

**SCOTT VALLEY FIRE  
PROTECTION DISTRICT,  
CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2023  
THIS PAGE INTENTIONALLY LEFT BLANK  
SCOTT VALLEY FIRE PROTECTION DISTRICT  
Annual Financial Report  
For the Year Ended June 30, 2023**

**Table of Contents**

	Page
<b>INTRODUCTORY SECTION</b>	
List of Officials.....	i
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	1-3
Basic Financial Statements:	

Government-Wide Financial Statements:

Statement of Net Position ..... 4
Statement of Activities..... 5

Fund Financial Statements:

Governmental Fund:

Balance Sheet ..... 6
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities..... 7
Statement of Revenues, Expenditures and Changes in Fund Balance..... 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Government-Wide Statement of Activities – Governmental Activities ..... 9

Notes to Basic Financial Statements .....10-20

Required Supplementary Information (Unaudited):

Budgetary Comparison Schedule – General Fund ..... 21
Note to Budgetary Comparison Schedule ..... 22

OTHER REPORT AND SCHEDULES

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....23-24

Schedule of Findings and Recommendations.....25-26

Schedule of Prior Year Findings and Recommendations ..... 27

Management’s Corrective Action Plan ..... 28

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

• List of Officials

THIS PAGE INTENTIONALLY LEFT BLANK
SCOTT VALLEY FIRE PROTECTION DISTRICT

List of Officials

For the Year Ended June 30, 2023

Board of Directors

James C. Roseman Chairman Larry Alexander Vice Chair Kathy Williams Director Kevin

Hullquist Director Scott Frick Director

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **FINANCIAL SECTION**

**• Independent Auditor's Report •**

**Basic Financial Statements**

**• Required Supplementary Information**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Scott Valley Fire Protection District  
Greenview, California

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Scott Valley Fire Protection District, California (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities and the major fund of the District as of June 30, 2023, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 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.

#### 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government 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 and Government 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 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 District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents 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 the 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 missing information, although not a part of the basic financial statements, is required by the Government 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.

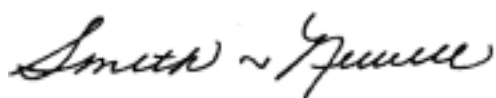
## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated July 11, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
July 11, 2024

# Government-Wide Financial Statements

**THIS PAGE INTENTIONALLY LEFT BLANK**  
**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

**Total  
Governmental  
Activities**

**ASSETS**

Cash and investments \$ 1,025,154 Receivables:  
Taxes 252 Intergovernmental 2,179 Capital assets:  
Non-depreciable 48,868 Depreciable, net 118,968 Total capital assets 167,836

**Total Assets 1,195,421**

**LIABILITIES**

Accounts payable 13,696 **Total Liabilities 13,696**

**NET POSITION**

Investment in capital assets 158,037 Unrestricted 1,023,688

**Total Net Position \$ 1,181,725**

The notes to the basic financial statements are an integral part of this statement.

-4-

**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

**Net (Expense)  
Revenue and**

						<b>Changes in</b>
						<b><u>Program Revenues Net Position</u></b>
						<b>Operating Capital Total</b>
						<b>Charges for Grants and Grants and Governmental</b>
<b><u>Functions/Programs:</u></b>	<b>Expenses</b>	<b>Services</b>	<b>Contributions</b>	<b>Contributions</b>	<b>Activities</b>	<b>Governmental activities:</b>
Public protection	\$ 406,175	\$ -	\$ 457,581	\$ -	\$ 51,406	<b>Total Governmental Activities</b> 406,175 - 457,581 - 51,406 <b>Total</b> \$ 406,175 \$ -
	\$ 457,581	\$ -	51,406			

**General revenues:**

Taxes:

Property taxes 128,064  
 Timber yield taxes 7  
 Interest and investment earnings (33,568)  
 Miscellaneous 1,700

**Total General Revenues** 96,203

**Change in Net Position** 147,609

**Net Position - Beginning** 1,023,116

Prior period adjustment 11,000

**Net Position - Beginning, Restated** 1,034,116

**Net Position - Ending** \$ 1,181,725

The notes to the basic financial statements are an integral part of this statement.

