

**WHEATLAND FIRE AUTHORITY  
(A Joint Powers Authority)**

**FINANCIAL REPORT**

**JUNE 30, 2022**

DRAFT

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## INDEPENDENT AUDITORS' REPORT

To the Governing Board of the  
Wheatland Fire Authority  
Wheatland, California

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wheatland Fire Authority (the "Authority") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

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## **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 opinion. 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require the budgetary comparison schedules on page 21 and 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such omitted 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.

*Schwartz, Giannini, Lantberger & Adamson*

Stockton, California  
November 9, 2023

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**WHEATLAND FIRE AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents (Note 2)	\$ 270,128
Accounts receivable	7,905
Prepaid expenses	15,014
Capital assets, net of accumulated depreciation (Note 3)	<u>997,960</u>
Total assets	<u>1,291,007</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	46,862
Payroll liabilities	9,455
Interest payable	7,801
Current portion of capital lease payable (Note 4)	<u>21,191</u>
Total current liabilities	<u>85,309</u>
Noncurrent liabilities:	
Compensated absences	9,383
Capital lease payable (Note 4)	<u>223,809</u>
Total noncurrent liabilities	<u>233,192</u>
Total liabilities	<u>318,501</u>
<b>NET POSITION</b>	
Net investment in capital assets, net of related debt	752,960
Unrestricted	<u>219,546</u>
Total net position	<u><u>\$ 972,506</u></u>

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

**WHEATLAND FIRE AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operation Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
Governmental Activities:					
Fire safety and emergency services	\$ 913,443	\$ 484,966	\$ 398,968	\$ 20,000	\$ (9,509)
Administrative	127,949	-	-	-	(127,949)
Depreciation	52,759	-	-	-	(52,759)
Total governmental activities	<u>\$ 1,094,151</u>	<u>\$ 484,966</u>	<u>\$ 398,968</u>	<u>\$ 20,000</u>	<u>\$ (190,217)</u>

General Revenues:	
Property taxes and assessments	144,115
Interest income	79
Total general revenue	<u>144,194</u>
Change in net position	<u>(46,023)</u>
Net position - beginning of year, as previously stated	795,532
Prior-period adjustment (Note 6)	<u>222,997</u>
Net position at beginning of fiscal year, restated	<u>1,018,529</u>
Net position - end of year	<u>\$ 972,506</u>

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

**WHEATLAND FIRE AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	Mitigation Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 267,577	\$ 2,551	\$ 270,128
Accounts receivable	7,905	-	7,905
Prepaid expenses	15,014	-	15,014
	<u>290,496</u>	<u>2,551</u>	<u>293,047</u>
Total assets			
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	46,862	-	46,862
Payroll liabilities	9,455	-	9,455
	<u>56,317</u>	<u>-</u>	<u>56,317</u>
Total liabilities			
<b>FUND BALANCE</b>			
Nonspendable			
Prepaid expenses	15,014	-	15,014
Unrestricted			
Assigned for capital replacements	16,738	-	16,738
Assigned for mitigation	-	2,551	2,551
Unassigned	202,427	-	202,427
Total fund balance	<u>234,179</u>	<u>2,551</u>	<u>236,730</u>
Total liabilities and fund balances	<u>\$ 290,496</u>	<u>\$ 2,551</u>	<u>\$ 293,047</u>

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



**WHEATLAND FIRE AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS -  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total fund balance as reported on the governmental fund balance sheet \$ 236,730

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds Balance Sheet above because of the following:

In governmental funds, only current assets are reported. In the statement of net position all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	1,762,898	
Accumulated depreciation		<u>(764,938)</u>	
Net capital assets			997,960

In the governmental funds, only current liabilities are reported. In the statement of net position all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$	9,383	
Interest payable		7,801	
Capital lease		<u>245,000</u>	(262,184)

Net position of governmental activities		<u>\$ 972,506</u>	
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The accompanying notes are an integral part of these financial statements.

