

# GOLD RIDGE FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2021 AND 2020



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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Gold Ridge Fire Protection District  
Sebastopol, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Gold Ridge Fire Protection District, as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Gold Ridge Fire Protection District's basic financial statements as listed in the table of contents.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

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

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

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



**Goranson and Associates, Inc.**

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Gold Ridge Fire Protection District, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and 16 - 17, schedule of CalPERS on pages 32 - 35, and roster of board members in page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Goranson and Associates, Inc.*

December 1, 2021  
Santa Rosa, CA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Gold Ridge Fire Protection District (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 year ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 9-17) and the accompanying notes to the basic financial statements (pages 18-31).

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$5,987,804 and \$4,198,924 (net position) for 2021 and 2020, respectively. Of this amount \$3,842,879 and \$2,131,758 (unrestricted net position) for 2021 and 2020, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$1,788,880 and \$601,185 for 2021 and 2020. This increase for 2021 is a result of an increase in property taxes and intergovernmental revenue. The increase for 2020 is primarily due to intergovernmental revenue.
- As of the close of the current fiscal year, the District's governmental funds reported an ending fund balance of \$3,966,383 and \$2,728,131 for 2021 and 2020, respectively, a net increase of \$1,238,252 and \$654,353 for 2021 and 2020 in comparison with the prior years.
- The District's long-term liabilities of notes payable had a net increase of \$205,212 and a net increase of \$5,786,907 for 2021 and 2020. The increase for 2021 is primarily due to the net pension liability. The net increase for 2020 is due to a revaluation of the net pension liability.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements themselves.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The government-wide financial statements can be found on pages 9-11 of this report.

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include fire protection services in the district boundaries. The district adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-17 of this report.

**Notes to the basic financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18-31 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,987,804 and \$4,198,924 at the close of the fiscal years ended 2021 and 2020, respectively.

A large portion of the district's net position (36 percent for 2021 and 49 percent for 2020) reflects its investment in capital assets (e.g. buildings and improvements and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

### NET POSITION

|   | 2021         | 2020         |
|---|--------------|--------------|
| Current and other assets                        | \$ 4,084,278 | \$ 2,792,401 |
| Capital assets                                  | 2,144,925    | 2,067,166    |
| Non current assets                              | 6,491,582    | 5,881,840    |
| Total assets                                    | 12,720,785   | 10,741,407   |
| Long-term liabilities outstanding               | 6,615,086    | 6,409,874    |
| Liabilities due within one year                 | 117,895      | 132,609      |
| Total liabilities                               | 6,732,981    | 6,542,483    |
| Net position:                                   |              |              |
| Invested in capital assets, net of related debt | 2,144,925    | 2,067,166    |
| Unassigned                                      | 3,842,879    | 2,131,758    |
| Total net position                              | \$ 5,987,804 | \$ 4,198,924 |

The balance of the unrestricted net position \$3,842,879 for 2021 and \$2,131,758 for 2020 may be used to meet the District's ongoing obligations to citizens and vendors.

Long-term liabilities increased by \$205,212 during 2021 and increased by \$5,786,907 in 2020 due to the recording of the CalPERS retirement deferred outflows and principal payments to note payables for 2021 and 2020 as well as an increase in compensated absences.

At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets. The same held true for the prior fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities** - Governmental activities increased the Districts net position by \$1,788,880 for 2021 and \$601,185 for 2020. This increase is a result of net income in the governmental activities.

### CHANGES IN NET POSITION

|                                      | 2021         | 2020         |
|--------------------------------------|--------------|--------------|
| Revenues:                            |              |              |
| Program revenues:                    |              |              |
| Public safety - fire protection      | \$ 2,709,339 | \$ 1,632,527 |
| General revenues:                    |              |              |
| Property taxes                       | 3,311,411    | 2,086,004    |
| Investment income and other          | 6,125        | 4,388        |
| Total revenues                       | 6,026,875    | 3,722,919    |
| Expenses:                            |              |              |
| Public safety - fire protection      | 4,237,995    | 3,121,734    |
| Change in net position               | 1,788,880    | 601,185      |
| Net position - beginning of the year | 4,198,924    | 3,597,739    |
| Net position - end of the year       | \$ 5,987,804 | \$ 4,198,924 |

### Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2021 fiscal year, the District's governmental funds reported ending fund balances of \$3,966,383, a net increase of \$1,238,252 in comparison with the prior year. As of the end of the 2020 fiscal year, the District's governmental funds reported ending fund balances of \$2,728,131, a net increase of \$654,353 in comparison with the prior year.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,734,557 for 2021 and \$2,496,305 for 2020. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 78 percent of total general fund expenditures which were \$4,788,622 for 2021. Unreserved fund balance represents 81 percent of total general fund expenditures which were \$3,068,566 for 2020.