-5-

## Basic Financial

## Statements · Fund Financial

## Statements

**THIS PAGE INTENTIONALLY LEFT BLANK  
 SCOTT VALLEY FIRE PROTECTION DISTRICT**



**Balance Sheet  
Governmental Fund  
June 30, 2023**

**General  
Fund**

**ASSETS**

Cash and investments \$ 1,025,154 Receivables:  
Taxes 252 Intergovernmental 2,179

**Total Assets \$ 1,027,585**

**LIABILITIES**

Accounts payable \$ 13,696 **Total Liabilities 13,696**

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenues 2,179 **Total Deferred Inflows of Resources 2,179**

**FUND BALANCE**

Unassigned 1,011,710 **Total Fund Balance 1,011,710** **Total Liabilities, Deferred Inflows of Resources, and Fund Balance \$**  
**1,027,585**

The notes to the basic financial statements are an integral part of this statement.

-6-

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Reconciliation of the Governmental Fund Balance  
Sheet to the Government-Wide Statement of  
Net Position - Governmental Activities  
June 30, 2023**

**Total Fund Balance - Total Governmental Fund** \$ 1,011,710 Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet. 167,836

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds. 2,179 **Net Position of Governmental Activities** \$ 1,181,725

The notes to the basic financial statements are an integral part of this statement.

-7-

**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2023**

**REVENUES**

Taxes \$ 128,071 Intergovernmental 455,402 Use of money and property (33,568) Other revenue 1,700

**Total Revenues 551,605**

**EXPENDITURES**

Current public protection:

Salaries and benefits 264,526 Services and supplies 121,333 Capital outlay 2,538

**Total Expenditures 388,397 Net Change in Fund Balance 163,208 Fund Balance - Beginning 848,502 Fund Balance - Ending \$ 1,011,710**

The notes to the basic financial statements are an integral part of this statement.

-8-

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of the Governmental Fund to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2023**

**Net Change in Fund Balance - Total Governmental Fund \$ 163,208** Amounts reported for governmental activities in the Statement of

Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay 2,538 Less current year depreciation (20,316)

Some revenues reported in the Statement of Activities will not be collected for several months after

the District's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental fund.

Change in unavailable revenues 2,179 **Change in Net Position of Governmental Activities** \$ 147,609

The notes to the basic financial statements are an integral part of this statement.

-9-

## **Basic Financial Statements**

### **Notes to Basic Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**  
**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

Scott Valley Fire Protection District is a special district within the County of Siskiyou governed by an independent five-member Board of Directors. The financial transactions are recorded in the Siskiyou County accounting system.

##### **Component Units**

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the

nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

### **Joint Agencies**

The District is a participant in the Fire Agencies Self Insurance System (FASIS), the purpose of which is to provide workers' compensation benefits to each member agency including claims administration and program administration. FASIS is composed of approximately 200 members and is governed by a board of directors appointed by the members. Complete financial information can be obtained from the Association office at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

### **B. Basis of Presentation**

#### **Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. These statements include the financial activities of the overall District. These statements report the governmental activities of the District, which are normally supported by taxes and intergovernmental revenues. The District had no business-type activities at June 30, 2023.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District'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 and services offered by the program, 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

-10-

## **SCOTT VALLEY FIRE PROTECTION DISTRICT Notes to Basic Financial Statements For the Year Ended June 30, 2023**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **B. Basis of Presentation (Continued)**

##### **Fund Financial Statements**

Fund financial statements of the District are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The fund of the District is organized into the governmental category and is treated as a major fund.

The District reports the following major governmental fund:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.

### **C. Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, interest, certain state and federal grants, and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

### **D. Non-Current Governmental Assets/Liabilities**

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

### **E. Investments**

The District pools all cash and investments, other than cash in a checking account, with the County of Siskiyou. The Siskiyou County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **E. Investments (Continued)**

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on the amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2023, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

## **F. Receivables**

Receivables for governmental activities consist mainly of tax and intergovernmental revenues. Management believes its governmental fund receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

## **G. Inventory**

Inventories are recorded as expenditures when purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

## **H. Capital Assets**

Capital assets, which include property, plant and equipment, are defined by the District as assets with a cost greater than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if actual is unavailable. Contributed capital assets are valued at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

### Depreciable Asset Estimated Lives

Structures and improvements 40 years Equipment 10 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increases 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.

