

**STRATHMORE FIRE PROTECTION DISTRICT**

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

**JUNE 30, 2021 AND 2020**

**TABLE OF CONTENTS**

	<u>Page</u>
Management's Discussion and Analysis . . . . .	1-2
Independent Auditor's Report . . . . .	3-4
Basic Financial Statements	
Government-Wide Financial Statements	
Statements of Net Position . . . . .	5
Statements of Activities . . . . .	6
Fund Financial Statements	
Governmental Fund	
Balance Sheets . . . . .	7
Statements of Revenues, Expenditures and Changes in Fund Balances . . . . .	8
Notes to the Financial Statements . . . . .	9-17
Required Supplementary Information	
Budgetary Comparison Schedules . . . . .	18-19
Other Independent Auditor's Report	
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 <i>Government Auditing Standards</i> . . . . .	20-21

**STRATHMORE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

Management of Strathmore Fire Protection District (District) offers readers of the following financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2021 and 2020. The readers are encouraged to consider the information presented here in conjunction with additional information found within the body of the financial statements.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements are comprised of four components: 1) government-wide financial statements; 2) fund financial statements; 3) notes to the financial statements; and 4) supplementary information.

**Government-wide Financial Statements:** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. The Statement of Activities presents information showing how the District's net positions changed during the two fiscal years. The government-wide financial statements can be found on pages 5 and 6 of this report.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The financial activities of voter-approved funds in Tulare County is reported in the fund financial statements.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 9 of this report.

**Supplementary Information:** The required supplementary information provides the reader with information comparing the budget to the actual revenues and expenditures for the District's general fund for the years ended June 30, 2021 and 2020.

**CONDENSED FINANCIAL INFORMATION**

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 when a liability is incurred, regardless of the timing of related cash flows. For the fiscal years ended June 30, 2021 and 2020, the District has \$287,493 and \$256,463, in total assets, respectively, of which \$266,626 and \$234,742 is cash or cash equivalents, respectively. The District has no liabilities as of June 30, 2021 and 2020.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Cash and cash equivalents in the government-wide financial statements were approximately \$266,626 and \$234,742 at June 30, 2021 and 2020, respectively. (See Note 2 pages 13 - 16 of financial statements for categories of cash.)

**STRATHMORE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$287,493 and \$256,463 as of June 30, 2021 and 2020, respectively.

Investments in capital assets of \$20,646 and \$21,500 at June 30, 2021 and 2020, respectively. Capital assets include, but are not limited to, equipment required for the daily operation of the District.

**ANALYSIS OF BUDGET RESULTS**

As shown on the budgetary comparison schedule on pages 18 and 19 of this report, actual revenue amounts for the fiscal years ended June 30, 2021 and 2020 were \$411 more than budgeted and \$461 less than budgeted, respectively. Notable revenue variances included, but were not limited to: 1) Taxes and Assessments received for the years ended June 30, 2021 and 2020 were \$1,233 more than budgeted and \$2,594 less than budgeted, respectively.

Yearly operational and capital expenditures will vary from year to year depending on many unpredictable circumstances. Actual expenditures (charges to appropriations) of the District were under \$282,014 and \$222,695 from those budgeted for the fiscal years ended June 30, 2021 and 2020, respectively. Most notable expenditure variances included, but were not limited to anticipated capital outlay expenditures which were \$279,751 and \$220,590 less than budgeted for the years ended June 30, 2021 and 2020, respectively. Other budgeted expenditure amounts were insignificantly over or under budget.

**CAPITAL ACQUISITIONS**

During the fiscal year ended June 30, 2021 there was a \$788 in capital acquisition for window coverings. There were no capital acquisitions for the fiscal year ended June 30, 2020.

**FINANCIAL CONTACT**

The District's financial statements are designed to present the users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District's Board at P.O. Box 344, Strathmore, CA 93267.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Strathmore Fire Protection District  
Strathmore, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Strathmore Fire Protection District as of and for the years ended June 30, 2020 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 from material misstatement.

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



## **Basis for Qualified Opinion on General Fund**

We were unable to confirm the cost of the land and buildings through supporting documentation at June 30, 2020 and 2021, and were unable to satisfy ourselves about fixed assets through alternative procedures.