**WHEATLAND FIRE AUTHORITY**  
**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Mitigation Fund	Total
<b>REVENUES</b>			
Direct assessments	\$ 144,115	\$ -	\$ 144,115
Donations	1,402	-	1,402
Funding from JPA members	331,634	-	331,634
Strike team reimbursement	398,311	-	398,311
Interest income	79	-	79
Other income	138,703	-	138,703
Grants and contributions	33,884	-	33,884
Total revenues	<u>1,048,128</u>	<u>-</u>	<u>1,048,128</u>
<b>EXPENDITURES</b>			
Fire safety and emergency services			
Salaries and wages	632,848	-	632,848
Services and supplies	271,212	-	271,212
Capital outlay	109,231	-	109,231
Total fire safety and emergency services	<u>1,013,291</u>	<u>-</u>	<u>1,013,291</u>
Administrative and support services			
Consultants	8,835	-	8,835
Legal and accounting	9,268	-	9,268
Insurance	34,976	-	34,976
Building and grounds	29,749	-	29,749
Office expense	29,867	-	29,867
Miscellaneous	5,930	-	5,930
Total administrative and support services	<u>118,625</u>	<u>-</u>	<u>118,625</u>
Debt Service			
Principal	200,000	-	200,000
Interest	1,523	-	1,523
Total debt service	<u>201,523</u>	<u>-</u>	<u>201,523</u>
Total expenditures	<u>1,333,439</u>	<u>-</u>	<u>1,333,439</u>
Excess of revenues over (under) expenditures	(285,311)	-	(285,311)
Other financing sources (uses):			
Loan proceeds	200,000	-	200,000
Total other financing sources (uses)	<u>200,000</u>	<u>-</u>	<u>200,000</u>
(Excess) of expenditures and other uses over revenues and other sources	(85,311)	-	(85,311)
Fund balance - beginning	319,490	2,551	322,041
Fund balance - ending	<u>\$ 234,179</u>	<u>\$ 2,551</u>	<u>\$ 236,730</u>

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

**WHEATLAND FIRE AUTHORITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED 30, 2022**

Net change in fund balance - governmental fund	\$	(85,311)
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$109,231 is more than depreciation expense of \$52,759 in the period.</p>		56,472
<p>In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). For this fiscal year ended, vacation earned exceed the amounts used by \$9,383.</p>		(9,383)
<p>In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period was:</p>		(7,801)
Change in net position of governmental activities	<u>\$</u>	<u>(46,023)</u>

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

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Wheatland Fire Authority (the “Authority”) is a special purpose local government, established in January 2006 under the California Health and Safety Code. The Authority was established to serve areas previously served by the Plumas-Brophy Fire Authority and the City of Wheatland. The Authority exists to protect the lives, property, and environment within the areas served from fires, disasters, and emergency incidents through education, prevention, and emergency response. Funding is provided primarily through assessments and funding from the two JPA members for fire protection services.

The reporting entity is the Wheatland Fire Authority. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. *Government activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the Authority’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

*Program revenues* include 1) charges paid by the recipients of goods or services offered by the programs, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and 3) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Taxes and other revenues not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Presentation

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Authority's governmental activities.

The Authority does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Authority, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

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

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

Basis of Accounting

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

Revenue – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Authority, "available" means collectible within the current period or within 60 days after fiscal year end.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include property taxes and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenues:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

Fund financial statements

The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The Authority's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Authority's accounts are organized into two major funds as follows:

*General fund* – This fund is the Authority's primary operating fund and accounts for all financial resources of the general government.

*Mitigation fund* – This fund was set up to account for and provide funding for growth in service areas.

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balances and Net Position

Fund balance is the difference between the assets and liabilities reported in the governmental general fund. In compliance with GASB Statement No. 54, the Authority has established the following fund balance types:

*Nonspendable* – This non-spendable fund balance classification 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* – The restricted fund balance classification includes amounts that reflect constraints placed on the use of resources (other than non-spendable items) that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action (legislation, resolution, ordinance, etc.) it employed to previously commit those amounts.

Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted or committed. Such intent is to be established by a) the governing body itself or b) a body or official to which the governing body had delegated the authority to assign amounts to be used for specific purposes.

*Unassigned* – The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

Governmental Accounting Standards Board Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified in the following categories:

*Net Investment in Capital Assets* – Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by outstanding debt directly attributed to the acquisition, construction, or improvement of the assets.