### General Fund Budgetary Highlights

Material differences between the original budget and the final amended budget can be briefly summarized as follows:

- Increase in property tax revenue
- Increase in salaries and benefits

### Capital Assets

**Capital assets** - The District's investment in capital assets, as of June 30, 2021 and 2020, amounts to \$2,144,925 and \$2,067,166 (net of accumulated depreciation). This investment in capital assets includes equipment, buildings and improvements.

Additional information on the District's capital assets can be found on Note 1 on page 21 and note 5 on pages 24-25 of this report.

### Debt Administration

At the end of the fiscal year ended 2021, the District had total long-term obligations of \$136,696 in compensated absences \$6,478,390 in deferred outflows for a total of \$6,615,086. During the fiscal year, the District's long-term debt increased by \$205,212. At the end of the fiscal year ended 2020, the District had total long-term obligations of \$110,908 in compensated absences, \$5,987,982 in deferred outflows and \$310,984 in notes payable for a total of \$6,409,874. During the fiscal year, the District's long-term debt increased by \$5,786,907.

### Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the fiscal year ending June 30, 2021.

- Property tax revenues – the county anticipates a small increase in tax collection levels. The budget is adjusted accordingly
- Amount of intergovernmental revenue anticipated based on contracts.
- Equipment purchases planned for fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Request for Information**

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Gold Ridge Fire Protection District, 4500 Hessel Road, Sebastopol, California.

GOLD RIDGE FIRE PROTECTION DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 and 2020

|   | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| <b>ASSETS</b>                                     |                      |                      |
| Cash and investments                              | \$ 3,920,478         | \$ 2,546,274         |
| Accounts receivable, government agency            | 163,800              | 246,127              |
| Total current assets                              | <u>4,084,278</u>     | <u>2,792,401</u>     |
| Capital assets (net of accumulated depreciation): |                      |                      |
| Land  | 40,066               | 40,066               |
| Building and improvements                         | 714,692              | 571,399              |
| Equipment   | 1,390,167            | 1,455,701            |
| Total capital assets                              | <u>2,144,925</u>     | <u>2,067,166</u>     |
| Deferred inflows                                  | 6,491,582            | 5,881,840            |
| Total assets                                      | <u>\$ 12,720,785</u> | <u>\$ 10,741,407</u> |
| <b>LIABILITIES</b>                                |                      |                      |
| Current liabilities                               |                      |                      |
| Accounts payable and accrued expenses             | \$ 117,895           | \$ 77,597            |
| Current portion of note payable                   | -                    | 55,012               |
| Total current liabilities                         | <u>117,895</u>       | <u>132,609</u>       |
| Long term liabilities:                            |                      |                      |
| Note payable                                      | -                    | 310,984              |
| Compensated absences                              | 136,696              | 110,908              |
| Deferred outflows                                 |                      |                      |
| Net pension liability                             | 6,478,390            | 5,987,982            |
| Total long term liabilities                       | <u>6,615,086</u>     | <u>6,409,874</u>     |
| Total liabilities                                 | <u>6,732,981</u>     | <u>6,542,483</u>     |
| <b>NET POSITION</b>                               |                      |                      |
| Net investment in capital assets                  | 2,144,925            | 2,067,166            |
| Unassigned  | 3,842,879            | 2,131,758            |
| Total net position                                | <u>5,987,804</u>     | <u>4,198,924</u>     |
| Total liabilities and net position                | <u>\$ 12,720,785</u> | <u>\$ 10,741,407</u> |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