## **Qualified Opinions**

In our opinion, except for the effect of the matter described in the "Basis for Qualified Opinions on General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Strathmore Fire Protection District, as of June 30, 2020 and 2021 and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 1-2 and 18-19 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022, on our consideration of Strathmore Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Strathmore Fire Protection District's internal control over financial reporting and compliance.

*Pine, Pedroncelli & Aguilar, Inc*

Visalia, California  
March 3, 2022

**STRATHMORE FIRE PROTECTION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash in County Treasury	\$ 266,626	\$ 234,742
Prepaid Insurance	<u>221</u>	<u>221</u>
Total Current Assets	266,847	234,963
<b>NON-CURRENT ASSETS:</b>		
Capital Assets, Net	<u>20,646</u>	<u>21,500</u>
<b>TOTAL ASSETS</b>	<u>\$ 287,493</u>	<u>\$ 256,463</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	20,646	21,501
Unrestricted	<u>266,847</u>	<u>234,962</u>
<b>TOTAL NET POSITION</b>	<u>\$ 287,493</u>	<u>\$ 256,463</u>
 Fund Balance of Governmental Funds	 \$ 266,847	 \$ 234,963
 Amounts reported for governmental activities in the Statement of Position are different because:		
Capital assets used in governmental activities are not reported in the fund.	<u>20,646</u>	<u>21,500</u>
Net Position of Governmental Activities	<u>\$ 287,493</u>	<u>\$ 256,463</u>

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

**STRATHMORE FIRE PROTECTION DISTRICT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING EXPENSES:</b>		
Operations	\$ 2,938	\$ 7,195
Administrative Services	1,600	1,200
Depreciation	<u>1,642</u>	<u>9,577</u>
Total Expenses	<u>6,180</u>	<u>17,972</u>
Operating Loss	<u>(6,180)</u>	<u>(17,972)</u>
<b>GENERAL REVENUES:</b>		
Property Taxes	33,458	30,480
Investment Earnings	<u>3,752</u>	<u>5,533</u>
Total General Revenues	<u>37,210</u>	<u>36,013</u>
Change in Net Position	31,030	18,041
Net Position, Beginning of Year	<u>256,463</u>	<u>238,422</u>
Net Position, End of Year	<u>\$ 287,493</u>	<u>\$ 256,463</u>

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Net change in fund balance - total governmental funds	\$ 31,884	\$ 27,618
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities.	788	-
The depreciation of capital assets used in governmental activities is not reported in the governmental funds.	<u>(1,642)</u>	<u>(9,577)</u>
Change in net position of governmental activities	<u>\$ 31,030</u>	<u>\$ 18,041</u>

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

**STRATHMORE FIRE PROTECTION DISTRICT  
GOVERNMENTAL (GENERAL) FUND  
BALANCE SHEETS  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash in Tulare County Treasury	\$ 266,626	\$ 234,742
Prepaid Expenses	<u>221</u>	<u>221</u>
<b>TOTAL ASSETS</b>	<u>\$ 266,847</u>	<u>\$ 234,963</u>
 <b>FUND BALANCE</b>		
Unassigned	\$ <u>266,847</u>	\$ <u>234,963</u>
Total Fund Balance	<u>266,847</u>	<u>234,963</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 266,847</u>	<u>\$ 234,963</u>

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

**STRATHMORE FIRE PROTECTION DISTRICT  
GOVERNMENTAL (GENERAL) FUND  
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Revenue:		
Property Taxes	\$ 33,458	\$ 30,480
Investment Earnings	<u>3,752</u>	<u>5,533</u>
Total Revenue	<u>37,210</u>	<u>36,013</u>
Expenditures:		
Director's Fees	1,600	1,200
Outside Services	1,120	1,052
Professional Services	-	4,300
Insurance	600	600
Tax Admin Fee	760	743
Office Expense	458	500
Capital Outlay	<u>788</u>	<u>-</u>
Total Expenditures	<u>5,326</u>	<u>8,395</u>
Revenue Over Expenditures	31,884	27,618
Fund Balance, Beginning of Year	<u>234,963</u>	<u>207,345</u>
Fund Balance, End of Year	<u>\$ 266,847</u>	<u>\$ 234,963</u>

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

**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies

Organization of the District

Strathmore Fire Protection District (the District) is a California Special District providing fire protection services to approximately 500 residences in the community of Strathmore, California. It was founded approximately 1940 and is governed by a board of directors.

