

WESTPORT FIRE PROTECTION DISTRICT

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
NOTES TO FINANCIAL STATEMENTS	15
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – General Fund	26



JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354

Phone (209) 236-1040 • Fax (209) 236-1068

CASEY G. JOHNSON, CPA, CVA, MBA

MICHELLE N. MATOS, CPA, MBA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Westport Fire Protection District
Modesto, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westport Fire Protection District, a component unit of the County of Stanislaus, California as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Westport Fire Protection District as of June 30, 2021, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.

Johnson & Associates CPAs, Inc.

Johnson & Associates CPAs, Inc.

December 14, 2021
Modesto, California

WESTPORT FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

This section of the Westport Fire Protection District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2021. The information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021

- The District's net position increased \$81,765 or 9.37 percent, from \$790,456 to \$872,221
- Operating revenues increased by \$2,573 or 1.43 percent from \$176,773 to \$179,346
- Total operating expenses (including depreciation of \$63,541) decreased by \$4,744 or 1.69 percent, from \$280,329 to \$275,585.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include two types of statements that present different views of the District:

- The first two statements found on pages 9 & 10 are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. Because these statements include all District funds, it should be noted that certain inter-fund and other types of transactions that net to zero have been eliminated so that District-wide revenues and expenditures are not artificially inflated.
- The remaining statements found on pages 11 & 13 are fund-level financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

These two types of statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Generally, over time, increases and decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

The financial statements also include notes that explain some of the information in the statements. These notes are considered to be an integral part of the financial statements and should be considered with them when looking at the District's financial picture.

FINANCIAL ANALYSIS OF THE DISTRICT

In Fiscal Year 2020/2021 the District continued its quest to deliver fire and life safety services in an efficient and effective manner.

The District completed the year with a positive change in net position. Though the revenues have increased the overall financial picture for the District remains a concern for future years. The concern is generated by the fact that general expenses continue to outpace the increases in our revenue sources.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The District’s funds include a General Fund, which finances daily operations; Capital Projects Fund, which is used for the purchase of property, facilities, and equipment; and Development Fee Fund, which collects fees from new development and is used to purchase property, facilities and equipment necessary to maintain and enhance the level of services provided;

All District funds had a positive balance at the completion of the year.

NET POSITION

A summary of the District’s Statement of Net Position is presented below.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Assets		
Capital Assets	\$ 252,700	\$ 214,159
Other Assets	<u>549,664</u>	<u>658,062</u>
Total Assets	802,364	872,221
Liabilities		
Current Liabilities	11,908	-
Net Position		
Net Investment in Capital Assets	252,700	214,159
Restricted	11,274	20,456
Unrestricted	<u>526,482</u>	<u>637,606</u>
Total Net Position	<u>\$ 790,456</u>	<u>\$ 872,221</u>

As the table above indicates, total net position increased \$83,185 during the fiscal year ended June 30, 2021.

The liabilities have decreased \$11,908 during the fiscal year primarily due to the fact that the prior year payable balance was due to invoices received in the second half of the last month of the year since all bills are paid once a month.

A summary of the District's Statement of Activities is presented below.

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Operating Revenue	\$ 176,773	\$ 179,346
Operating Expenses	<u>280,329</u>	<u>275,585</u>
Operating Profit	(103,556)	(96,239)
Non-Operating Revenue (Expense)		
Property Tax Revenue	88,058	95,844
Interest Income	10,165	8,556
Other	<u>83,318</u>	<u>73,604</u>
Non-Operating Revenue (Expense)	181,541	178,004
Change in Net Position	77,985	81,765
Beginning Net Position	<u>712,471</u>	<u>790,456</u>
Ending Net Position	<u>\$ 790,456</u>	<u>\$ 872,221</u>

The Statement of Activities identify the various revenues and expense items which affect the change in net position. As mentioned above, District operating revenue increased due to increase in Property taxes collected. Operating expenses decreased due to continued decreased costs primarily in staffing and training. Together, the result was to increase the District's net position.

The Board of Directors adopts the District's budget on an annual basis which provides funding for the District's operating, capital and debt service costs in the upcoming fiscal year. For the current year, the actual total operating revenue was more than budgeted revenue by \$88,802. Actual total expenses were \$62,056 under the budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District is continuing to evaluate levels of service and is prepared to make necessary adjustments within the organization to financially live within our means.

Development and growth in the District have been minimal over the last few years. Limited revenue collected from development continues to influence the District's ability to purchase new and replacement equipment.

