

BURBANK-PARADISE FIRE
PROTECTION DISTRICT

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND JUNE 30, 2021

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• think **BOLDLY** • plan **CAREFULLY** • execute **PRECISELY** •

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Burbank-Paradise Fire Protection District
Stanislaus, California

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Burbank-Paradise 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 Burbank-Paradise Fire Protection District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Governmental Fund	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Burbank-Paradise Fire Protection District, as of June 30, 2022 and 2021, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Fund

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 Burbank-Paradise Fire Protection District, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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 Burbank-Paradise Fire 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the Governmental Activities

Because of the inadequacy of accounting records pertaining to fixed assets and accumulated depreciation, we were unable to form an opinion regarding the amounts at which these items are recorded in the accompanying Statements of Net Position as of June 30, 2022 and 2021, or the amount of depreciation expense recorded in the Statement of Activities for the years then ended. Our testing of the current year fixed assets transactions was not impaired.

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 Burbank-Paradise 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 Burbank-Paradise 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 Burbank-Paradise 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

Management has omitted the Management's Discussion and Analysis and budgetary comparison information reports that accounting principles generally accepted in the United States of America require to 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. Our opinion on the basic financial statements is not affected by this missing information.



Modesto, California

September 18, 2024

BURBANK-PARADISE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 503,376
Accounts Receivable	10,900
Prepaid Insurance	12,257
Total Current Assets	526,533
Fixed Assets	
Capital Assets	2,324,060
Less: Accumulated Depreciation	(810,135)
Total Fixed Assets	1,513,925
Other Assets	
Finance Lease Assets	717,932
Total Other Assets	717,932
Total Assets	\$ 2,758,390
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 134,144
Accrued Payroll & Payroll Liabilities	4,274
Accrued Expenses	5,345
Accrued Interest Payable	7,400
Current Portion of Notes Payable	52,286
Total Current Liabilities	203,449
Long Term Liabilities	
Notes Payable	769,503
Finance Lease Liabilities	728,037
Total Long Term Liabilities	1,497,540
Total Liabilities	1,700,989
NET POSITION	
Net Investment in Capital Assets	692,136
Unrestricted	365,265
Total Net Position	1,057,401
Total Liabilities and Net Position	\$ 2,758,390

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
PROGRAM REVENUES	
Ambulance Reimbursement	\$ 16,144
Training Fees	3,700
Strike Team	<u>220,466</u>
Total Program Revenues	240,310
 GENERAL REVENUES	
Property Taxes	354,905
Grant Income	19,375
Other Income	5,982
Interest Income	<u>3,222</u>
Total General Revenues	<u>383,484</u>
Total Revenue	623,794
 EXPENSES	
Salaries and Benefits	206,133
Supplies and Services	273,490
Interest Expense	41,824
Depreciation and Amortization	<u>127,329</u>
Total Expenses	<u>648,776</u>
CHANGE IN NET POSITION	(24,982)
NET POSITION - BEGINNING OF YEAR	<u>1,082,383</u>
NET POSITION - END OF YEAR	<u>\$ 1,057,401</u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

	GENERAL FUND
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 420,103
Total Current Assets	420,103
Total Assets	\$ 420,103
LIABILITIES	
Current Liabilities:	
Accrued Payroll & Payroll Liabilities	\$ 1,525
Total Current Liabilities	1,525
Total Liabilities	1,525
FUND BALANCE	
Unassigned	418,578
Total Fund Balance	418,578
Total Liabilities and Fund Balance	\$ 420,103

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 418,578
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Revenues are not recorded in the fund financial statement unless they are received within 60 days of year-end	10,900
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the government fund	1,513,926
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in government funds.	(7,400)
Accrued obligations not normally recorded in governmental funds (e.g., compensated absences, claims and judgments finance leases, special termination benefits government's net pension obligations as an employer, landfill closure and postclosure care costs, etc.)	<u>(878,603)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,057,401</u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Governmental Activities</u>
REVENUES	
Property Taxes	\$ 354,860
Strike Team	286,820
Other Income	86,709
Interest Income	<u>3,222</u>
 Total Revenue	 731,611
EXPENDITURES	
Salaries and Benefits	269,647
Supplies and Services	358,017
Debt Service Payments	<u>121,069</u>
Total Expenditures	748,733
OTHER FINANCING SOURCES (USES)	
Acquisition of Capital Assets	<u>(59,483)</u>
Net Other Financing Sources (Uses)	<u>(59,483)</u>
 CHANGE IN FUND BALANCE	 42,361
 FUND BALANCE - BEGINNING OF YEAR	 <u>376,217</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 418,578</u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUND TYPES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