| <b>Program Expenses</b>             | <u>2021</u>         | <u>2020</u>         |
|-------------------------------------|---------------------|---------------------|
| Public safety - fire protection     |                     |                     |
| Salaries and employee benefits      | \$ 3,497,740        | \$ 2,564,274        |
| Services and supplies               | 542,743             | 407,038             |
| Interest                            | 58,474              | 14,281              |
| Depreciation                        | 139,038             | 136,141             |
| Total program expenses              | <u>4,237,995</u>    | <u>3,121,734</u>    |
| <br><b>Program Revenues</b>         |                     |                     |
| Intergovernmental revenue           | 2,603,534           | 1,575,384           |
| Donations                           | 11,210              | 11,116              |
| Rent revenue                        | 39,840              | 39,940              |
| Charges for services                | 1,955               | 2,192               |
| Other charges for services          | 52,800              | 3,895               |
| Total program revenues              | <u>2,709,339</u>    | <u>1,632,527</u>    |
| Net program revenues (expenses)     | <u>(1,528,656)</u>  | <u>(1,489,207)</u>  |
| <br><b>General revenues</b>         |                     |                     |
| Property taxes                      | 3,311,411           | 2,086,004           |
| Investment earnings                 | 6,125               | 4,388               |
| Total general revenues              | <u>3,317,536</u>    | <u>2,090,392</u>    |
| <br>Change in net position          | 1,788,880           | 601,185             |
| <br>Net position, beginning of year | <u>4,198,924</u>    | <u>3,597,739</u>    |
| <br>Net position, end of year       | <u>\$ 5,987,804</u> | <u>\$ 4,198,924</u> |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

|  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Cash received from government, grants, program revenue                                     | \$ 5,983,743        | \$ 3,457,129        |
| Cash paid to vendors and employees   | (4,032,871)         | (2,921,128)         |
| Investment income received   | 6,125               | 4,388               |
| Net cash provided (used) by operations   | <u>1,956,997</u>    | <u>540,389</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Purchase of equipment  | <u>(216,797)</u>    | <u>(7,081)</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES:  |                     |                     |
| Net proceeds (principal payments) on note payable  | <u>(365,996)</u>    | <u>(50,285)</u>     |
| NET CHANGE IN CASH   | 1,374,204           | 483,023             |
| CASH, beginning of year  | <u>2,546,274</u>    | <u>2,063,251</u>    |
| CASH, end of year  | <u>\$ 3,920,478</u> | <u>\$ 2,546,274</u> |
| RECONCILIATION OF OPERATING INCOME TO<br>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: |                     |                     |
| Change in net position   | \$ 1,788,880        | \$ 601,185          |
| Adjustments to reconcile change in net<br>assets to cash from operations                   |                     |                     |
| Depreciation and amortization  | 139,038             | 136,141             |
| (Increase) decrease in:  |                     |                     |
| Receivables  | 82,327              | (172,755)           |
| Prepays  | (609,742)           | (5,881,840)         |
| Increase (decrease) in:  |                     |                     |
| Accounts payable and accrued expenses  | 66,086              | 64,465              |
| Net deferred inflows and outflows  | 490,408             | 5,793,193           |
| Total cash provided (used) by operations   | <u>\$ 1,956,997</u> | <u>\$ 540,389</u>   |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
JUNE 30, 2021 and 2020

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>ASSETS</b>                           |              |              |
| Cash and investments                    | \$ 3,920,478 | \$ 2,546,274 |
| Accounts receivable                     | 163,800      | 246,127      |
| Total assets                            | \$ 4,084,278 | \$ 2,792,401 |
| <br><b>LIABILITIES and FUND BALANCE</b> |              |              |
| <b>Liabilities</b>                      |              |              |
| Accounts payable and accrued expenses   | \$ 117,895   | \$ 64,270    |
| Total liabilities                       | 117,895      | 64,270       |
| <br><b>Fund balance</b>                 |              |              |
| Assigned for capital improvements       | 231,826      | 231,826      |
| Unreserved                              | 3,734,557    | 2,496,305    |
| Total fund balance                      | 3,966,383    | 2,728,131    |
| Total liabilities and fund balances     | \$ 4,084,278 | \$ 2,792,401 |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS  
TO THE STATEMENTS OF NET POSITION  
JUNE 30, 2021 and 2020