## **I. Property Tax**

Siskiyou County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Siskiyou up to 1 percent of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas.

-12-

## **SCOTT VALLEY FIRE PROTECTION DISTRICT Notes to Basic Financial Statements For the Year Ended June 30, 2023**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **I. Property Tax (Continued)**

The valuation/lien date for all property taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property taxes are due on March 1, and become delinquent if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the "Teeter Plan". Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

## **J. Compensated Absences and Other Postemployment Benefits**

The District does not currently provide compensated absences or other postemployment benefits.

## **K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2023, the District did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2023, the District had one type of item which qualifies for reporting in this category. The governmental fund reports unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **L. Estimates**

The preparation of 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.

## **M. Implementation of Governmental Accounting Standards Board (GASB) Statements**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 91**, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

**Statement No. 94**, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

-13-

### **SCOTT VALLEY FIRE PROTECTION DISTRICT Notes to Basic Financial Statements For the Year Ended June 30, 2023**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) M.**

##### **Implementation of Governmental Accounting Standards Board (GASB) Statements (Continued)**

**Statement No. 96**, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

**Statement No. 99**, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily



locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improves the usefulness of information for users of state and local government financial statements.

#### **N. Future Accounting Pronouncements**

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

### **NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Restatement of Net Position**

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the District reports these changes as restatements of beginning net position. During the current year the District reported a prior period adjustment to correct capital assets.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	Governmental <u>Activities</u>
	Net Position, June 30, 2022 as previously reported \$ 1,023,116
Adjustment associated with:	
Correction of capital assets <u>11,000</u>	Total Adjustments <u>11,000</u> Net Position, July 1, 2022 as restated <u>\$ 1,034,116</u>

-14-

### **SCOTT VALLEY FIRE PROTECTION DISTRICT Notes to Basic Financial Statements For the Year Ended June 30, 2023**

### **NOTE 3: CASH AND INVESTMENTS**

#### **A. Financial Statement Presentation**

As of June 30, 2023, the District’s cash and investments consisted of the following:

Cash:

Deposits (less outstanding checks) \$ 2,500 Total Cash 2,500

Investments:

Siskiyou County Treasurer’s Pool 1,022,654 Total Investments 1,022,654 Total Cash and Investments \$ 1,025,154

#### **B. Cash**

At year end, the carrying amount of the District’s cash deposits (including amount in a checking account)

was \$2,500, and the bank balance was \$2,500.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds.

### **C. Investments**

The District does not have a formal investment policy. At June 30, 2023, all investments of the District were in the County of Siskiyou investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Medium-Term Notes
- Asset Backed Securities
- Money Market Mutual Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements/Reverse Repurchase Agreements
- Municipal Securities of Local and State Entities within the State of California
- United States Treasury Securities
- United States Government Agency (Direct/Indirect) Securities
- Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivision (a) to (o) inclusive
- United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States

-15-

## **SCOTT VALLEY FIRE PROTECTION DISTRICT Notes to Basic Financial Statements For the Year Ended June 30, 2023**

### **NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

#### **C. Investments (Continued)**

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2023, the District had the following recurring fair value measurements:

Investment Type Fair Value Level 1 Level 2 Level 3 Investments by Fair Value Level

None \$ - \$ - \$ - \$ - Total Investments Measured at Fair Value - \$ - \$ - \$ - Investments in External Investment Pool

Siskiyou County Treasurer's Pool 1,022,654

Total Investments \$ 1,022,654

**Interest Rate Risk** - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

**Credit Risk** - 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 a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2023, the District's investments were all held with the County of Siskiyou Treasury which is not rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk** - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in one issuer. As of June 30, 2023, all investments of the District were in the Siskiyou County investment pool which contains a diversification of investments.