Over the past several years the District has extended the life-expectancy of apparatus due to a past history of limited revenues. Although the District has some funds identified for the replacement of aged equipment, there has been a conservative approach in expending funds in this area.

The District, like most governmental agencies, has been forced to adjust its operation to deal with the current economic crisis. The economic climate has greatly compromised the future growth and viability of the District.

In conclusion, the financial stability of the District is paramount; as well as a conservative financial management perspective of the budget to stretch reserves far beyond the period that was originally anticipated. With that said, the District is committed to living within the means of our revenues and will continue to explore additional sources of revenue.

The District's assessment rates are reviewed by staff and the Board of Directors on an as needed basis. The District's primary source of revenue comes from special assessment fees, property taxes and interest income. An increase in assessment rates has been enacted for the 2021-2022 fiscal year.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact Westport Fire Protection District's Bookkeeper at 5160 S. Carpenter Rd., Modesto, California 95358, telephone (209) 537-1391.

WESTPORT FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Cash and Cash Equivalents	\$ 628,718	
Cash and Cash Equivalents, Restricted	20,456	
Taxes Receivable	8,888	
Capital Assets, Net of Depreciation	<u>214,159</u>	
Total Assets		\$ 872,221

NET POSITION

Net Investment in Capital Assets	214,159	
Restricted for:		
Development Fees	20,456	
Unrestricted	<u>637,606</u>	
Total Net Position		<u>\$ 872,221</u>

See accompanying notes and accountant's report.

WESTPORT FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	(Expenses)	Charges for Services	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
GOVERNMENTAL ACTIVITIES				
Operations	\$ (275,585)	\$ 179,346	\$ -	\$ <u>(96,239)</u>
Net (Expense) Revenue				<u>(96,239)</u>
GENERAL REVENUES (EXPENSES)				
Property Tax Revenue				95,844
Development Fee Revenue				8,975
Interest				8,556
Miscellaneous				<u>64,629</u>
Total General Revenues (Expenses)				<u>178,004</u>
CHANGE IN NET POSITION				81,765
NET POSITION				
Beginning of Year				<u>790,456</u>
End of Year				<u>\$ 872,221</u>

See accompanying notes and accountant's report.

WESTPORT FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Governmental Fund Types</u>			Total Governmental Funds
	<u>General Fund</u>	<u>Capital Projects Fund</u>	Special Revenue Fund	
			<u>Development Fee Reserve Fund</u>	
ASSETS AND OTHER DEBITS				
Cash and Cash Equivalents	\$ 348,489	\$ 280,229	\$ -	\$ 628,718
Cash and Cash Equivalents, Restricted	-	-	20,456	20,456
Due From Other Funds	25,000	-	-	25,000
Taxes Receivable	8,888	-	-	8,888
Total Assets and Other Debits	<u>\$ 382,377</u>	<u>\$ 280,229</u>	<u>\$ 20,456</u>	<u>\$ 683,062</u>
LIABILITIES				
Due To Other Funds	\$ -	\$ 25,000	\$ -	\$ 25,000
Total Liabilities	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	8,888	-	-	8,888
Total Deferred Inflows of Resources	<u>8,888</u>	<u>-</u>	<u>-</u>	<u>8,888</u>
FUND EQUITY AND OTHER CREDITS				
Fund Balances:				
Restricted	-	-	20,456	20,456
Committed	-	255,229	-	255,229
Assigned	-	-	-	-
Unassigned	373,489	-	-	373,489
Total Fund Balance	<u>373,489</u>	<u>255,229</u>	<u>20,456</u>	<u>649,174</u>
Total Liabilities, Deferred Inflows of Resources, Fund Equity and Other Credits	<u>\$ 382,377</u>	<u>\$ 280,229</u>	<u>\$ 20,456</u>	<u>\$ 683,062</u>

See accompanying notes and accountant's report.

WESTPORT FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2021

FUND BALANCE OF GOVERNMENTAL FUNDS	\$ 649,174
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Property tax receivable revenues that are not available to pay current obligations are off-set in the fund financial statements by deferred revenue.	8,888
Capital assets net of depreciation have not been included as financial resources in governmental fund activity because they are not current financial resources.	<u>214,159</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 872,221</u>

See accompanying notes and accountant's report.