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balances and Net Position (Continued)

*Restricted Net Position* – The restricted net position is the portion of net position that has external constraints placed on it by external creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – The unrestricted net position classification is the amount remaining that does not fall into one of the above two categories.

The Authority's policy is that when an expenditure is incurred for which both restricted and unrestricted fund balances are available, the restricted fund balance be spent first followed by committed, then assigned, and if applicable, unassigned.

Interfund Activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Cash and Investments

The Authority pools part of its available cash for investment purposes with the Yuba County. The Authority considers pooled cash and investments, with original maturities of three months or less, to be cash equivalents.

Budgetary information

The Authority, as per the JPA agreement, adopts final annual operating budgets prior to the start of the fiscal year (June 30<sup>th</sup>).

Prepaid expenses

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Use of estimates

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

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets are depreciated over the estimated useful life of the related asset.



**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

Depreciation is provided for under the straight-line method using the following estimated useful lives:

Vehicles and equipment	5 to 20 years
Office Equipment	5 to 10 years
Improvements	10 to 20 years
Furniture / Equipment	5 to 10 years
Software	3 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements including truck improvements, which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Upon sale of capital assets, the proceeds from sale of capital assets included in the results of operations as other financing sources.

Compensated Absences

In compliance with GASB Statement No. 16, the Authority has established a liability for accrued sick leave and vacation. All vacation is accrued when incurred in the government-wide statements. This liability is calculated for current employees at the current rates of pay. The Authority employees accrue vacation and sick leave that vary in amounts, based primarily on employment status and years of service. In the event of termination or retirement, employees are reimbursed for the total value of their accumulated vacation days. All compensated absences for governmental activities are paid out of the general fund.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Authority.

**NOTE 2. CASH AND INVESTMENTS**

The Authority maintains cash in a bank and in the Yuba County Treasury. The County Treasurer pools and invests the Authority's cash with other funds under its control. Interest earned on pooled investments is apportioned into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionally shared by all funds in the pool.

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2. CASH AND INVESTMENTS (Continued)**

Investments are carried at fair value. At June 30, 2022, the Authority had the following cash and investments on hand:

Cash and investments on deposit with County Treasurer	\$ -
Cash on hand and in bank	<u>270,128</u>
 Total cash and investments	 <u><u>\$ 270,128</u></u>

The Authority categorized its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority had investments in the Yuba County Investment Pool, measured under Level 2.

Investments Authorized by the Authority's Investment Policy

The Authority has not formally adopted a deposit and investment policy that limits the Authority's allowable deposits or investments and addresses the specific types of risk to which the government is exposed. However, the Yuba County Treasurer's investment policy contains specific provisions intended to limit the Authority's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The remaining maturity of the Authority's investments in the Yuba County Investment Pool is 12 months or less.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. There is no minimum legal rating required of investment pools such as the Yuba County Investment Pool. Therefore, a rating is not issued.

Concentration of Credit Risk

The Authority has not formally adopted an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

**WHEATLAND FIRE AUTHORITY**  
**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 Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% 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 Authority'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 to only direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Yuba County Investment Pool).

**NOTE 3. CAPITAL ASSETS**

Capital asset activity for the fiscal year ending June 30, 2022 is as follows:

	Previously Stated Balance June 30, 2021	Prior Period Adjustment	Restated Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities:						
Depreciable assets:						
Vehicles and equipment	1,495,675	(13,388)	1,482,287	354,730	(76,152)	1,760,865
Furniture	770	-	770	-	-	770
Software	1,263	-	1,263	-	-	1,263
Total depreciable assets	<u>1,497,708</u>	<u>(13,388)</u>	<u>1,484,320</u>	<u>354,730</u>	<u>(76,152)</u>	<u>1,762,898</u>
Accumulated depreciation	<u>(1,024,716)</u>	<u>236,385</u>	<u>(788,331)</u>	<u>(52,759)</u>	<u>76,152</u>	<u>(764,938)</u>
Net depreciable assets	<u>472,992</u>	<u>222,997</u>	<u>695,989</u>	<u>301,971</u>	<u>-</u>	<u>997,960</u>
Net capital assets	<u>\$ 472,992</u>	<u>\$ 222,997</u>	<u>\$ 695,989</u>	<u>\$ 301,971</u>	<u>-</u>	<u>\$ 997,960</u>