|  | 2021         | 2020         |
|--|--------------|--------------|
| Fund balances - total government funds   | \$ 3,966,383 | \$ 2,728,131 |
| <p>Non current assets are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>    |              |              |
| Deferred inflows   | 6,491,582    | 5,881,840    |
| <p>Amount reported for governmental activities in the statement of net assets is different because:</p>                                |              |              |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 2,144,925    | 2,067,166    |
| <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p> |              |              |
| Compensated absences   | (136,696)    | (110,908)    |
| Deferred outflow   | (6,478,390)  | (6,001,309)  |
| Notes and interest payable   | -            | (365,996)    |
| Net position of governmental activities  | \$ 5,987,804 | \$ 4,198,924 |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
 STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE YEARS ENDED JUNE 30, 2021 and 2020

|                                     | <u>2021</u>             | <u>2020</u>             |
|-------------------------------------|-------------------------|-------------------------|
| <b>Revenues:</b>                    |                         |                         |
| Property taxes                      | \$ 3,311,411            | \$ 2,086,004            |
| Investment earnings                 | 6,125                   | 4,388                   |
| Intergovernmental revenue           | 2,603,534               | 1,575,384               |
| Donations                           | 11,210                  | 11,116                  |
| Rental income                       | 39,840                  | 39,940                  |
| Charges for Services                | 1,955                   | 2,192                   |
| Miscellaneous                       | <u>52,799</u>           | <u>3,895</u>            |
| Total revenues                      | <u>6,026,874</u>        | <u>3,722,919</u>        |
| <br><b>Expenditures:</b>            |                         |                         |
| Current:                            |                         |                         |
| Salaries and employee benefits      | 3,814,911               | 2,588,155               |
| Services and supplies               | 542,744                 | 414,120                 |
| Debt Service:                       |                         |                         |
| Principal                           | 372,493                 | 50,285                  |
| Interest                            | <u>58,474</u>           | <u>16,006</u>           |
| Total expenditures                  | <u>4,788,622</u>        | <u>3,068,566</u>        |
| <br>Net change in fund balances     | <br>1,238,252           | <br>654,353             |
| <br>Fund balance, beginning of year | <br><u>2,728,131</u>    | <br><u>2,073,778</u>    |
| <br>Fund balance, end of year       | <br><u>\$ 3,966,383</u> | <br><u>\$ 2,728,131</u> |

The accompanying notes are an integral part of these financial statements



GOLD RIDGE FIRE PROTECTION DISTRICT  
RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 and 2020

**Amount reported for governmental activities in the statements of activities  
is different because:**

|  | 2021         | 2020        |
|--|--------------|-------------|
| Net change in fund balance - governmental funds  | \$ 1,238,252 | \$ 654,353  |
| <p>Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> |              |             |
| Current year depreciation  | (139,038)    | (136,141)   |
| Capital outlay   | 223,627      | 7,081       |
| <p>Repayment of the note's principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net positions</p>  |              |             |
| Principal repayment  | 372,493      | 50,285      |
| <p>Some expenses reported in the statements of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds</p>                               |              |             |
| Change in compensated balances   | (25,788)     | (49,713)    |
| Change in deferred inflows   | 609,742      | 5,881,840   |
| Change in deferred outflows  | (490,408)    | (5,806,520) |
| Change in net position of governmental activities  | \$ 1,788,880 | \$ 601,185  |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
 STATEMENTS OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE  
 BUDGET TO ACTUAL  
 GENERAL FUND  
 FOR THE YEARS ENDED JUNE 30, 2021 and 2020