NET CHANGE IN TOTAL FUND BALANCES PER FUND FINANCIAL STATEMENTS	\$	42,361
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Current year payments of principle is recorded as an expenditure in the governmental funds, while principle payments are recorded in the government-wide statement of net position.</p>		121,069
<p>Current year payment of interest is recorded as an expenditure in the government funds, while accrued interest expense is recorded in the government-wide statement of activities and change in net position</p>		19,265
<p>Capital assets used in governmental activities are recognized as expenditures in the fund financial statements, while in the statement of activities, their cost is expensed over their useful lives</p>		
Depreciation and Amortization		(127,329)
Capital asset acquisitions		7,152
<p>Revenues (expenses) in the statement of activities that due not provide current financial resources are not reported as revenues (expenditures) in the governmental fund financial statements</p>		(87,500)
<p>Prior year revenues received in the current year are recorded in the fund financial statement but are a reduction to receivable in the government-wide statement of net position.</p>		<u>10,029</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(24,982)</u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 377,743
Accounts Receivable	20,929
Prepaid Insurance	19,615
Total Current Assets	418,287
Fixed Assets	
Capital Assets	2,316,909
Less: Accumulated Depreciation	(734,087)
Total Fixed Assets	1,582,822
Other Assets	
Finance Lease Assets	769,213
Total Other Assets	769,213
Total Assets	\$ 2,770,322
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ -
Accrued Payroll & Payroll Liabilities	3,976
Accrued Expenses	1,437
Accrued Interest Payable	10,092
Current Portion of Notes Payable	61,153
Total Current Liabilities	76,658
Long Term Liabilities	
Notes Payable	842,068
Finance Lease Liabilities	769,213
Total Long Term Liabilities	1,611,281
Total Liabilities	1,687,939
NET POSITION	
Net Investment in Capital Assets	679,602
Unrestricted	402,781
Total Net Position	1,082,383
Total Liabilities and Net Position	\$ 2,770,322

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
PROGRAM REVENUES	
Ambulance Reimbursement	\$ 11,370
Training Fees	6,600
Strike Team	<u>375,672</u>
Total Program Revenues	393,642
 GENERAL REVENUES	
Property Taxes	352,764
Grant Income	-
Other Income	10,070
Interest Income	<u>3,211</u>
Total General Revenues	<u>366,045</u>
Total Revenue	759,687
 EXPENSES	
Salaries and Benefits	324,339
Supplies and Services	241,939
Interest Expense	35,592
Depreciation and Amortization	<u>75,333</u>
Total Expenses	<u>677,203</u>
CHANGE IN NET POSITION	82,484
NET POSITION - BEGINNING OF YEAR	982,660
PRIOR PERIOD ADJUSTMENT	<u>17,239</u>
NET POSITION - END OF YEAR	<u>\$ 1,082,383</u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	GENERAL FUND
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 377,742
Total Current Assets	377,742
Total Assets	\$ 377,742
LIABILITIES	
Current Liabilities:	
Accrued Payroll & Payroll Liabilities	\$ 1,525
Total Current Liabilities	1,525
Total Liabilities	1,525
FUND BALANCE	
Unassigned	376,217
Total Fund Balance	376,217
Total Liabilities and Fund Balance	\$ 377,742

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 376,217
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Revenues are not recorded in the fund financial statement unless they are received within 60 days of year-end	20,929
Capital assets used in governmental activities are not current financial resources and are therefore not reported in the government fund	1,582,822
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in government funds.	(10,092)
Accrued obligations not normally recorded in governmental funds (e.g., compensated absences, claims and judgments finance leases, special termination benefits government's net pension obligations as an employer, landfill closure and postclosure care costs, etc.)	<u>(887,493)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,082,383</u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
REVENUES	
Property Taxes	\$ 342,763
Strike Team	199,125
Other Income	232,746
Interest Income	<u>3,205</u>
Total Revenue	777,839
EXPENDITURES	
Salaries and Benefits	312,208
Supplies and Services	344,928
Debt Service Payments	<u>69,314</u>
Total Expenditures	726,450
OTHER FINANCING SOURCES (USES)	
Acquisition of Capital Assets	<u>(15,970)</u>
Net Other Financing Sources (Uses)	<u>(15,970)</u>
CHANGE IN FUND BALANCE	67,359
FUND BALANCE - BEGINNING OF YEAR	<u>308,858</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 376,217</u></u>