-16-

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Notes to Basic Financial Statements  
For the Year Ended June 30, 2023**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**D. Investments in External Pool**

The Siskiyou County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Siskiyou County Pooled Investment fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Siskiyou's financial statements may be obtained by contacting the County of Siskiyou Auditor-Controller's office at 311 Fourth Street, Yreka, CA 96097.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023, was as follows:

Capital Assets, Not Being Depreciated:

Land \$ 41,718 \$ - \$ - \$ 41,718 Construction in progress 4,612 2,538 - 7,150

Total Capital Assets, Not Being Depreciated 46,330 2,538 - 48,868

Capital Assets, Being Depreciated:

Buildings and improvements 121,383 - - 121,383 Equipment 399,674 - 12,000 411,674

Total Capital Assets, Being Depreciated 521,057 - 12,000 533,057

Less Accumulated Depreciation For:

Buildings and improvements ( 74,475) ( 4,133) - ( 78,608) Equipment ( 318,298) ( 16,183) ( 1,000) ( 335,481)

Total Accumulated Depreciation ( 392,773) ( 20,316) ( 1,000) ( 414,089) Total Capital Assets, Being Depreciated,

Net 128,284 ( 20,316) 11,000 118,968 Total Capital Assets, Net \$ 174,614 (\$ 17,778) \$ 11,000 \$ 167,836

## Depreciation

Depreciation expense was charged to governmental activities as follows:

Public Protection \$ 20,316 Total Depreciation Expense \$ 20,316

-17-

**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

### NOTE 5: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

### Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first followed by the unrestricted resources.

### NOTE 6: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use 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 fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

-18-

**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 6: FUND BALANCES (CONTINUED)**

- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balance for the governmental fund as of June 30, 2023, was distributed as follows:

	General <u>Fund</u>
<b>Unassigned</b>	<b><u>\$ 1,011,710</u></b>
<b>Total</b>	<b><u>\$ 1,011,710</u></b>

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policy**

The Board of Directors adopted a fund balance policy in December 2015 that establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements, and establishes a hierarchy of fund balance expenditures. Fund balance which is committed or assigned for a specific purpose is typically done through adoption and amendment of the budget.

**NOTE 7: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has joined together with other fire districts in the state to participate in the Fire Association Self Insurance System. This joint agency is a public entity risk pool which serves as a common risk management and insurance program for workers compensation coverage for member fire districts. The District pays an annual premium to the joint agency for its insurance coverage. The agreement with the joint agency provides that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 8: OTHER INFORMATION**

**A. Donations**

The Dalmatians is a 501(c)3 non-profit organization which conducts community fund raisers and donates funds to the District to help with the purchase of equipment.

-19-

**SCOTT VALLEY FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 8: OTHER INFORMATION (CONTINUED)**

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2023 through July 11, 2024, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

-20-

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Required Supplementary**

**Information**

**n**

**(Unaudited**

**)**

**THIS PAGE INTENTIONALLY LEFT BLANK  
SCOTT VALLEY FIRE PROTECTION DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2023**

**Actual Variance with  
Amounts Final Budget  
Original Final (Budgetary Positive  
Budget Budget Basis) (Negative)**

**REVENUES**

Taxes \$ 119,195 \$ 119,195 \$ 128,071 \$ 8,876 Intergovernmental 31,400 31,400 455,402 424,002 Use of money and property 2,000  
2,000 (33,568) (35,568) Other revenue 6,000 13,312 1,700 (11,612)

**Total Revenues 158,595 165,907 551,605 385,698**

**EXPENDITURES**

Current public protection:

Salaries and benefits 113,000 286,100 264,526 21,574 Services and supplies 110,000 168,412 121,333 47,079 Capital outlay 30,000  
30,000 2,538 27,462

**Total Expenditures 253,000 484,512 388,397 96,115 Net Change in Fund Balances (94,405) (318,605) 163,208 481,813 Fund**

**Balances - Beginning 848,502 848,502 848,502 - Fund Balances - Ending \$ 754,097 \$ 529,897 \$ 1,011,710 \$ 481,813**

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Required Supplementary Information  
Note to Budgetary Comparison  
Schedule For the Year Ended June 30,  
2023**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for its General fund. The amounts reported on the



budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The fiscal officer submits to the Board of Directors a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve this portion of the applicable appropriation.