|                                 | <b>2021</b>         |                     |                     | Variance            |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                 | Budgeted Amounts    |                     | Actual              | Positive            |
|                                 | Original            | Final               |                     | (Negative)          |
| <b>Revenues</b>                 |                     |                     |                     |                     |
| Property taxes                  | \$ 3,022,813        | \$ 3,180,955        | \$ 3,311,411        | \$ 130,456          |
| Investment earnings             | 4,178               | 4,178               | 6,125               | 1,947               |
| Intergovernmental revenue       | 1,290,480           | 1,290,480           | 2,603,534           | 1,313,054           |
| Donations                       | 2,000               | 2,000               | 11,210              | 9,210               |
| Miscellaneous revenue           | 39,840              | 39,840              | 92,639              | 52,799              |
| Total revenues                  | <u>4,359,871</u>    | <u>4,518,013</u>    | <u>6,026,874</u>    | <u>1,508,861</u>    |
| <b>Expenditures</b>             |                     |                     |                     |                     |
| Current:                        |                     |                     |                     |                     |
| Salaries and employee benefits  | 2,970,804           | 3,069,136           | 3,814,911           | (745,775)           |
| Services and supplies           | 462,450             | 480,950             | 542,744             | (61,794)            |
| Debt service:                   |                     |                     |                     |                     |
| Principal                       | 50,994              | 50,994              | 372,493             | (321,499)           |
| Interest                        | 15,297              | 15,297              | 58,474              | (43,177)            |
| Appropriations for contingency  | 857,612             | 898,922             | -                   | 898,922             |
| Total expenditures              | <u>4,357,157</u>    | <u>4,515,299</u>    | <u>4,788,622</u>    | <u>(273,323)</u>    |
| Net change in fund balance      | 2,714               | 2,714               | 1,238,252           | 1,235,538           |
| Fund balance, beginning of year | <u>2,728,131</u>    | <u>2,728,131</u>    | <u>2,728,131</u>    | <u>-</u>            |
| Fund balance, end of year       | <u>\$ 2,730,845</u> | <u>\$ 2,730,845</u> | <u>\$ 3,966,383</u> | <u>\$ 1,235,538</u> |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
 STATEMENTS OF REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCE  
 BUDGET TO ACTUAL  
 GENERAL FUND  
 FOR THE YEARS ENDED JUNE 30, 2021 and 2020

|                                 | <b>2020</b>         |                     |                     | Variance          |
|---------------------------------|---------------------|---------------------|---------------------|-------------------|
|                                 | Budgeted Amounts    |                     | Actual              | Positive          |
|                                 | Original            | Final               |                     | (Negative)        |
| <b>Revenues</b>                 |                     |                     |                     |                   |
| Property taxes                  | \$ 2,060,507        | \$ 2,022,812        | \$ 2,086,004        | \$ 63,192         |
| Investment earnings             | 1,935               | 4,178               | 4,388               | 210               |
| Intergovernmental revenue       | 1,010,518           | 1,010,480           | 1,575,384           | 564,904           |
| Donations                       | 8,293               | 8,293               | 11,116              | 2,823             |
| Charges for services            | 2,334               | 2,435               | 2,192               | (243)             |
| Miscellaneous revenue           | 39,244              | 39,244              | 43,835              | 4,591             |
| Total revenues                  | <u>3,122,831</u>    | <u>3,087,442</u>    | <u>3,722,919</u>    | <u>635,477</u>    |
| <b>Expenditures</b>             |                     |                     |                     |                   |
| Current:                        |                     |                     |                     |                   |
| Salaries and employee benefits  | 2,316,491           | 2,316,491           | 2,588,155           | (271,664)         |
| Services and supplies           | 317,714             | 317,714             | 414,120             | (96,406)          |
| Debt service:                   |                     |                     |                     |                   |
| Principal                       | 50,995              | 50,995              | 50,285              | 710               |
| Interest                        | 15,297              | 15,297              | 16,006              | (709)             |
| Appropriations for contingency  | 422,334             | 386,945             | -                   | 386,945           |
| Total expenditures              | <u>3,122,831</u>    | <u>3,087,442</u>    | <u>3,068,566</u>    | <u>18,876</u>     |
| Net change in fund balance      | -                   | -                   | 654,353             | 654,353           |
| Fund balance, beginning of year | <u>2,073,778</u>    | <u>2,073,778</u>    | <u>2,073,778</u>    | -                 |
| Fund balance, end of year       | <u>\$ 2,073,778</u> | <u>\$ 2,073,778</u> | <u>\$ 2,728,131</u> | <u>\$ 654,353</u> |

The accompanying notes are an integral part of these financial statements

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1          SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**REPORTING ENTITY**

The District was formed in 1993 when the fire districts of Hessel and Twin Hills merged, serving the communities of Hessel, Twin Hills, and Freestone. They provide all-risk fire protection and emergency medical response across 75 square miles of rural Sebastopol and mutual aid to all surrounding fire districts. The June 29, 1993 resolution approved by the Board of Supervisors of Sonoma County created the reorganization under Resolution No. 93-0888. Under resolution No. 92-93-05, the Gold Ridge Fire District name was created. The District operates under Health and Safety Code Sections, 13816 through 13822. The District's governmental powers are exercised through the seven-member Board of Directors.

**INTRODUCTION**

The District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

**GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund).

In the government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities), the district's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in two parts:(1) net investment in capital assets, and (2) unrestricted net position. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor have been met.

