

**ANTELOPE VALLEY
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
MODIFIED CASH BASIS
WITH
INDEPENDENT AUDITOR'S REPORT THERON**

JUNE 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Antelope Valley Fire Protection District
Antelope Valley, California

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities of the Antelope Valley Fire Protection District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Antelope Valley Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the Antelope Valley Fire Protection District, as of June 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1B.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Antelope Valley Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1B, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

To the Board of Directors of
Antelope Valley Fire Protection District
Antelope Valley, California

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 Antelope Valley 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 Antelope Valley 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.

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Financial Statements
Modified Cash Basis
June 30, 2022

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To the Board of Directors of
Antelope Valley Fire Protection District
Antelope Valley, California

Other Matters

Other Information

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

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

Fechter & Company
Certified Public Accountants


Sacramento, California
January 13, 2023

FINANCIAL STATEMENTS

ANTELOPE VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2022

Assets	
Current assets:	
Cash and investments	\$ 591,602
Total current assets	591,602
Capital assets:	
Nondepreciable - Land	80,607
Depreciable:	
Buildings, Machines, and equipment	2,343,997
Less: Accumulated depreciation	(1,384,408)
Total capital assets	1,040,196
Total assets	1,631,798
 Liabilities	
Promissory notes due within a year	21,327
Promissory notes payable - long-term	92,737
Total liabilities	114,064
 Net position	
Restricted - mitigation fees	7,883
Capital assets, net of related debt	926,132
Unrestricted	583,719
Total net position	\$ 1,517,734

**ANTELOPE VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2022**

	2022
Governmental activities	
Expenses	
Services and supplies	\$ 671,550
Total expenses	671,550
Program revenues	
Reimbursements	478,485
Charges for services	34,775
Total program revenues	513,260
Net program revenues	(158,290)
General revenues	
Property taxes	174,083
Use of money and property	16,510
Donations	507
Other revenues	27,508
Total general revenues	218,608
Change in net position	60,318
Net position, beginning of year	1,457,416
Net position, end of year	\$ 1,517,734

**ANTELOPE VALLEY FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
June 30, 2022**

	2022
Assets	
Cash and investments	\$ 591,602
Total assets	\$ 591,602
Fund Balance	
Restricted - mitigation fees	\$ 7,883
Unassigned	583,719
Total fund balance	591,602
Total fund balance	\$ 591,602

**ANTELOPE VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2022**

	2022
Fund balances of governmental funds	\$ 591,602
Amounts reported for governmental activities in the statements of net position are different because:	
Capital assets net of accumulated depreciation, are not current financial resources and, therefore, are not included in the governmental funds.	1,040,196
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:	
Note payable	(114,064)
Net position of governmental activities	\$ 1,517,734

ANTELOPE VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2022

	2022
Revenues	
Property taxes	\$ 174,083
Reimbursements	478,485
Use of money and property	16,510
Donations	507
Other revenues	27,508
Charges for services	34,775
Total revenues	731,868
 Expenditures	
Current	
Public Protection	
Salaries and benefits	372,474
Services and supplies	205,715
Capital outlay	90,388
Debt Service	
Principal payments	218,131
Interest expense	13,194
Total expenditures	899,902
 Net change in fund balance	(168,034)
 Fund balance, beginning of year	759,636
 Fund balance, end of year	\$ 591,602

**ANTELOPE VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2022**

	2022						
Change in fund balances of governmental funds	\$ (168,034)						
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization amount:</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Depreciation expense</td> <td style="text-align: right;">(80,167)</td> </tr> <tr> <td>Capital outlay</td> <td style="text-align: right;">90,388</td> </tr> </table> <p>Repayment of debt principle is an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position:</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 80%;">Capital lease and note payable retirements</td> <td style="text-align: right; border-bottom: 1px solid black;">218,131</td> </tr> </table>		Depreciation expense	(80,167)	Capital outlay	90,388	Capital lease and note payable retirements	218,131
Depreciation expense	(80,167)						
Capital outlay	90,388						
Capital lease and note payable retirements	218,131						
Changes in net position of governmental activities	\$ <u>60,318</u>						

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Antelope Valley Fire Protection District (the District) have been prepared in conformity with the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are below.

A. Reporting Entity

The District was organized and formed on August 4, 1947 pursuant to Board of Supervisor of the County of Mono Resolution No. 28. The District provides fire protection and emergency services for Antelope Valley and the surrounding area of Mono County. The District is legally separate and is fiscally independent of other state and local governments and is not included in any other governmental reporting entity. The District is governed by a board of five commissioners.

The District reports the activities of one blended component unit, the AVFPD Financing Corporation in the General Fund. The Corporation was formed in June 2008 to assist the District in obtaining financing from the USDA Rural Development Agency for the acquisition of real property that would be used as a fire station. The Corporation's governing board is the same as the District's governing board.

B. Measurement Focus and Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting on all cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred, except for capital assets and related debt recorded in accordance with accounting principles generally accepted in the United States of America.

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

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Basis of Accounting

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include charges paid by the recipient of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. The District's only fund is the general fund.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities. The following is the District's governmental fund:

General Fund – This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government-type activities.