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUND TYPES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

NET CHANGE IN TOTAL FUND BALANCES PER FUND FINANCIAL STATEMENTS	\$	67,359
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Current year payments of principle is recorded as an expenditure in the governmental funds, while principle payments are recorded in the government-wide statement of net position.</p>		69,314
<p>Current year payment of interest is recorded as an expenditure in the government funds, while accrued interest expense is recorded in the government-wide statement of activities and change in net position</p>		-
<p>Capital assets used in governmental activities are recognized as expenditures in the fund financial statements, while in the statement of activities, their cost is expensed over their useful lives</p>		
Depreciation and Amortization		(75,333)
Capital asset acquisitions		-
<p>Revenues (expenses) in the statement of activities that due not provide current financial resources are not reported as revenues (expenditures) in the governmental fund financial statements</p>		21,144
<p>Prior year revenues received in the current year are recorded in the fund financial statement but are a reduction to receivable in the government-wide statement of net position.</p>		806
		806
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	82,484

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

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The District is a California Special District formed to provide protection and emergency medical response to residents and landowners in the Burbank-Paradise area of Stanislaus County. This District operates under authority of the State of California Health and Safety Code, Section 13801.

The District operates under a Board of Directors form of government. The Board of Directors consists of four members elected by the voters within the District boundaries. Day-to-day operations are overseen by the Department Chief or Captain, who is appointed by the Board.

Oversight responsibility, the ability to conduct independent financial affairs, issue debt instruments, approve budgets, sign contracts, levy taxes, and otherwise influence operations, and account for fiscal matters, is exercised by the District's governing board.

The District includes all activities considered to be a part of the District. The District reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 61, relating to the financial reporting entity to determine whether the District is financially accountable for other entities. The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the District is not aware of any entity that would be financially accountable for the District that would result in the District being considered a component unit of that entity.

Basis of Presentation and Accounting

Government-Wide Statements

The statement of net position and the statement of activities report information on all of the District's activities. Fiduciary activities of the District are not included in these statements. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the District. Revenues that are not classified as program revenues are presented as general revenues.

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the District and are recognized as revenue at that time.

Implementation of New Accounting Pronouncements

For the fiscal year ended June 30, 2021, the District was not required to adopt any new accounting pronouncements.

For the fiscal year ended June 30, 2022, the District was required to adopt the following accounting pronouncements:

GASB Statement No. 87, "Leases"

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liability, fund equity, revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The District has only one fund group, government funds.

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General 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.

Fund Equity

The District reports under GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the government’s fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

Non-spendable Fund Balance – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The District does not have any non-spendable funds as of June 30, 2022 and 2021 in a form or that are legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. Committed funds may be modified or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegate the authority. The District does not have any assigned funds as of June 30, 2022 and 2021.

Unassigned Fund Balance – all amounts not included in other spendable classification.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District’s policy is first to apply restricted

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and then unrestricted funds. Similarly, the policy is to first use committed, then assigned, then unassigned amounts.

Capital Assets

Capital assets, which include property, plant and equipment assets, are reported 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Estimated historical cost was used to value the majority of assets acquired and the amount of useful life expired prior to June 30, 2018. Prior to this date, governmental funds infrastructure assets were not capitalized. Infrastructure assets since this date are recorded at cost. The cost maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property, plant and equipment of the District are depreciated using the straight-line method over the estimated useful lives.

Buildings	40-50 Years
Improvements Other Than Buildings	10-25 Years
Machinery, Furniture, and Equipment	3-20 Years
Utilities, Property and Improvements	10-50 Years
Infrastructure	25-50 Years

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget and Budgetary Accounting

The Board of Directors shall adopt a preliminary operating budget for the fiscal year commencing July 1. Public hearings are conducted at an advertised location to obtain public comments. Prior to June 30, the budget is adopted by vote of the Board of Directors. Once approved, the Board of Directors may amend the legally adopted budget when unexpected modifications are required. Under GASB Statement No. 34, budgetary comparison information is required to be presented

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for the general fund and each major special revenue fund with a legally adopted budget. The District does not have any funds other than the General Fund.

