

**WHITE MOUNTAIN
FIRE PROTECTION DISTRICT**

**Financial Statements
Modified Cash Basis
With
Independent Auditor's Report Thereon**

June 30, 2023

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Financial Statements – Modified Cash Basis
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
White Mountain Fire Protection District
Benton, California

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities of the White Mountain Fire Protection District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the White Mountain Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities of the White Mountain Fire Protection District, as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1B.

Basis for Opinion

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

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Board of Commissioners
White Mountain Fire Protection District
Benton, California

Auditor's Responsibilities for the Audit of the Financial Statements

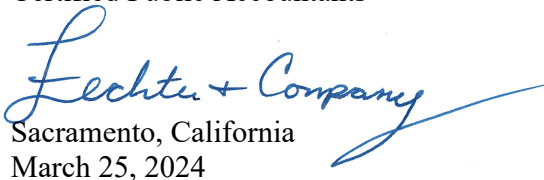
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the White Mountain Fire Protection District 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the White Mountain Fire Protection District 's ability to continue as a going concern for a reasonable period of time.

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

Fechter & Company
Certified Public Accountants


Sacramento, California
March 25, 2024

WHITE MOUNTAIN FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2023

Assets

Cash and investments	\$ 251,482
Capital assets, net accumulated depreciation	<u>352,205</u>

Total Assets 603,687

Liabilities

Debt due within one year	60,090
Debt due in more than one year	<u>110,681</u>

Total Liabilities 170,771

Net Position

Net invested in capital assets, net of related debt	241,524
Restricted	5,608
Unrestricted	<u>185,784</u>

Total Net Position \$ 432,916

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

**WHITE MOUNTAIN FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2023**

Governmental activities

Expenses		
Services and supplies	\$	79,175
Salaries and wages		146,889
Depreciation expense		68,413
Repairs and maintenance		11,063
Interest expense		11,158
Insurance expense		13,554
		330,252
Total expenses		330,252
 General revenues		
Property taxes		58,317
Charges for services		62,917
Other government		252,000
Interest		3,743
Other		10,474
		387,451
Total general revenues		387,451
 Change in net position		57,199
 Net position, beginning of year		375,717
 Net position, end of year	\$	432,916

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

**WHITE MOUNTAIN FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
JUNE 30, 2023**

Assets

Cash and investments	\$ 251,482
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Total Assets	<u><u>\$ 251,482</u></u>
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Fund Balance

Restricted	\$ 5,608
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Unassigned	<u>245,874</u>
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Total Fund Balance	<u><u>\$ 251,482</u></u>
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The accompanying notes are an integral part of these financial statements.

**WHITE MOUNTAIN FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2023**

Total fund balances - governmental funds	\$	251,482
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and, therefore, are not included in the governmental funds		352,205
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
Long-term debt payable		(170,771)
Net position of governmental activities	\$	432,916

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

**WHITE MOUNTAIN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2023**

Revenues

Property taxes and assessments	\$	58,317
Charges for services		62,917
Inter-governmental revenues		252,000
Interest		3,743
Other		10,474
		387,451
Total Revenues		387,451

Expenditures

Current:		
Salaries and benefits		171,507
Services and supplies		79,174
Debt Service:		
Principal		57,498
Interest		11,158
		319,337
Total Expenditures		319,337

Net Change in Fund Balance		68,114
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Fund Balance, Beginning of Year		183,368
		183,368

Fund Balance, End of Year	\$	251,482
		251,482

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

**WHITE MOUNTAIN FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED
JUNE 30, 2023**

The schedule below reconciles the Net Changes in Fund Balance reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net Change in Fund Balance	\$ 68,114
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	(68,413)
<p>Repayment of debt principle is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position:</p>	
Debt retirements	57,498
Change in Net Position of Governmental Activities	\$ 57,199

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

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District was organized and formed on December 24, 1974 pursuant to Board of Supervisors of the County of Mono Resolution Number 74-36. The District provides fire protection and emergency services for White Mountain and the surrounding area of Mono County.

The District is legally separate and is fiscally independent of other state and local governments and is not included in any other governmental reporting entity. The District has no component units. The District is governed by a board of five commissioners.

B. Basis of Accounting

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

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

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government.

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

Fund Financial Statements

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

Governmental Fund Type

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

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

D. Cash and Investments

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

E. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost, if actual historical cost is not available, are reported in the governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

E. Capital Assets – continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on the straight-line basis over 3 to 50 years.

F. Impairment of Capital Assets

The District reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of June 30, 2023, there have been no impairments of the capital assets.

G. Equity Classifications

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

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

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

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

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

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

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

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Equity Classifications – continued

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

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

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

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

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

H. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices related to property taxes.

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

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

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

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

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

	<u>June 30, 2023</u>
Deposits with bank	\$ 499
Funds held in County of Mono Investment Pool	250,983
	<u>\$ 251,482</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

	<u>Measurement Input</u>	<u>Credit Quality Ratings</u>	<u>Fair Value</u>
Investment in County of Mono Investment Pool	Level 2	Not Rated	\$ 250,983

As of June 30, 2023, the weighted average maturity of the pool’s investments was 1.61 years.

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 2: CASH AND INVESTMENTS – continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. The County's investment policy allows the pool to invest in security lending transactions, repurchase agreements, and reserve repurchase agreements. During the year ended June 30, 2023, the pool did not participate in such investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2023, the District was not exposed to concentration of credit risk.

Custodial Credit Risk

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

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

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 3: CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2023</u>
Government Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 118,361	\$ -	\$ -	\$ 118,361
Equipment	806,931	-	-	806,931
Total capital assets being depreciated	<u>925,292</u>	<u>-</u>	<u>-</u>	<u>925,292</u>
Less accumulated depreciation for:				
Buildings and improvements	(82,391)	(3,795)	-	(86,186)
Equipment	(422,283)	(64,618)	-	(486,901)
Total accumulated depreciation	<u>(504,674)</u>	<u>(68,413)</u>	<u>-</u>	<u>(573,087)</u>
Total Capital Assets, Net	<u>\$ 420,618</u>	<u>\$ (68,413)</u>	<u>\$ -</u>	<u>\$ 352,205</u>

Depreciation expense for the fiscal year ended June 30, 2023 was \$68,413.

NOTE 4: CAPITAL LEASES

During the 2017 fiscal year, the District assumed a capital lease to finance the acquisition of a water tanker with an interest rate of 3.5% and equipment with an interest rate of 6%.

During the 2019 fiscal year, the District assumed a capital lease to finance the acquisition of an ambulance with an interest rate of 4.25%.

During the 2020 fiscal year, the District assumed a capital lease to finance the acquisitions of a vehicle with an interest rate of 5% and equipment with interest rates of 7%.

The following is a schedule of long-term debt for the 2023 year:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Loan</u> <u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>
Capital leases	<u>\$ 228,269</u>	<u>\$ -</u>	<u>\$ (57,498)</u>	<u>\$ 170,771</u>	<u>\$ 60,090</u>

WHITE MOUNTAIN FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

NOTE 4: CAPITAL LEASES - continued

The following is a schedule of minimum lease payments due under the contracts:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 60,090	\$ 7,644	\$ 67,734
2025	62,806	4,929	67,735
2026	47,875	2,085	49,960
	<u>\$ 170,771</u>	<u>\$ 14,658</u>	<u>\$ 185,429</u>

NOTE 5: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 25, 2024, the date which the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.