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**GOVERNMENT-WIDE STATEMENTS (Continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are supported by general government revenues (property taxes, Intergovernmental revenues, and fire related charges, i.e. fire permit fees). The Statement of Activities reduces gross expense's (including depreciation) by related program revenues, operating and capital grants and contributions, including special assessments. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

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.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balance for its major governmental fund. An accompanying schedule is present to reconcile and explain the difference in net position as presented in these statements to the net position presented in the Government-wide financial statements.

The General fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures.

The District reports on the following major governmental fund:

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

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

Cash and Investments – The District reports certain investments at fair value in the balance sheet, and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Receivables and Payables

**Flat charges Receivable** – Flat charges collected are apportioned to the District to supplement property taxes collected for operating costs. Not all of the assessments are collected as of June 30, 2021 and 2020; therefore, the remainder of the uncollected assessments is considered flat charges receivable.

**Property Taxes** – The County of Sonoma is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on one percent of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of two percent per year.

On June 30, 1993, the board of Supervisors adopted the "Teeter" Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At Year-end, the county advances cash to each taxing jurisdiction equal to its current year delinquent property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the county receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1        SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Capital Assets**

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost of purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| Asset                      | Years |
|----------------------------|-------|
| Buildings and improvements | 30-50 |
| Equipment                  | 5-20  |

**Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and for retirement.

**Deferred Inflows and Outflows**

The District has deferred inflows and outflows for the CalPERS retirement plans they hold and per GASB No. 68.

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

**Net Position**

Net position is classified into two components – invested in capital assets and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net accumulated depreciation and net of related debt if any.
- Unrestricted net position – This component of net assets consists of net assets that do not meet the definition of ‘restricted” or “Invested in capital assets, net of related debt.”

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2           STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Budgetary Information**

Budgetary revenue estimates represent original estimates modified for any authorized adjustments which were contingent upon new or additional revenue resources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's budgetary information was amended during the year.



GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 3            CASH AND INVESTMENTS

Hold funds in an Insured Cash Sweep account and other funds that are all federally insured, except for a petty cash fund at local financial institutions.

The amount of cash at June 30 is as follows:

|                                      | 2021         | 2020         |
|--------------------------------------|--------------|--------------|
| Cash held with financial institution | \$ 3,920,046 | \$ 2,546,093 |
| Petty Cash                           | 432          | 181          |
| Total                                | \$ 3,920,478 | \$ 2,546,274 |

NOTE 4            ACCOUNTS RECEIVABLE

Accounts Receivable represents the outstanding balance for services provided rendered to fire service clients that haven't paid for services rendered as well as flat charges collected that are apportioned to the District to supplement property taxes collected for operating costs, and other intergovernmental revenue. Management believes receivables at June 30, 2021 and 2020 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable at June 30 is as follows:

|                           | 2021       | 2020       |
|---------------------------|------------|------------|
| Property tax receivable   | \$ 163,800 | \$ 83,627  |
| Other government agencies | -          | 162,500    |
| Total                     | \$ 163,800 | \$ 246,127 |



GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 and 2020

NOTE 5      DETAILED NOTES (continued)

**Capital Assets, continued**

|  | <b>2020</b>                  |                     |                           |
|--|------------------------------|---------------------|---------------------------|
|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Ending<br/>Balance</u> |
| Capital assets, not being depreciated:       |                              |                     |                           |
| Land   | \$ 40,066                    |                     | \$ 40,066                 |
| Total capital assets, not being depreciated  | <u>40,066</u>                |                     | <u>40,066</u>             |
| Capital assets, being depreciated:           |                              |                     |                           |
| Buildings and improvements                   | 1,239,932                    |                     | 1,239,932                 |
| Equipment                                    | <u>2,810,012</u>             | \$ 7,083            | <u>2,817,095</u>          |
| Total capital assets, being depreciated      | <u>4,049,944</u>             | <u>7,083</u>        | <u>4,057,027</u>          |
| Less accumulated depreciation for:           |                              |                     |                           |
| Buildings and improvements                   | (641,256)                    | (27,277)            | (668,533)                 |
| Equipment                                    | <u>(1,252,528)</u>           | <u>(108,867)</u>    | <u>(1,361,395)</u>        |
| Total accumulated depreciation               | <u>(1,893,784)</u>           | <u>(136,144)</u>    | <u>(2,029,928)</u>        |
| Total capital assets, being depreciated, net | <u>2,156,160</u>             | <u>(129,060)</u>    | <u>2,027,099</u>          |
| Capital assets, net                          | <u>\$ 2,196,226</u>          | <u>\$ (129,060)</u> | <u>\$ 2,067,166</u>       |