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4. OBLIGATION UNDER THE CAPITAL LEASE**

The Authority is leasing transportation equipment with Community First National Bank under an agreement which provides for title to pass upon expiration of the lease period. The lease is considered a capital lease and expires July 2031. The asset and liability under the capital lease were recorded at the present value of the minimum lease payments in the amount of \$245,000. The asset is being amortized over the estimated useful life of ten years. Amortization of the asset under capital leases will be included in depreciation expense after the asset has been put in service, which is expected to be in fiscal year 2023. Capital lease accrued interest for the year ended June 30, 2022 was \$ 7,801.

The future minimum payment obligation for the capital lease payable is shown below:

For the Fiscal Year			
Ending June 30	Principal	Interest	Total
2023	\$ 21,191	\$ 7,801	\$ 28,992
2024	21,866	7,126	28,992
2025	22,562	6,430	28,992
2026	23,280	5,712	28,992
2027	24,022	4,970	28,992
Thereafter	132,079	12,879	144,958
	<u>\$ 245,000</u>	<u>\$ 44,918</u>	<u>\$ 289,918</u>

**NOTE 5. JOINT POWERS AGREEMENT**

Wheatland Fire Authority operates under the terms of a Joint Powers Agreement dated January 1, 2006. The Authority was formed for the purpose of providing a more efficient fire protection service for areas previously served by the Plumas-Brophy Fire Protection District and the City of Wheatland. The Plumas-Brophy Fire Protection District and the City of Wheatland fund the Authority to protect the lives, property, and environment within the areas served from fires, disasters, and emergency incidents through education, prevention, and emergency response.

Pursuant to the terms of the JPA, each member funds their pro rata of operating costs to the Authority based on a funding formula, adjusted annually by the percent change for the previous year in the Consumer Price Index for All Urban Consumers.

The WFA governing board consists of two members appointed from each participating entity as determined by the respective City Council or Board of Directors. All the financial decisions are made by this four-member board. The Plumas-Brophy Fire Protection District and the City of Wheatland contributed \$165,817 each to the Authority during the fiscal year ended June 30, 2022 for fire protection services.

**WHEATLAND FIRE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5. JOINT POWERS AGREEMENT (Continued)**

The Agreement may be terminated if: 1) Either the Plumas-Brophy Fire Authority or City of Wheatland defaults on its contributions, the non-defaulting party may terminate the Agreement; 2) Upon unanimous written consent of the parties to terminate the Agreement expressed by a resolution by the governing board of each party; or 3) upon at least six months prior written notice of termination from one party to another. As of June 30, 2022, management of both parties have expressed no intention to terminate the Agreement.

**NOTE 6. PRIOR-PERIOD ADJUSTMENT**

There was a prior-period adjustment of \$355,000 made to the Statement of Activities as of June 30, 2022 to increase the net position due to insurance proceeds that were received in fiscal year 2021 but not recorded. The proceeds were a result of a fire truck being in an accident where the truck was totaled. A second prior-period adjustment in the amount of (\$132,003) was made to remove the truck from the Authority's fixed assets. The net result of both prior-period adjustments was an increase to net position of \$222,997.

**NOTE 7. RELATED PARTY TRANSACTIONS**

During the fiscal year ended June 30, 2022, the Authority received two loans from Plumas-Brophy Fire Protection District in the amount of \$100,000 each. Both loans had an interest rate of 1.7% and were short-term loans that were paid off during the fiscal year. The loans were to cover costs associated with responding to wildfires as part of the lease arrangement with CalFire. The fire lasted three months and CalFire's payment policy is to remit payment for leasing the labor and equipment once the fire has been fully extinguished. All principal and interest was repaid once it was remitted by CalFire. No payable remains as of June 30, 2022.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

There are no contingent liabilities outstanding and no lawsuits pending of real financial consequence as of the end of the fiscal year.

The Authority has received State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the term of the grants, it is believed that any required reimbursement will not be material.