Leases

The District leases certain buildings, equipment, and vehicles. The determination of whether an arrangement is a lease is made at the lease's inception. Under GASB Statement No. 87, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The District only reassess its determination if the terms and conditions of the contract are changed.

Operating leases are included in other assets as operating lease right-of-use ("ROU") assets, long term liabilities as operating lease liabilities in the District's statement of net position.

ROU Assets represent the District's right to use an underlying asset for the lease term, and lease liabilities represent the District's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The District uses the implicit rate when it is readily determinable. Since most of the District's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate based on the information available at lease commencement.

Operating lease ROU Assets also includes any lease payments made and excludes any leased incentives. The District's lease terms may include options to extend or terminate the lease when it is reasonably certain that the District will exercise the option.

NOTE 2 CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The District maintains its main account of its cash in the Stanislaus County Treasury. The County pools these funds with those of other agencies in the county and invests the cash as prescribed by the California Government Code. These

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

pooled funds are carried at cost plus accrued interest, which approximates market value. Interest earned is deposited quarterly into participating funds.

The District's deposits in the County pool may be accessed at any time. Stanislaus County's credit rating is A+, by Standard and Poor's. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in Stanislaus County's financial statements which can be obtained by contacting Stanislaus County's Auditor-Controller's Office at 1010 Tenth Street, Suite 5100, Modesto, California, 95353. The Stanislaus County Treasurer Oversight Committee oversees the Treasurer's investments and policies.

NOTE 3 LEASES

The District leases an vehicle apparatus under a finance lease expiring July 15, 2036. The District lease has remaining lease terms of 14 years. The total annual lease payment is \$64,714.

The following summarizes the line item in the statement of net position at June 30, 2022 and 2021:

	2022	2021
Other Assets		
Finance Lease Assets	\$ 717,932	\$ 769,213
Long Term Liabilities		
Finance Lease Liabilities	\$ 728,037	\$ 769,213

The following summarizes the weighted average remaining lease term as of June 30, 2022 and 2021:

	2022	2021
Weighted Average Remaining Lease Term		
Finance Lease Assets	14 Years	15 Years

The following is a schedule by years of future minimum lease payments required under a vehicle lease that has initial or non-cancellable lease terms in excess of one year as of June 30, 2022:

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 OPERATING LEASE (CONTINUED)

Year Ending June 30,		
2023	\$	64,714
2024		64,714
2025		64,714
2026		64,714
2027		64,714
Thereafter		582,428
Total Lease Payments		905,998
Less: Interest		177,961
Present Value of Lease Liabilities	\$	728,037

The following is a schedule by years of future minimum lease payments required under a vehicle lease that has initial or non-cancellable lease terms in excess of one year as of June 30, 2021:

Year Ending June 30,		
2022	\$	-
2023		64,714
2024		64,714
2025		64,714
2026		64,714
Thereafter		711,856
Total Lease Payments		970,715
Less: Interest		201,502
Present Value of Lease Liabilities	\$	769,213

NOTE 4 RISK MANAGEMENT

Risk exposures that may exist in connection with activities of the District, are addressed by the district's risk management policy. The District's risk management policy includes implementation of safety policies and procedures. As a part of the District's risk management policy, commercial insurance policies are purchased to cover substantially all expected losses from most types of routine risks of loss such as those due to torts; asset theft or damage; employee injuries; and natural disasters; accordingly, the District does not incur a significant self-insured retention.

The District believes its exposure to risks of loss due to business interruption and errors or omissions is fully provided for with purchased insurance.

BURBANK-PARADISE FIRE PROTECTION DISTRICT
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 JUNE 30, 2022 AND 2021

NOTE 5 CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principal that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District’s 2022 and 2021 financial statements and did not have an effect on the beginning net position of the General Fund. The District recognized \$717,932 in net book value for finance lease assets and a lease liability of \$728,037 for an vehicle apparatus leased in February 2021.

NOTE 6 PROPERTY TAXES

Property tax revenues are recognized by the District when available and measurable. Taxes are levied on July 1 for liens established for real property on the previous January 1st. The County of Stanislaus is responsible for assessing and collecting property taxes for the District in accordance with state legislation. Taxes are due, payable and delinquent as follows:

	First Installment	Second Installment	
Due Date	November 1	February 1, Following Year	50%
Delinquent date	December 10	April 10, Following Year	50%
			100%

NOTE 7 LONG-TERM DEBT

Long-term debt and other obligations are reported as liabilities. The District’s long-term debt consists of note payables used to finance major fixed asset purchases. The total outstanding principal balance as of June 30, 2022 and 2021, is \$821,789 and \$903,221.