WESTPORT FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Development Fee Reserve Fund</u>	
REVENUE				
Property Taxes	\$ 95,844	\$ -	\$ -	\$ 95,844
Special Assessment	180,766	-	-	180,766
Interest	4,226	4,123	207	8,556
Other Income	64,629	-	-	64,629
Development Fees	-	-	8,975	8,975
Total Revenue	<u>345,465</u>	<u>4,123</u>	<u>9,182</u>	<u>358,770</u>
EXPENDITURES				
Current Program - Public Safety, Fire and Rescue Services and Supplies, and Other Charges	212,044	-	-	212,044
Capital Outlay	-	25,000	-	25,000
Total Expenditures	<u>212,044</u>	<u>25,000</u>	<u>-</u>	<u>237,044</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>133,421</u>	<u>(20,877)</u>	<u>9,182</u>	<u>121,726</u>
FUND BALANCE, BEGINNING OF YEAR	<u>240,068</u>	<u>276,106</u>	<u>11,274</u>	<u>527,448</u>
FUND BALANCE, END OF YEAR	<u>\$ 373,489</u>	<u>\$ 255,229</u>	<u>\$ 20,456</u>	<u>\$ 649,174</u>

See accompanying notes and accountant's report.

WESTPORT FIRE PROTECTION DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	121,726
Revenue (Expenses) Reported on Statement of Activities not Included on the Governmental Funds Statement:		
Assessment and reimbursement revenues that are not available to pay current obligations are not reported in the fund financial statements but are reported in the statement of activities.		(1,420)
Capital outlays are recorded as expenditures in the fund financial statements because they use current financial resources but are included in capital assets net of depreciation in the statement of net position.		25,000
Depreciation expense is not included in the fund financial statements because it is not an expenditure of current resources.		<u>(63,541)</u>
CHANGE IN NET POSITION	\$	<u>81,765</u>

See accompanying notes and accountant's report.

WESTPORT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Westport Fire Protection District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The Westport Fire Protection District was formed August 14, 1962 by the Stanislaus County Board of Supervisors. The District operates under the Fire Protection District law of 1987, Health and Safety Code Sections 13801 – 13999. The District is governed by a board of five members elected to four year terms.

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, defining the governmental reporting entity, the District includes all funds that are controlled by or dependent upon the Board of Directors of the District. Since no other entities are controlled by or rely upon the district, the reporting entity consists solely of the District.

The District's management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-Wide Statements

The statement of net position and the statement of activities report information on all of the District's activities. 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. Property taxes are recognized as revenues in the year for which they are levied.

Government Fund Statements

The Government Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Net Position

Net Position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows. Net position is classified into the following components: net investment in capital assets,

WESTPORT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restricted and unrestricted. Restricted net position describes the portion of net position which is restricted as to use by the terms and conditions of agreement with outside parties, governmental regulations, laws, enabling legislation or other restrictions which the District cannot unilaterally alter.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Except for any Grant revenues, the Board has complete discretion over expenditure management. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, 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. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first based upon their intended purpose, then unrestricted resources as they are needed. The District has only one fund group, governmental funds.

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.

Capital Projects Fund – The District has established a capital projects fund. The funds held in the account are considered unrestricted but committed for the purchase of capital assets or the construction of major capital projects. It is also the intention of the Board that this fund be utilized to accumulate excess funds in an interest bearing account for the purpose of funding the District should economic conditions decline and supplemental funding become necessary. Therefore, in the event of a shortfall in the General Fund, the District may borrow from the Capital Projects Funds to cover the shortfall. In such an event, the District shall reimburse the Capital Projects Fund when sufficient funds become available in the General Fund.

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The District maintains the following special revenue funds:

Development Fee Reserve Fund – This fund is maintained for the fees collected on new development as Fire Protection Facilities Fees under authority of California Government Code 66000 et seq., and Stanislaus County Ordinance Code Section 364(1)(part) 1991. Development Fees are collected only on those development projects not subject to the California Environmental Quality Act (CEQA). This fund is restricted for funding of new capital projects and to assist the District in meeting increased demand due to growth in the District.

WESTPORT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

The District has implemented 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 a 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 at June 30, 2021.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District's Development Fee Reserve Fund is considered restricted.

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 action to remove or change the constraint. Committed funds may be modified or rescinded only through resolutions approved by the District Board. The District's Capital Projects Fund is committed at year end.

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 delegates the authority. The District does not have any Assigned Funds as of June 30, 2021.

Unassigned fund balance – all amounts not included in other spendable classifications.

The District uses the budgetary process to identify the use of restricted or committed funds. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District looks to the budget to determine which classification of funds will be spent first. If the expenditure has not been budgeted, unassigned funds are used.