Reporting Entity

The District's basic financial statements include the accounts of all of its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Basis of Presentation

*Government-Wide Financial Statements*

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and services, are reported separately from business-type activities, which rely on a significant extent of fees and charges for support. The District currently has no business-type activities.

The statement of activities demonstrates the degree to which the direct expense, of a given function or activity, are offset by program revenues. District expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers that directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and assessments that are restricted to meeting the operational or capital requirements of a particular function or activity.

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

**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The fund has been established for the purpose accounting for specific activities or attaining certain objectives in accordance with applicable regulations, restrictions, or limitations. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type: and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The District has one governmental fund type, the General Fund which is the District's major operating fund. It accounts for all financial resources of the general government.

Measurement Focus and Basis of Accounting

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America. The District's reporting entity applies all relevant Governmental Accounting Standards Board.

*Measurement Focus*

The government-wide Statement of Net Position and the Statement of Activities are using the "economic resources" measurement focus.

The fund financial statements use the "current financial resources" measurement focus. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

*Basis of Accounting*

The government-wide Statement of Net Position and the Statement of Activities for governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flow. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place.

**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (Continued)

*Basis of Accounting (Continued)*

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 90 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Budgets and Budgetary Accounting

By state law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

Cash

The District invests its cash with the Tulare County Treasury. The County pools these funds with those of other entities in the county and invests the cash in accordance with California Government Codes. Generally, investments with the County are available for withdrawal on demand.

Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are stated at cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that does not add value to the asset or materially extend lives are not capitalized.

Depreciation is calculated on the straight-line method over the estimated useful lives which range from seven to twenty years.

Equity Classifications

*Government-Wide Statements*

Equity is classified as net position and displayed in three components:

- a) Invested in capital assets, net of related debt - 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.
- b) 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.
- c) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."



**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

1. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the Strathmore Fire Protection District Board (Board). The Board is the highest level of decision-making authority for the Strathmore Fire Protection District. Commitments may be established, modified, or rescinded only through resolutions or motions approved by the Board.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board has the authority to assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 through April 10. Unsecured property taxes are payable in one installment on or before August 31.

The County of Tulare bills and collects the taxes for the District. Property tax revenues are recognized by the District when received.

Economic Dependency

The District receives 100% of its support from property tax revenue.

Management's Review

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through March 3, 2022, the date the financial statements were available to be issued.

**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**2. Cash and Investments**

At June 30, 2021 and 2020, the District's cash balances were on deposit with the Tulare County Treasury. The balances at June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Pooled Funds:		
Cash in County Treasury Investment Fund \$	266,626	\$ 234,742

The District's cash in the Tulare County Treasury is pooled with other entities and invested in several types of investments. The total of Tulare County Investments as of June 30, 2021 and 2020 were as follows:

<u>Credit Rating</u>	<u>2021</u>		<u>2020</u>	
	<u>Book Value</u>	<u>Percentage of Portfolio</u>	<u>Book Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 170,619,982	8%	85,102,813	5%
A-1+/A-1 (Short-Term Rating)	366,321,235	17%	183,001,823	11%
A-2 (Short-Term Rating)	14,964,271	1%	-	0%
AA	1,056,644,117	49%	877,282,016	55%
A	234,306,888	11%	294,581,023	18%
BBB *	19,004,104	1%	15,829,438	1%
Not Rated**	103,290,580	5%	98,338,233	6%
Cash ***	178,337,544	8%	49,826,594	3%
Total	\$ <u>2,143,488,721</u>	<u>100%</u>	<u>1,603,961,940</u>	<u>100%</u>

\* Securities rated in the BBB category by S&P are rated A- or the equivalent or better by at least one NRSRO or were rated A- or the equivalent or better by at least one NRSRO at time of purchase.

