	-
Total cash and investments	<b><u>\$ 491,019</u></b>	<b><u>\$ 539,687</u></b>
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>Total</u></b>	<b><u>Total</u></b>
	<b><u>Governmental</u></b>	<b><u>Governmental</u></b>
	<b><u>Funds</u></b>	<b><u>Funds</u></b>
Funds Financial Statements		
Governmental funds		
Cash and investments with financial institutions	\$ 191,426	\$ 539,687
Cash and investments with fiscal agents/brokers	299,593	-
Total cash and investments	<b><u>\$ 491,019</u></b>	<b><u>\$ 539,687</u></b>

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 and 2021**

**Note 3 – Capital Assets**

The following is the capital assets as of June 30, 2022 and 2021:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	67,574	-	(67,574)	-
Total capital assets, not being depreciated	67,574	-	(67,574)	-
Capital assets, being depreciated				
Buildings and improvements	-	-	-	-
Machinery, equipment and vehicles	450,991	112,100	(5,000)	558,091
Total capital asset, being depreciated	450,991	112,100	(5,000)	558,091
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Machinery, equipment and vehicles	(352,092)	(17,272)	2,758	(366,606)
Total accumulated depreciation	(352,092)	(17,272)	2,758	(366,606)
Total capital assets, being depreciated, net	98,899	94,828	(2,242)	191,485
Total governmental activities capital assets	\$ 166,473	\$ 94,828	\$ (69,816)	\$ 191,485

Depreciation expense was charged to the function of the governmental activities of the District as follows:

Public Safety	\$ 17,272
Total governmental activities	<u>\$ 17,272</u>

	<b>Balance July 1, 2020</b>	<b>Prior Period Misstatements</b>	<b>Restated Balance July 1, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2021</b>
Governmental Activities:						
Capital assets, not being depreciated						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	67,574	-	67,574
Total capital assets, not being depreciated	-	-	-	67,574	-	67,574
Capital assets, being depreciated						
Buildings and improvements	-	-	-	-	-	-
Machinery, equipment and vehicles	471,177	5,471	476,648	-	(25,657)	450,991
Total capital asset, being depreciated	471,177	5,471	476,648	-	(25,657)	450,991
Less accumulated depreciation for:						
Buildings and improvements	-	-	-	-	-	-
Machinery, equipment and vehicles	(380,913)	23,177	(357,736)	(12,930)	18,574	(352,092)
Total accumulated depreciation	(380,913)	23,177	(357,736)	(12,930)	18,574	(352,092)
Total capital assets, being depreciated, net	90,264	28,648	118,912	(12,930)	(7,083)	98,899
Total governmental activities capital assets	\$ 90,264	\$ 28,648	\$ 118,912	\$ 54,644	\$ (7,083)	\$ 166,473

Depreciation expense was charged to the function of the governmental activities of the District as follows:

Public Safety	\$ 12,930
Total governmental activities	<u>\$ 12,930</u>

**Note 4 – Litigation**

At June 30, 2022 and 2021, in the opinion of the District's management, there are no outstanding matters, which could have a significant effect on the financial position of the District.

**CACHAGUA FIRE PROTECTION DISTRICT**

**Notes to the Financial Statements**

**June 30, 2022 and 2021**

**Note 5 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The District has entered into a Joint Exercise of Powers Agreement pursuant to the provisions of the California Government Code, Section 989, 990, 990.4, 990.8, 6500.6515 and Labor Code, Section 3700 (b). The local agencies under the agreement have formed the Fire Agencies Self-Insurance system (FASIS), as an Administrator, to establish, operate, and maintain insurance programs for workers' compensation insurance. The District uses USI Insurance Services to account for and finance risks for general liability and property damage. Insurance policies are purchased for the following exposures with the deductible, or the amount of risk retention indicated in parenthesis: public officials and employee practices liability (\$0/\$0 deductible), boiler and machinery (\$100 deductible), employee faithful performance (\$0 deductible), and the District retains risks up to \$3,000,000. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

**Note 6 – Prior Period Adjustment**

The District restated certain prior year balances after identifying instances during 2021 where activities in previous fiscal years were inaccurately recorded in the financial statements.

