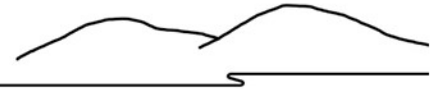


Sierra County Fire Protection District #1

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2022



August 23, 2022

Sierra County Fire Protection District #1

, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Sierra County Fire Protection District #1 as of and for the year-ended June 30, 2022, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

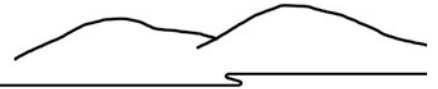
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our 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 financial position of Sierra County Fire Protection District #1 as of June 30, 2022, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The District has not presented Management’s Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

A handwritten signature in black ink, appearing to read 'Zach Pehling'.

Zach Pehling, CPA

Sierra County Fire Protection District #1

**Audit Report
June 30, 2022**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements	
Government Funds Financial Statements	
Fund Balance Sheet 2022.....	5
Statement of Revenues and Expenditures 2022.....	7
Government-Wide Financial Statements	
Statement of Net Position 2022.....	10
Statement of Activities 2022.....	11
Notes to Financial Statements.....	12

GOVERNMENT FUNDS FINANCIAL STATEMENTS

Sierra County Fire Protection District #1

**Balance Sheet
June 30, 2022**

	<u>General Fund</u>
<u>ASSETS</u>	
<u>Assets:</u>	
Cash	\$ 638,100
Prepaid	6,681
Accounts Receivable	<u>33,890</u>
 TOTAL ASSETS	 <u>678,671</u>
 <u>LIABILITIES, DEFERRED INFLOWS & FUND BALANCES</u>	
<u>Liabilities:</u>	
Unearned Revenue	-
Accounts Payable	<u>37,789</u>
 TOTAL LIABILITIES	 <u>37,789</u>
 <u>Deferred Inflow</u>	
Unavailable Revenue	<u>-</u>
 TOTAL LIABILITIES & DEFERRED	 <u>37,789</u>
 <u>Fund Balances:</u>	
Unassigned	574,362
Restricted for Capital Improvements	-
Unspendable	6,681
Committed	<u>59,839</u>
 Total Fund Balance	 <u>640,882</u>
 <u>TOTAL LIABILITIES &</u>	
<u>FUND BALANCE</u>	 <u><u>\$ 678,671</u></u>

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

**SIERRA COUNTY FIRE PROTECTION DISTRICT #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

	June 30, 2022
Total Fund Balances - Governmental Funds	\$ 640,882
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.	
Total Historical Cost of Capital Assets	1,035,670
Less: Accumulated Depreciation	(579,626)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	-
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds. This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	-
Deferred Inflows reported as unavailable revenue are not available in the current period and therefore are reported as a deferred inflow in the governmental funds; while in the Government-Wide Statement of Net Position does not report them. Deferred Inflows at June 30 was:	-
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(37,667)
	(37,667)
Net Position	\$ 1,059,259

The accompanying notes are an integral part of these financial statements

Sierra County Fire Protection District #1

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2022**

<u>REVENUE</u>	<u>General Fund</u>
Tax Revenue	\$ 260,942
Special Assesment & Tax	18,313
TOT	17,526
Charges for Service	790,986
Other Income	14,049
Interest & Investment Earnings	1,368
Mitigation Fees	46,606
Grants & Contributions	50,143
TOTAL REVENUE	<u>1,199,933</u>
<u>EXPENDITURES</u>	
Capital Assets	62,132
Debt Service:	
Principle	3,466
Interest	1,391
Repairs & Maintenance	9,212
Insurance	20,235
Professional Fees	6,690
Utilities	19,361
Fire Protection and Prevention	359,402
Services, Supplies and Refunds	372,300
TOTAL EXPENDITURES	<u>854,189</u>
Excess (Deficit) Revenues over Expenditures	<u>345,744</u>
Transfer in/(out)	-
Other financing Sources/(Uses)	-
<u>CHANGE IN FUND BALANCE</u>	<u>345,744</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>295,138</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 640,882</u>