## **OTHER REPORT AND SCHEDULES**

**• Other Report**

**• Schedule of Findings and Recommendations • Schedule**

**of Prior Year Findings and Recommendations •**

# Management's Corrective Action Plan

THIS PAGE INTENTIONALLY LEFT BLANK



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Scott Valley Fire Protection District  
Greenview, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Scott Valley Fire Protection District, California (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 11, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2023-001 and

2023-002 that we consider to be significant deficiencies.

-23-

950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Board of Directors  
Scott Valley Fire Protection District  
Greenview, California

**Report on Compliance and Other Matters**

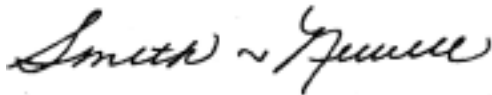
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**District's Responses to Findings**

Government Auditing Standards requires the auditor to perform limited procedures of the District's responses to the findings identified in our audit and described in the accompanying management's corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs  
Yuba City, California  
July 11, 2024

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Schedule of Findings and Recommendations For the  
Year Ended June 30, 2023**

**2023-001 Capital Assets (Significant Deficiency)**

**Criteria**

Good internal control over capital assets requires that a current detailed listing of capital assets with complete historical costs and accumulated depreciation be maintained and that assets be capitalized in accordance with an approved capitalization policy.

**Condition**

At the time of fieldwork, the District did not make necessary adjustments to reconcile acquisitions, dispositions and depreciation of capital assets.

**Cause**

The District did not make all necessary adjustments to reconcile current year acquisitions, dispositions and depreciation of capital assets.

**Effect**

Capital asset balances can be misstated when adjustments and accounts are not reconciled.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

Not applicable.

**Repeat Finding**

This is a repeat of prior year finding 2022-001.

**Recommendation**

We recommend the District make all necessary adjustments and reconcile capital asset accounts.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

-25-

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Schedule of Findings and Recommendations For the  
Year Ended June 30, 2023**

**2023-002 Cash Receipts (Significant Deficiency)****Criteria**

Good internal controls over cash receipts requires that the District maintain adequate documentation to support receipt of funds.

**Condition**

At the time of fieldwork, the District was missing documentation to support the receipt of funds for two out of 12 items tested.

**Cause**

The District did not provide supporting documentation for two cash receipts.

**Effect**

Records were not available to substantiate the receipt of revenues received.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

We randomly selected twelve cash receipt transactions to verify the accuracy and validity of the amounts received. Sampling was a statistically valid sample.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend the District retain and continue to locate all records.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

-26-

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Schedule of Prior Year Findings and Recommendations  
For the Year Ended June 30, 2023**

**Audit Reference 2022-001**

We recommend the District make all necessary adjustments and reconcile capital assets accounts.

**Status of Prior Year Audit Recommendation**

**Status**

**Capital Assets**

In progress

**Recommendation**

**SCOTT VALLEY FIRE PROTECTION DISTRICT  
Management's Corrective Action Plan  
For the Year Ended June 30, 2023**

**Finding 2023-001 Capital Assets (Significant Deficiency)**

We recommend the District make all necessary adjustments and reconcile capital asset accounts.

Management's Response: The District will reconcile correctly.

Responsible Individual: Nancy Salucci

Corrective Action Plan: The District will get training in Excel.

Anticipated Completion Date: 2024

**Finding 2023-002 Cash Receipts (Significant Deficiency)**

We recommend the District retain and continue to locate all records.

Management's Response: The District will prepare and distribute a driver fuel card policy. The missing invoice was located in 2021 fire season payments. USFS was delayed in remitting to us as they sent payment to Scotts Valley Fire District in error. In the audit we were looking for the invoice in 2022-23 files.

Responsible Individual: Nancy Salucci

Corrective Action Plan: The District will write a Policy & Procedure for fuel card uses, responsibilities, and documentation.

Anticipated Completion Date: Written on 5/28/24. To be approved at 8/8/24 Board Meeting.