Depreciation expense is charged to functions/programs of the Gold Ridge Fire Protection District government as follows:

Governmental activities:

|                                 |                   |
|---------------------------------|-------------------|
| Public safety - fire protection | <u>\$ 136,141</u> |
|---------------------------------|-------------------|

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 5      DETAILED NOTES (continued)

**Long-term Liabilities**

Changes in long-term liabilities

Long term liability activity for the years ended June 30, was as follows:

|                             | <b>2021</b>                  |                     |                     |                           |                                |
|-----------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
|                             | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
| Note payable                | \$ 310,984                   |                     | \$ (310,984)        |                           |                                |
| Deferred outflows           | 5,987,982                    | \$ 490,408          | -                   | \$ 6,478,390              |                                |
| Compensated absences        | 110,908                      | 25,788              | -                   | 136,696                   | \$ -                           |
| Total long-term liabilities | <u>\$ 6,409,874</u>          | <u>\$ 516,196</u>   | <u>\$ (310,984)</u> | <u>\$ 6,615,086</u>       | <u>\$ -</u>                    |
|                             |                              |                     |                     |                           |                                |
|                             | <b>2020</b>                  |                     |                     |                           |                                |
|                             | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
| Note payable                | \$ 366,983                   |                     | \$ (55,999)         | \$ 310,984                | \$ 55,012                      |
| Deferred outflows           | 194,789                      | \$ 5,881,840        | (88,647)            | 5,987,982                 | -                              |
| Compensated absences        | 61,195                       | 49,713              | -                   | 110,908                   | -                              |
| Total long-term liabilities | <u>\$ 622,967</u>            | <u>\$ 5,931,553</u> | <u>\$ (144,646)</u> | <u>\$ 6,409,874</u>       | <u>\$ 55,012</u>               |

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 6      OTHER INFORMATION

**Employee Retirement Plan**

During fiscal year 2005/2006 the District enrolled in the California Public Employees Retirement System (PERS) cost-sharing multiple-employer Defined Benefit Pension Plan. In cost-sharing multiple-employer plans the benefit obligations are pooled. A single actuarial valuation is performed covering all participants, all employers contribute at the same rate, and all plan assets are available to pay plan benefits pertaining to the employee and retirees of any employer.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

|                         |                               |
|-------------------------|-------------------------------|
| Valuation Date (VD)     | June 30, 2021                 |
| Measurement Date (MD)   | June 30, 2020                 |
| Measurement Period (MP) | July 1, 2019 to June 30, 2020 |

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2020 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2020 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

GOLD RIDGE FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 AND 2020

NOTE 6 OTHER INFORMATION, continued.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay, and the average employer's contribution rate is 11.623 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. Both the June 30, 2019 total pension liability and the June 30, 2020 total pension liability were based on the following actuarial methods and assumptions:

|                                   |   |
|-----------------------------------|---|
| Actuarial Cost Method             | Entry Age Normal in accordance with the requirements of GASB Statement No. 68   |
| Actuarial Assumptions             |   |
| Discount Rate                     | 7.50%   |
| Inflation                         | 2.75%   |
| Salary Increases                  | Varies by Entry Age and Service   |
| Investment Rate of Return         | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation                                      |
| Mortality Rate Table              | Derived using CalPERS' Membership Data for all Funds  |
| Post Retirement Benefits Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 6      OTHER INFORMATION, continued

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 6 OTHER INFORMATION, continued.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017 -2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

| Asset Class                   | New Strategic Allocation | Real Return Years 1 - 101 | Real Return Years 11+2 |
|-------------------------------|--------------------------|---------------------------|------------------------|
| Global Equity                 | 47.00%                   | 5.25%                     | 5.71%                  |
| Global Fixed Income           | 19.00                    | 0.99                      | 2.43                   |
| Inflation Sensitive           | 6.00                     | 0.45                      | 3.36                   |
| Private Equity                | 12.00                    | 6.83                      | 6.95                   |
| Real Estate                   | 11.00                    | 4.50                      | 5.13                   |
| Infrastructure and Forestland | 3.00                     | 4.50                      | 5.09                   |
| Liquidity                     | 2.00                     | (0.55)                    | (1.05)                 |



GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

NOTE 6        OTHER INFORMATION, continued

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

NOTE 7        SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 1, 2021, the date the financial statements were available to be issued.