Classification of Revenues and Expenses

Revenue to finance the District's operation is primarily derived from special assessments to taxpayers, which are billed and collected on behalf of the District by Stanislaus County (the County) as a separate component of semiannual property tax billings. Secured property taxes are levied on March 1. Taxes are payable in two installments on April 10 and December 10. The County remits to the District those charges which are placed on the property tax roll and handles all delinquencies, retaining interest and penalties.

WESTPORT FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

Property Taxes and Special Assessments

Secured property taxes are considered measurable and available when apportioned to the District. The County is responsible for assessing and collecting secured property taxes for the District in accordance with enabling state legislation (including appropriation limits). The County apportions secured taxes to the District under the "Teeter Plan" – California Revenue and Taxation Code Sections 4701- 4717.

A complex allocation formula is used to distribute levied secured taxes to the County and its Districts. The levy date is July 1. The District is credited with 100 percent of its apportionments, regardless of the actual collections and delinquencies. Accordingly, penalties and interest collected by the County are not allocated to the District.

Apportionments are distributed according to the following schedule:

Action	Date	Percent
First Apportionment	By December 25	55%
Second Apportionment	By April 25	40%
Third Apportionment	By June 25	5%

Supplemental unsecured property taxes are considered measurable and available when collected. The assessments are remitted to the County with the secured property tax billings. The County then remits collections to the District.

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 \$1,000 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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

WESTPORT FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-45
Equipment	5-40
Vehicles	5-20

Budget and Budgetary Accounting

The Board shall adopt a preliminary operating budget for the fiscal year commencing July 1. The Board has only adopted a formal budget for the General Fund. Public hearings are conducted at an advertised location to obtain taxpayer comments. Prior to October 1, the budget is adopted by vote of the Board. Once approved, the Board may amend the legally adopted budget when unexpected modifications are required.

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for the special revenue funds. Therefore, budget comparison information is presented for the general fund only.

Revenues are more than the budgeted amount by a total of \$75,497 due primarily to the collection of fees related to a large annexation included in miscellaneous revenue. Actual expenditures, excluding capital outlay, are less than the budgeted amounts by a total of \$62,056 due primarily to less than budgeted maintenance type costs.

Receivables

The Board feels that all receivables are collectible. Therefore, no allowance has been recorded for doubtful receivables as of June 30, 2021. For receivables that are estimated, any difference between the amount received and the receivable will be accounted for as an increase or decrease in revenue in the following year.

Encumbrances

No reserve for encumbrances has been recorded. Generally, the District pays all bills immediately. Any encumbrances are provided for in the subsequent year's budget.

Estimates

The preparation of the basic 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.

WESTPORT FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Inputs, Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 - Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.

Level 2 - Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.)

Level 3 - Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents held by the District were comprised of the following at June 30, 2021:

	Carrying Amount	Bank Balance	Fair Value
Investments in External Investment Pool			
Stanislaus County Treasurer	\$ 649,174	\$ 667,101	\$ 667,101

The District maintains all 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 pooled funds are carried at cost plus accrued interest, which approximates market value. Accordingly, the

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

amount of cash and cash equivalents maintained in the external investment pool represent Level 2 category investments. Interest earned is deposited monthly 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 Treasury Oversight Committee oversees the Treasurer's investments and policies.

NOTE 3 CHANGES IN CAPITAL ASSETS

The following changes in the capital assets occurred during the year ended June 30, 2021:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Land	\$ 3,665	\$ -	\$ -	\$ 3,665
Structures and Improvements	237,490	-	-	237,490
Equipment	<u>1,140,495</u>	<u>25,000</u>	<u>(2,112)</u>	<u>1,163,383</u>
Total	<u>1,381,650</u>	<u>25,000</u>	<u>(2,112)</u>	<u>1,404,538</u>
Accumulated Depreciation Structures and Improvements	(137,059)	(8,518)	-	(145,577)
Equipment	<u>(991,891)</u>	<u>(55,023)</u>	<u>2,112</u>	<u>(1,044,802)</u>
Total	<u>(1,128,950)</u>	<u>(63,541)</u>	<u>2,112</u>	<u>(1,190,379)</u>
Net Capital Assets	<u>\$ 334,919</u>	<u>\$ (38,541)</u>	<u>\$ -</u>	<u>\$ 214,159</u>

The total amount presented as land represents the total amount of capital assets that are not being depreciated.

NOTE 4 ARTICLE XIII (B) APPROPRIATION LIMIT

The District has calculated the required annual Article XIII (B) appropriation limit based on available population and cost-of-living data.