\*\* The portion of the portfolio that is invested in LAIF, the State of California pooled investment fund, is not rated. The remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

\*\*\* Fully collateralized in accordance with California government code.

**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**2. Cash and Investments (Continued)**

Investments Authorized by the District's Investment Policy

The District's Investment Policy only authorizes investment in the local government investment pool administered by the County of Tulare, California. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair 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. As of June 30, 2021 and 2020, the weighted average maturity of the investments contained in the County of Tulare investment pool is approximately 628 and 784 days, respectively.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment.

<u>Investment Type</u>	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Maturity Date</u>
County Investment Pool	\$ <u>266,626</u>	628 days	\$ <u>234,742</u>	784 days
Total	\$ <u><u>266,626</u></u>		\$ <u><u>234,742</u></u>	

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 by a nationally recognized statistical rating organization. The County of Tulare Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the County contains a limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 10% or more of Tulare County's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institutions, 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 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 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% of the total amount deposited by the public agencies.

**STRATHMORE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

2. Cash and Investments (Continued)

Investment in State Investment Pool

The County is a voluntary participant in the State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Tulare County Treasurer is authorized to invest in the following:

A listing of the securities owned by Tulare County at June 30, 2021 is shown below:

2021				
	Portfolio Composition			Permitted by Policy
	Book Value	Market Value*	% of Portfolio	
U.S. Treasuries	\$ 459,691,212	\$ 469,297,782	22%	100%
Federal Agencies	448,976,994	450,757,579	21%	
Agency Mortgage Backed Securities (MBS)	44,221,792	44,455,110	2%	75%
U.S. Instrumentalities				
- Supranationals	31,127,994	31,507,476	1%	30%
Negotiable Certificates of Deposit	228,145,231	228,715,867	11%	30%
Corporate Bonds and Notes	288,156,912	293,362,283	14%	30%
Municipal Obligations	61,134,358	61,594,916	3%	30%
Asset Backed Securities	34,784,905	35,076,115	2%	20%
Commercial Paper	191,535,274	191,566,505	9%	40%
Local Agency Investment Fund	74,500,669	74,500,669	3%	\$75 million
California Asset Management Program (CAMP)	99,674,306	99,674,306	5%	50%
Money Market Funds	3,201,530	3,201,530	<1%	15%
Money Market Accounts	52,833,766	52,833,766	2%	50%
Cash	125,503,778	125,503,778	6%	100%
	<u>\$ 2,143,488,721</u>	<u>\$ 2,162,047,682</u>	<u>100%</u>	

\* Market prices were provided by the Union Bank of California.

All cash is payable to the District upon demand. The District's portion of pooled funds at June 30, 2021 was \$266,626.

**STRATHMORE FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**2. Cash and Investments (Continued)**

The Tulare County Treasurer is authorized to invest in the following:

A listing of the securities owned by Tulare County at June 30, 2020 is shown below:

2020				
	Portfolio Composition		% of Portfolio	Permitted by Policy
	Book Value	Market Value*		
U.S. Treasuries	\$ 426,131,477	\$ 447,421,109	27%	100%
Federal Agencies	325,886,266	333,198,067	20%	75%
Agency Mortgage Backed Securities (MBS)	53,253,590	54,223,168	3%	75%
U.S. Instrumentalities				
- Supranationals	26,054,304	26,919,311	2%	30%
Negotiable Certificates of Deposit	139,523,004	141,102,771	9%	30%
Corporate Bonds and Notes	334,464,805	344,716,693	21%	30%
Municipal Obligations	30,754,803	31,177,982	2%	30%
Asset Backed Securities	39,886,411	40,598,264	2%	20%
Commercial Paper	74,911,575	74,986,850	5%	40%
Local Agency Investment Fund	74,315,432	74,315,432	5%	\$75 million
California Asset Management Program (CAMP)	28,940,672	28,940,672	2%	50%
Money Market Funds	13,007	13,007	<1%	15%
Money Market Accounts	47,486,797	47,486,797	3%	50%
Cash	2,339,797	2,339,797	0%	100%
	<u>\$ 1,603,961,940</u>	<u>\$ 1,647,439,920</u>	<u>100%</u>	

\* Market prices were provided by the Union Bank of California.