Prior to year ending June 30, 2021, The District signed a purchase and sale agreement for a new Water Tanker with a sales price of \$583,895. Delivery of the Tanker was not taken as of June 30, 2021.

In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the District's operations, financial position, and cash flows.

## REQUIRED SUPPLEMENTARY INFORMATION

GOLD RIDGE FIRE PROTECTION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2021

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE IN RELATION TO PERF C

Net pension liability and fiduciary net position are allocated to the pension are allocated to the plan based on its proportions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous or Safety within PERF C. Therefore, to assist employers in meeting the requirements of GASB 68, proportions shown in the table below represent the plan's proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportions of the Miscellaneous Risk Pool.

**MISCELLANEOUS PLAN**

|   | <u>06/30/2020</u> |
|---|-------------------|
| Plan's Proportion of the Net Pension Liability/(Asset)  | 0.00239%          |
| Plan's Proportionate Share of the Net Pension Liability/(Asset)   | \$ 421,174        |
| Plan's Covered-Employee Payroll   | \$ 71,705         |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll | 587.37%           |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability  | 0.00241%          |
| Plan's Proportionate Share of Aggregate Employer Contributions  | \$ 24,583         |

GOLD RIDGE FIRE PROTECTION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2021

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE IN RELATION TO PERF C

**SAFETY**

|   | <u>06/30/2020</u> |
|---|-------------------|
| Plan's Proportion of the Net Pension Liability/(Asset)  | 0.02640%          |
| Plan's Proportionate Share of the Net Pension Liability/(Asset)   | \$ 6,057,216      |
| Plan's Covered-Employee Payroll   | \$ 216,983        |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll | 2791.56%          |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability  | 0.02497%          |
| Plan's Proportionate Share of Aggregate Employer Contributions  | \$ 70,885         |

See notes to supplemental information

GOLD RIDGE FIRE PROTECTION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 JUNE 30, 2021

SCHEDULE OF PLAN CONTRIBUTIONS

**MISCELLANEOUS PLAN**

|  | Fiscal Year<br>2019-2020 |
|--|--------------------------|
| Actuarially Determined Contribution                                  | \$ 24,583                |
| Contributions in Relation to the Actuarially Determined Contribution | <u>(24,583)</u>          |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>              |
| Covered-Employee Payroll   | \$ 71,705                |
| Contributions as a Percentage of Covered-Employee Payroll            | 34.28%                   |

**SAFETY**

|  | Fiscal Year<br>2019-2020 |
|--|--------------------------|
| Actuarially Determined Contribution                                  | \$ 70,885                |
| Contributions in Relation to the Actuarially Determined Contribution | <u>(70,885)</u>          |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>              |
| Covered-Employee Payroll   | \$ 216,983               |
| Contributions as a Percentage of Covered-Employee Payroll            | 32.67%                   |

See notes to supplemental information

GOLD RIDGE FIRE PROTECTION DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2021

**NOTES TO SCHEDULE**

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2021 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

GOLD RIDGE FIRE PROTECTION DISTRICT  
ROSTER OF BOARD MEMBERS  
JUNE 30, 2021

Directors:

|                      |           |               |
|----------------------|-----------|---------------|
| Robert Gloeckner     | Chairman  | December 2022 |
| Domenic Carinalli    | Secretary | December 2022 |
| Joe Petersen         |           | December 2024 |
| Christopher Tachouet |           | December 2024 |
| Antonia Bello        |           | December 2022 |
| Charles Lachman      |           | December 2024 |
| Steve Petrucci       |           | December 2022 |

Clerk of the Board:

|                      |       |            |
|----------------------|-------|------------|
| Shepley Schroth-Cary | Chief | Continuous |
|----------------------|-------|------------|

Regular Meetings: The regular meetings of the Board of Directors is held at 7:00 PM on the first Wednesday of each month. The schedule of locations can be found on the District's website.