D. Cash and Investments

The District is a participant in the Mono County Investment Pool (Pool) under the oversight of the Treasurer of Mono County, as required by California Government Code Section 27134. The District's investment is presented at fair value in accordance with GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's portion in the pool.

E. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Capital Assets - continued

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. Depreciation is recorded in the government-wide financial statements on a straight-line basis over 3 to 50 years.

F. Impairment of Capital Assets

The District reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of June 30, 2022, there have been no impairment of the capital assets.

G. Property Taxes and Assessments

Property taxes and assessments in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls.

Mono County levies, bills, and collects property taxes and assessments for the District. Property taxes are levied on July 1 (unsecured roll) and October 1 (secured roll) on assessed values established on the lien date of the previous January 1 for all taxable property located with the County. Property taxes and assessments are due in one installment (unsecured roll) by July 1 and is delinquent after August 31st or two installments (secured roll) due November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Property taxes and assessments are recorded as revenue, in the fiscal year they are received.

H. Equity Classifications

Equity in the government-wide statements is classified as net position and displayed in three components:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and debt attributable to the acquisition, construction, or improvements of capital assets.

Restricted net position – This amount is restricted by external contributors, laws or regulations of other governments constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This amount is all net position that does not meet the definition of “invested in capital assets, net” or “restricted net position.”

It is the District’s policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

H. Equity Classifications - continued

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed – This component includes amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the District’s Board of Commissioners. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action that imposed the constraint originally.

Assigned – This component comprises amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District’s Board of Commissioners or (b) a body (for example: a budget or finance committee) or official to which the District’s Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This classification represents amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the District’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

I. Use of Estimates

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

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2: CASH AND INVESTMENTS

The District holds unrestricted cash and investments with the Treasurer of the County of Mono in a cash and investment pool. On a quarterly basis, the Auditor-Controller allocates interest to participants based upon their average daily balances. The Treasurer’s investments and policies are overseen by the Mono County Treasury Oversight Committee. Required disclosure information regarding the categorization of investments and risk can be found in the County of Mono’s basic financial statements.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2022, cash and investments consisted of the following:

	<u>Measurement Input</u>	<u>Credit Quality Ratings</u>	<u>Fair Value June 30, 2022</u>
Investment in County of Mono Investment Pool	Level 2	Not Rated	\$ 591,602

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2022, the weighted average maturity of the pool’s investments was 1.49 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The County’s investment policy limits investments in commercial paper to the rating of A1 by Standards and Poor’s or P-1 by Moody’s Investors Service. The purchase of corporate bonds is limited to the rating of A by Standard and Poor’s and Moody’s Investor Service. Credit limits are not imposed on purchases of government agency securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of June 30, 2022, the District was not exposed to concentration of credit risk.

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2: CASH AND INVESTMENTS - continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools.

ANTELOPE VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 3: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>06/30/2022</u>
Government Activities				
Capital assets not being depreciated				
Land	\$ 80,607	\$ -	\$ -	\$ 80,607
Total capital assets not being depreciated	<u>80,607</u>	<u>-</u>	<u>-</u>	<u>80,607</u>
Capital assets being depreciated				
Buildings and improvements	539,029	-	-	539,029
Equipment	554,123	5,944	-	560,067
Vehicles	1,160,457	84,444	-	1,244,901
Total capital assets being depreciated	<u>2,253,609</u>	<u>90,388</u>	<u>-</u>	<u>2,343,997</u>
Less accumulated depreciation				
Vehicles	<u>(1,304,241)</u>	<u>(80,167)</u>	<u>-</u>	<u>(1,384,408)</u>
Total accumulated depreciation	<u>(1,304,241)</u>	<u>(80,167)</u>	<u>-</u>	<u>(1,384,408)</u>
Government activities capital assets, net	<u>\$ 1,029,975</u>	<u>\$ 10,221</u>	<u>\$ -</u>	<u>\$ 1,040,196</u>

Depreciation expense for the 2022 fiscal year was \$80,167.

NOTE 4: LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2022 consist of the following:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retired</u> <u>& payoff</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>	<u>Due in More</u> <u>than One</u> <u>Year</u>
Equipment loan	\$ 197,500	\$ -	\$ (197,500)	\$ -	\$ -	\$ -
Building loan	134,695	-	(20,631)	114,064	21,327	92,737
	<u>\$ 332,195</u>	<u>\$ -</u>	<u>\$ (218,131)</u>	<u>\$ 114,064</u>	<u>\$ 21,327</u>	<u>\$ 92,737</u>

ANTELOPE VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 4: LONG-TERM LIABILITIES - continued

Long-term debt service payments are scheduled as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 21,327	\$ 3,850	\$ 25,177
June 30, 2024	22,047	3,130	25,177
June 30, 2025	22,791	2,385	25,176
June 30, 2026	23,561	1,617	25,178
June 30, 2027	24,338	839	25,177
	<u>\$ 114,064</u>	<u>\$ 11,821</u>	<u>\$ 125,885</u>

In March 2022, the District paid off their long-term building loan.