**NOTE 9. EXCESSS OF EXPENDITURES OVER APPROPRIATIONS**

The Authority incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

**WHEATLAND FIRE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (Continued)**

Excess of expenditures over appropriations for the year ended June 30, 2022 were as follows:

	<u>Excess Expenditures</u>
Uniforms	\$ 4,049
Salaries & wages	260,294
Workers comp insurance	1,560
Operating supplies	1,427
Training	7,837
Small equipment	1,695
Equipment maintenance	62,572
Capital outlay	109,231
Consultants	835
Miscellaneous	930
Utilities	778
Office expense	10,035
Dues	2,680
Insurance	19,976
Principal	200,000
Interest	1,523
	<u>\$ 685,422</u>

**NOTE 10. DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through November 9, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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**WHEATLAND FIRE AUTHORITY  
BUDGETARY COMPARISON SCHEDULE- GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		Over/(Under) Final Budget
<b>REVENUES</b>				
Direct Assessments	\$ 172,000	\$ 172,000	\$ 144,115	\$ (27,885)
Donations	2,000	2,000	1,402	(598)
Funding from JPA members	331,632	331,632	331,634	2
Strike team reimbursement	90,000	90,000	398,311	308,311
Interest income	-	-	79	79
Other income	95,300	95,300	138,703	43,403
Grants and contributions	-	-	33,884	33,884
Total revenues	<u>690,932</u>	<u>690,932</u>	<u>1,048,128</u>	<u>357,196</u>
<b>EXPENDITURES</b>				
Fire safety and emergency services:				
Uniforms	10,000	10,000	14,049	(4,049)
Salaries and wages	372,554	372,554	632,848	(260,294)
Workers comp insurance	28,500	28,500	30,060	(1,560)
Operating supplies	18,000	18,000	19,427	(1,427)
Dispatch	16,100	16,100	5,635	10,465
Training	10,000	10,000	17,837	(7,837)
Small equipment	10,000	10,000	11,695	(1,695)
Equipment maintenance	84,324	84,324	146,896	(62,572)
Fuel	27,000	27,000	25,613	1,387
Capital outlay	-	-	109,231	(109,231)
	<u>576,478</u>	<u>576,478</u>	<u>1,013,291</u>	<u>(436,813)</u>
Administrative and support:				
Consultants	8,000	8,000	8,835	(835)
Miscellaneous	5,000	5,000	5,930	(930)
Legal and accounting	10,250	10,250	9,268	982
Utilities	19,728	19,728	20,506	(778)
Office expense	6,652	6,652	16,687	(10,035)
Building and grounds	36,000	36,000	9,243	26,757
Dues	10,500	10,500	13,180	(2,680)
Insurance	15,000	15,000	34,976	(19,976)
	<u>111,130</u>	<u>111,130</u>	<u>118,625</u>	<u>(7,495)</u>
Debt service and capital:				
Principal	-	-	200,000	(200,000)
Interest	-	-	1,523	(1,523)
	<u>-</u>	<u>-</u>	<u>201,523</u>	<u>(201,523)</u>
Total expenditures	<u>687,608</u>	<u>687,608</u>	<u>1,333,439</u>	<u>(645,831)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	-	200,000	200,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,324	3,324	(85,311)	(88,635)
Fund balance - beginning	<u>319,490</u>	<u>319,490</u>	<u>319,490</u>	<u>-</u>
Fund balance - ending	<u>\$ 322,814</u>	<u>\$ 322,814</u>	<u>\$ 234,179</u>	<u>\$ (88,635)</u>

See accompanying independent auditors' report.



**WHEATLAND FIRE AUTHORITY  
 BUDGETARY COMPARISON SCHEDULE- MITIGATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance Over/(Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Mitigation fees	\$ -	\$ -	\$ -	\$ -
Total revenues				
<b>EXPENDITURES</b>				
Fire mitigation	-	-	-	-
Total expenditures				
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund balance - beginning	2,551	2,551	2,551	-
Fund balance - ending	<u>\$ 2,551</u>	<u>\$ 2,551</u>	<u>\$ 2,551</u>	<u>\$ -</u>

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See accompanying independent auditors' report.