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
<b>Government-wide/Governmental funds</b>		
Net position/Fund balance, June 30, 2020, previously reported	\$ 571,247	\$ 480,983
Prior year capital assets	28,648	-
Prior year accounts payable	(2,937)	(2,937)
Prior year accrued expenses	<u>(2,887)</u>	<u>(2,887)</u>
Balance as restated, June 30, 2020	<u>\$ 594,071</u>	<u>\$ 475,159</u>

**Note 7 – Stewardship, Compliance, and Accountability**

*Violations of Legal Provisions* –Local agencies may invest only in those instruments specified in State Law. Sections 16340, 16429.1, 27133, 53601, 530601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603 include a number of requirements on how and where public money may be invested. The District invested in an investment type (annuity) that is not allowable with California State Law.

*Excess of Expenditures Under Appropriations* – The Excess of expenditures over appropriations in individual funds is as follows:

<u>Major Fund</u>	<u>Function / Account</u>	<u>2022 Excess Expenditures</u>	<u>2021 Excess Expenditures</u>
General fund	Public safety	\$ (4,999)	\$ 100,243
General fund	Capital outlay	<u>12,526</u>	<u>67,574</u>
Total		<u>\$ 7,527</u>	<u>\$ 167,817</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CACHAGUA FIRE PROTECTION DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Benefit assessments	\$ 55,000	\$ 55,000	\$ 54,197	\$ (803)
Public safety sales taxes	58,164	58,164	58,164	-
Intergovernmental	19,000	19,000	16,293	(2,707)
Investment earnings	6,000	6,000	5,038	(962)
Total revenues	<u>138,164</u>	<u>138,164</u>	<u>133,692</u>	<u>(4,472)</u>
<b>EXPENDITURES:</b>				
Public safety	135,167	135,167	130,168	4,999
Capital outlay	32,000	32,000	44,526	(12,526)
Total expenditures	<u>167,167</u>	<u>167,167</u>	<u>174,694</u>	<u>(7,527)</u>
Excess of revenues over expenditures	(29,003)	(29,003)	(41,002)	(11,999)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	2,000	2,000	-	(2,000)
Total other financing sources (uses)	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Net change in fund balances	(27,003)	(27,003)	(41,002)	(13,999)
Fund balances-beginning	<u>524,880</u>	<u>524,880</u>	<u>524,880</u>	<u>-</u>
Fund balance-ending	<u>\$ 497,877</u>	<u>\$ 497,877</u>	<u>\$ 483,878</u>	<u>\$ (13,999)</u>

The notes to basic financial statements are an integral part of this statement.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**For the Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Benefit assessments	\$ 54,000	\$ 54,000	\$ 54,197	\$ 197
Public safety sales taxes	56,212	56,212	58,164	1,952
Intergovernmental	4,000	4,000	215,191	211,191
Investment earnings	2,000	2,000	403	(1,597)
Miscellaneous	-	-	996	996
Total revenues	<u>116,212</u>	<u>116,212</u>	<u>328,951</u>	<u>212,739</u>
<b>EXPENDITURES:</b>				
Public safety	115,984	115,984	216,227	(100,243)
Capital outlay	-	-	67,574	(67,574)
Total expenditures	<u>115,984</u>	<u>115,984</u>	<u>283,801</u>	<u>(167,817)</u>
Excess of revenues over expenditures	<u>228</u>	<u>228</u>	<u>45,150</u>	<u>44,922</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	6,000	6,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Net change in fund balances	228	228	51,150	50,922
Fund balances-beginning, restated	<u>475,159</u>	<u>475,159</u>	<u>475,159</u>	<u>-</u>
Fund balance-ending	<u>\$ 475,387</u>	<u>\$ 475,387</u>	<u>\$ 526,309</u>	<u>\$ 50,922</u>

The notes to basic financial statements are an integral part of this statement.

**CACHAGUA FIRE PROTECTION DISTRICT**  
**Notes to Required Supplementary Information**  
**June 30, 2022 and 2021**

**Note 1 – Budget**

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Budget for the general fund is prepared on the generally accepted accounting principles basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The general fund budget to actual financial statements reported expenditures in excess of appropriations in the amount of \$9,752 and \$168,478 for the fiscal years ended June 30, 2022 and 2021

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

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