NOTE 5: EXPENDITURES IN EXCESS OF APPROPRIATIONS

The District incurred expenditures in excess of appropriations for the 2022 fiscal year, primarily due to excessive fire season activity.

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 13, 2023, the date which the financial statements were available to be issued. Based upon this evaluation, except for the following, it was determined that no other subsequent events or contingencies have occurred that require recognition or additional disclosure in the financial statements.

OTHER INFORMATION

**ANTELOPE VALLEY FIRE PROTECTION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 153,952	\$ 153,952	\$ 174,083	\$ 20,131
Reimbursements	90,129	90,129	478,485	388,356
Use of money and property	1,800	1,800	16,510	14,710
Donations	-	-	507	507
Other revenues	139,867	139,867	27,508	(112,359)
Charges for services	42,478	42,478	34,775	(7,703)
Total revenues	<u>428,226</u>	<u>428,226</u>	<u>731,868</u>	<u>303,642</u>
EXPENDITURES				
Current:				
Public Protection				
Salaries and benefits	67,007	67,007	372,474	(305,467)
Services and supplies	175,804	175,804	205,715	(29,911)
Capital outlay	144,238	144,238	90,388	53,850
Debt Service				
Principal payments	25,177	25,177	218,131	(192,954)
Interest expense	16,000	16,000	13,194	2,806
Total expenditures	<u>\$ 428,226</u>	<u>\$ 428,226</u>	<u>899,902</u>	<u>\$ (471,676)</u>
Excess of revenues over expenditures			<u>\$ (168,034)</u>	



ANTELOPE VALLEY FIRE PROTECTION DISTRICT

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Richard C Nalder, Fire Chief
(775) 720-0056
Mike Curti, Asst. Fire Chief
(775) 291-4073

January 13, 2023

Fechter & Company
Certified Public Accountants
3445 American River Drive, Suite A
Sacramento, California 95864

This representation letter is provided in connection with your audit of the financial statements of Antelope Valley Fire Protection District, which comprise the respective financial position of the governmental activities as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with a modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 13, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 8, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with a modified cash basis of accounting.
- 2) The financial statements referred to above are fairly presented in conformity with a modified cash basis of accounting and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related

parties have been appropriately accounted for and disclosed in accordance with a modified cash basis of accounting.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed. A list of the adjustments is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with a modified cash basis of accounting.
- 10) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the District and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with , as amended.
- 31) All funds that meet the quantitative criteria in and for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 35) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 37) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 38) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 

Title: 

Government Wide

Account	Description	Debit	Credit	Net Income Effect
GASB34.1				
To record beginning equity adjustments				
1700	Land	80,607.00	0.00	
1701	Structure(s)/Improvements	539,029.00	0.00	
1702	Equipment	1,714,580.00	0.00	
1704	Accumulated Depreciation: Structures and Improveme	0.00	178,072.00	
1705	Accumulated Depreciation: Equipment	0.00	1,126,169.00	
2100	Loan Payable 05	0.00	197,500.00	
2102	Loan Payable 01	0.00	134,695.00	
3500	Unrestricted fund	0.00	697,780.00	
Total		2,334,216.00	2,334,216.00	0.00
GASB34.2				
To record current year additions and depreciation expense				
1702	Equipment	90,387.99	0.00	
5006	Capital Outlay	0.00	90,387.99	
5007	Depreciation	80,167.00	0.00	
1705	Accumulated Depreciation: Equipment	0.00	80,167.00	
Total		170,554.99	170,554.99	10,220.99
GASB34.3				
Record debt payments				
5004	Debt Service Principal	0.00	218,131.00	
2100	Loan Payable 05	197,500.00	0.00	
2102	Loan Payable 01	20,631.00	0.00	
Total		218,131.00	218,131.00	218,131.00
GRAND TOTAL		2,722,901.99	2,722,901.99	228,351.99

Client: MONO-ANTELOPE VALLEY FIRE PROTECTION DISTRICT
Report: Journal Entry

Account	Description	Debit	Credit	Net Income Effect
AJE.01				
To adjust beginning balances				
4008	Other Government Agencies	0.00	9,606.00	
5002	Services and Supplies	11,614.00	0.00	
1001	Checking-Oak Valley Community Bank	820.00	0.00	
3500	Unrestricted fund	0.00	2,828.00	
Total		12,434.00	12,434.00	(2,008.00)
AJE.02				
To remove AP for cash basis financials				
2000	Accounts Payable and Accruals	11,112.32	0.00	
5002	Services and Supplies	0.00	11,112.32	
Total		11,112.32	11,112.32	11,112.32
AJE.03				
reclassify capital outlay properly				
5006	Capital Outlay	5,526.67	0.00	
5002	Services and Supplies	0.00	5,526.67	
Total		5,526.67	5,526.67	0.00
AJE.04				
Reclass principle pymt				
5004	Debt Service Principal	226.00	0.00	
5002	Services and Supplies	0.00	226.00	
Total		226.00	226.00	0.00
GRAND TOTAL		29,298.99	29,298.99	9,104.32