WESTPORT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 JOINT VENTURES (JOINT POWERS AGREEMENTS)

FASIS

The District participates and is a member in a joint venture under a Joint Powers Agreement (JPA). The independent JPA is known as the Fire Agencies Self Insurance System (FASIS).

FASIS was created pursuant to a Joint Powers Agreement between approximately 200 California fire and community service districts. FASIS exists to provide a program to pool workers' compensation coverage for participating agencies. Participation is voluntary.

The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Complete, separate financial statements for the JPA are available from the entity.

Withdrawal from FASIS may be made only at the end of a fiscal year, and with twelve months' notice. FASIS is governed by a board of directors composed of one representative employee or official from each member district. Members pay a premium commensurate with the respective level of coverage. FASIS may levy additional assessments if deemed necessary.

The District made payments totaling \$12,912 to FASIS during the year ending June 30, 2021.

FAIRA

The District participates and is a member in a joint venture under a Joint Powers Agreement (JPA). The independent JPA is known as the Fire Agencies Insurance Risk Authority (FAIRA).

FAIRA was created pursuant to a Joint Powers Agreement between approximately 100 California fire districts. FAIRA exists to aid in developing an effective risk management program to reduce the amount and frequency of losses, pooling self-insured losses, and jointly purchasing excess insurance and administrative services in connection with a joint protection program. Participation is voluntary. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Complete, separate financial statements for the JPA are available from the entity.

WESTPORT FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 5 JOINT VENTURES (JOINT POWERS AGREEMENTS) (Continued)

Each member agency has the responsibility to:

- Adopt a risk management statement;
- Adopt and implement a risk management program which can reasonably be expected to reduce, or minimize the member agency's losses;
- Establish and maintain an active safety committee;
- Cooperate fully with the Authority in determining the cause of losses and in the settlement of losses;
- Upon withdrawal from the Authority, a member agency must pay a penalty to the Authority the equivalent of ten percent (10 percent) of its annual premium;
- Cooperate with and assist the Authority, and any insurer, claims adjuster or legal counsel of the Authority, in all matters relating to the joint powers agreement and covered losses, and comply with all by-laws, policies, rules and regulations adopted by the Board.

The District made payments totaling \$15,666 to FAIRA during the year ended June 30, 2021.

NOTE 6 INTER-FUND RECEIVABLES/PAYABLES

The following is a summary of inter-fund receivables and payables at June 30, 2021:

June 30, 2021	Due From Other Funds	Due To Other Funds
Fund:		
General	\$ 25,000	\$ -
Capital Projects Fund	-	25,000
Total	<u>\$ 25,000</u>	<u>\$ 25,000</u>

Substantially all inter-fund balances are the result of planned transfers not being executed as of the year-end.

NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in two JPA public entity risk pools that provide workers' compensation insurance coverage, risk management, and excess insurance. See Note 5. There have been no claims in any of the past three years.

**WESTPORT FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 GOVERNING BOARD

As of June 30, 2021, the five members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Title</u>	<u>Term Expires</u>
Edward Amador	President	December 2022
John Varni	Director	December 2024
Ross Lee	Director	December 2022
Stacy Cardoso	Director	December 2024
Norman Hyer	Director	December 2024

NOTE 9 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2021, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTAL INFORMATION

WESTPORT FIRE PROTECTION DISTRICT
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Preliminary</u>	<u>Final</u>		
REVENUE				
Property Taxes	\$ 46,995	\$ 46,995	\$ 95,844	\$ 48,849
Special Assessment	176,573	176,573	180,766	4,193
Interest	500	500	4,226	3,726
Other Income	<u>45,900</u>	<u>45,900</u>	<u>64,629</u>	<u>18,729</u>
Total Revenue	<u>269,968</u>	<u>269,968</u>	<u>345,465</u>	<u>75,497</u>
EXPENDITURES				
Current Program				
Services and Supplies, and Other Charges	<u>274,100</u>	<u>279,100</u>	<u>212,044</u>	<u>67,056</u>
Total Expenditures	<u>274,100</u>	<u>279,100</u>	<u>212,044</u>	<u>67,056</u>
Excess of Revenue (Deficiency) Over (Under)				
Expenditures	<u>(4,132)</u>	<u>(9,132)</u>	<u>133,421</u>	<u>142,553</u>
Beginning Fund Balance, July 1, 2020			<u>240,068</u>	
Ending Fund Balance, June 30, 2021			<u>\$ 373,489</u>	

See accompanying notes and accountant's report.