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

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	2022
Net Change in Fund Balances - Total Governmental Funds	345,744
Amounts reported for governmental activities in the Statement of Activities are different as follows:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year	
Current Year Capital Outlays	61,789
Less: Current Year Depreciation Expense	(41,549)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. The net amount principle payments made on long-term liabilities exceeded acquisition of new debt during the year consist of:	
	4,698
In the Government Funds Interest expenditure is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, Interest expense is measured by the amounts accrued during the year.	-
Change in Net Position of Governmental Activities	\$ 370,682

The accompanying notes are an integral part of these financial statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Sierra County Fire Protection District #1

Statement of Net Position June 30, 2022

ASSETS

Current Assets:

Cash	\$ 638,100
Prepaid	6,681
Accounts Receivable	33,890
	<hr/>
Total Current Assets	678,671

Capital Assets:

Buildings & Improvements	343,154
Firefighting Equipment	692,516
Construction in Progress	-
Less: Accumulated Depreciation	(579,626)
	<hr/>
Total Capital Assets	456,044

TOTAL ASSETS 1,134,715

TOTAL DEFERRED OUTFLOW -

TOTAL ASSETS AND DEFERRED OUTFLOWS 1,134,715

LIABILITIES

Current Liabilities:

Accounts Payable	37,789
Unearned Revenue	-
Accrued Interest	-
Current Portion	5,020
	<hr/>
Total Current Liabilities	42,809

Long-term Liabilities:

Capital Lease	32,647
	<hr/>
Total Long-term Liabilities	32,647

TOTAL LIABILITIES 75,456

TOTAL DEFERRED INFLOWS -

TOTAL LIABILITIES AND DEFERRED INFLOWS 75,456

NET POSITION

Net Investment in Capital Assets	418,377
Restricted for Capital Improvements	-
Unrestricted	640,882
	<hr/>
TOTAL NET POSITION	<u>\$ 1,059,259</u>

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

Sierra County Fire Protection District #1

Statement of Activities

For the Year-Ended

June 30, 2022

	<u>Operating Revenues</u>		<u>Operating Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants & Contributions</u>		<u>Excess of Revenues/(Expenses)</u>
<u>Governmental Activities</u>					
Public Protection	\$ 786,471	\$ 790,986	\$ 50,143	\$	54,658
Interest on Long-Term Debt	1,231	-	-		(1,231)
Depreciation (Unallocated)	41,549	-	-		(41,549)
Total Governmental Activities					<u>11,878</u>
General Revenues:					
Tax Revenue					260,942
Special Assesment & Tax					18,313
TOT					17,526
Other Income					14,049
Interest & Investment Earnings					1,368
Mitigation Fee					46,606
Total General Revenues					<u>358,804</u>
NET CHANGE IN NET POSITION					<u>370,682</u>
NET POSITION, BEGINNING OF YEAR					688,577
NET POSITION, END OF YEAR				<u>\$</u>	<u>1,059,259</u>

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

Sierra County Fire Protection District #1

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Background: The District is an independent special district within the County of Sierra that was formed in 1930 under section 13801 of the California Health and Safety Code. The District provides fire protection services for a portion of the eastern Sierra County. The District boundaries are approximately 200 square miles with comprises the towns of Sierraville,, Sattley and Calpine and also includes Verdi, California and the subdivisions of Parazzo Meadows and Jackson Meadows.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the Sierra County Fire Protection District #1(District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

Sierra County Fire Protection District #1

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Sierra County Fire Protection District #1

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a preliminary budget by June 30th and a final budget no later than September 30th. A public hearing must be conducted to receive comments prior to adoption. The District's Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when

Sierra County Fire Protection District #1

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Accounts Payable

On an accrual basis, expenditures are recognized in the fiscal year in which the services are received.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

Sierra County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by Sierra County up to 1% of the full cash value of taxable property based on assessed values on September 1 of the preceding year, plus other increases approved by the voters and distributed in accordance with statutory formulas. They become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. Unsecured property tax is levied on July 1 and delinquent on August 31. The County uses the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. The District elected to receive taxes under the teeter program which allows the District to receive 100% levied property tax payments with the county assuming responsibility for delinquencies.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sierra County Fire Protection District #1