Note payable to BBVA, Loan was funded as of June 30, 2017 funds were used for renovation and structural improvements. Principal and interest payment of \$32,003.16 are due quarterly with a current rate of interest at 3.95%. The note matures September 1, 2031. The District will be responsible for making the quarterly payments to BBVA. As of June 30, 2022, and 2021, the principal balance of the note payable was \$485,178 and \$507,089, and the total current portion of the long-term debt is \$32,003 and \$21,911.

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 LONG-TERM DEBT (CONTINUED)

Note payable to BB&T Governmental Finance, Loan was funded as of October 24, 2019 funds were used for purchase of a new emergency vehicle. Principal payments will be deferred for the first two fiscal years with interest payments still being collected, Principal payments will begin August 1, 2021, principal, and interest payments of \$49,859 are due annually with a current rate of interest at 2.68%. The note matures August 1, 2029. The District will be responsible for making the monthly payments to BB&T Governmental Finance. As of June 30, 2022, and 2021, the principal balance of the note payable was \$\$336,611 and \$396,132, and the total current portion of the long-term debt is \$20,283 and \$39,243.

Principal payments required over the next five years are as follows for year ended June 30, 2022:

Year Ending June 30,	
2023	\$ 52,286
2024	89,876
2025	92,978
2026	94,971
2027	98,184
Thereafter	393,494
Total	\$ 821,789

Principal payments required over the next five years are as follows for year ended June 30, 2021:

Year Ending June 30,	
2022	\$ 61,153
2023	86,977
2024	89,876
2025	92,978
2026	94,971
Thereafter	477,266
Total	\$ 903,221

BURBANK-PARADISE FIRE PROTECTION DISTRICT
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NOTE 8 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 29,309	\$ -	\$ -	\$ 29,309
Total Capital Assets Not Being Depreciated	29,309	-	-	29,309
Capital Assets Being Depreciated:				
Equipment and Vehicles	1,238,886	7,151	-	1,246,037
Building and Improvements	1,048,714	-	-	1,048,714
Total Capital Assets Being Depreciated	2,287,600	7,151	-	2,294,751
Less Accumulated Depreciation	(734,087)	(76,048)	-	(810,135)
Net Capital Assets Being Depreciated	1,582,822	(68,897)	-	1,513,925
Total Net Capital Assets - Program Activities	<u>\$ 1,582,822</u>	<u>\$ (68,897)</u>	<u>\$ -</u>	<u>\$ 1,513,925</u>

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 29,309	\$ -	\$ -	\$ 29,309
Total Capital Assets Not Being Depreciated	29,309	-	-	29,309
Capital Assets Being Depreciated:				
Equipment and Vehicles	1,238,886	-	-	1,238,886
Building and Improvements	1,048,714	-	-	1,048,714
Total Capital Assets Being Depreciated	2,287,600	-	-	2,287,600
Less Accumulated Depreciation	(658,754)	(75,333)	-	(734,087)
Net Capital Assets Being Depreciated	1,658,155	(75,333)	-	1,582,822
Total Net Capital Assets - Program Activities	<u>\$ 1,658,155</u>	<u>\$ (75,333)</u>	<u>\$ -</u>	<u>\$ 1,582,822</u>

BURBANK-PARADISE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 RECEIVABLES

All trade and property tax receivables are shown as net of allowance for uncollectable amounts. Other receivables are generated due to reimbursements for emergency services or insurance claims and are reported at cost.

Receivables for the District's individual major funds in the aggregate are as follows. All receivables are expected to be collected within one year.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Other Receivables	<u>\$ 10,900</u>	<u>\$ 20,929</u>

NOTE 10 PRIOR PERIOD ADJUSTMENT

The District determined that certain transaction was recorded incorrectly in a prior year. In the statement of net position, the insurance expenses was recorded in the incorrect audit period. The insurance expense would have been recorded in a later period, this resulted in an increase to net position by \$17,239.

NOTE 11 SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 18, 2024, which is the date the financial statements were available to be issued.

The District entered into a new lease agreement on April 15, 2023 for a vehicle apparatus.