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 2 – Cash

Summary of Cash

	<u>June 30, 2021</u>	<u>June 30, 2022</u>
County Cash - General	\$ 108,572	\$ 109,811
Wells Fargo	<u>229,678</u>	<u>528,290</u>
Total	\$ 338,250	\$ 638,100

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Sierra’s Investment Pool: The District maintains its cash in Sierra County’s cash and investment pool which is managed by the Sierra County Treasurer. The District’s cash balances invested in the Sierra County Treasurer’s cash and investment pool are stated at amortized cost, which approximates fair value. The value of pool shares in Sierra County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District’s position in the pool. Investments held in the County’s investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County’s investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government’s indirect deposits or investment in securities through the use of government investment pools (such as the County’s investment pool).

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 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 District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that

Sierra County Fire Protection District #1

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District’s deposits were covered by FDIC insurance at June 30, 2022.

Note 2 –Prepaid expenses

On June 30, 2022, the District has \$6,681 in prepaid expenses.

Note 3 –Accounts Receivable

On June 30, 2022, the District has \$33,890 in Accounts Receivable.

Note 4 Long-term Debt

		Payment Amount		\$ 6,088.00	
		Interest		3.375%	Annualized
		Date	Amount	Interest	Principal
					Balance
					\$ 37,670.00
1	2023	\$ 6,088.00	\$ 1,231.00	\$ 4,857.00	\$ 32,813.00
2	2024	\$ 6,088.00	\$ 1,066.00	\$ 5,022.00	\$ 27,791.00
3	2025	\$ 6,088.00	\$ 895.00	\$ 5,193.00	\$ 22,598.00
4	2026	\$ 6,088.00	\$ 718.00	\$ 5,370.00	\$ 17,228.00
5	2027	\$ 6,088.00	\$ 445.00	\$ 5,643.00	\$ 11,585.00
5	2028	\$ 6,088.00	\$ 446.00	\$ 5,642.00	\$ 5,943.00
6	2029	\$ 6,088.00	\$ 145.00	\$ 5,943.00	\$ -
Total		\$ 42,616.00	\$ 4,946.00	\$ 37,670.00	

Note 5 -Mitigation

The District collect mitigation revenues that are restricted for capital purchases.

Sierra County Fire Protection District #1

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

REVENUE		
Mitigation Fees		46,606
TOTAL REVENUE		46,606
EXPENDITURES		
Capital Assets		62,132
Professional Fees		0
TOTAL EXPENDITURES		62,132
Excess (Deficit) Revenues over Expenditures		(15,526)
Transfer in/(out)		15,526
FUND BALANCE, BEGINNING OF YEAR		-
FUND BALANCE, END OF YEAR		\$ -

Note 6 – Risk Management

The District pays an annual premium to an insurance company for general and auto liability, property, management liability, employee dishonesty, and excess liability insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, there have not been any settlements in excess of the insurance coverage.

Note 7 – Annexation

In December of 2019, the Sierra County Fire Protection District #1 completed the annexation of 115,627 acres including territory in Long Valley, Verdi, Sierra Brooks and Loyalton Pines.

To provide fire and EMS services to these remote areas, the District executed an agreement with Truckee Meadows Fire Protection District in Washoe County to serve the Verdi and Long Valley areas. Similarly the District has executed an agreement with the City of Loyalton to serve the communities near the City.

On August 4, 2020, the Sierra County Board of Supervisors completed the development of a County Service Area for the Verdi and Long Valley portion of the County (area 4, Zona 4B). The purpose of the service area is to collect revenue from the developed properties to pay the margin between what is available to the District through Property Taxes and the cost of providing fire and EMS through Truckee Meadow Fire Protection District. The adopted fee is \$156.52 per property which includes RAF and County service fees.

Note 8 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2022 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **August 23, 2022**, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after **August 23, 2022**.