All cash is payable to the District upon demand. The District's portion of pooled funds at June 30, 2020 was \$234,742.

**STRATHMORE FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**3. Capital Assets**

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance 07/01/20	Additions	Deletions	Balance 6/30/21
Depreciable Capital Assets:				
Equipment	\$ 188,476	\$ 788	\$ -	\$ 189,264
Total Depreciable Capital Assets	<u>188,476</u>	<u>788</u>	<u>-</u>	<u>189,264</u>
Less Accumulated Depreciation				
Equipment	<u>166,976</u>	<u>1,642</u>	<u>-</u>	<u>168,618</u>
Total Accumulated Depreciation	<u>166,976</u>	<u>1,642</u>	<u>-</u>	<u>168,618</u>
Total Capital Assets, Net	<u>\$ 21,500</u>	<u>\$ (854)</u>	<u>\$ -</u>	<u>\$ 20,646</u>

A schedule of changes in capital assets for the year ended June 30, 2020 is shown below:

	Balance 07/01/19	Additions	Deletions	Balance 6/30/20
Depreciable Capital Assets:				
Equipment	\$ 188,476	\$ -	\$ -	\$ 188,476
Total Depreciable Capital Assets	<u>188,476</u>	<u>-</u>	<u>-</u>	<u>188,476</u>
Less Accumulated Depreciation				
Equipment	<u>157,400</u>	<u>9,576</u>	<u>-</u>	<u>166,976</u>
Total Accumulated Depreciation	<u>157,400</u>	<u>9,576</u>	<u>-</u>	<u>166,976</u>
Total Capital Assets, Net	<u>\$ 31,076</u>	<u>\$ (9,576)</u>	<u>\$ -</u>	<u>\$ 21,500</u>

**4. Risk Management**

The District has purchased commercial insurance policies for various risks of loss related to torts; theft, damage or destruction of assets; wrongful acts; injuries to employees; and employee health. Payments of premiums for these policies are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to the prior years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**STRATHMORE FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUE</b>			
Property Taxes, Including Penalties and Interest	\$ 32,225	\$ 33,458	\$ 1,233
Use of Money, Interest	4,574	3,752	(822)
Total Revenue	36,799	37,210	411
<b>EXPENDITURES</b>			
Director's Fees	3,000	1,600	1,400
Outside Services	2,000	1,120	880
Insurance	800	600	200
Professional Services	1,000	-	1,000
Tax Admin Fees	1	760	(759)
Office Expense	-	458	(458)
Capital Outlay	280,539	788	279,751
Total Expenditures	287,340	5,326	282,014
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ (250,541)</b>	<b>31,884</b>	<b>\$ 282,425</b>
Fund Balance, Beginning of year		234,963	
Fund Balance End of year		<b>\$ 266,847</b>	

See independent auditor's report



**STRATHMORE FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUE</b>			
Property Taxes, Including Penalties and Interest	\$ 33,074	\$ 30,480	\$ (2,594)
Use of Money, Interest	<u>3,400</u>	<u>5,533</u>	<u>2,133</u>
Total Revenue	<u>36,474</u>	<u>36,013</u>	<u>(461)</u>
<b>EXPENDITURES</b>			
Director's Fees	3,000	1,200	1,800
Outside Services	2,000	1,052	948
Insurance	-	600	(600)
Professional Services	5,500	4,300	1,200
Office Expense	-	500	(500)
Tax Admin Fees	-	743	(743)
Capital Outlay	<u>220,590</u>	<u>-</u>	<u>220,590</u>
Total Expenditures	<u>231,090</u>	<u>8,395</u>	<u>222,695</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ (194,616)</u>	27,618	<u>\$ 222,234</u>
Fund Balance, Beginning of year		<u>207,345</u>	
Fund Balance End of year		<u>\$ 234,963</u>	

See independent auditor's report

## **OTHER INDEPENDENT AUDITOR'S REPORT**

**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  
Strathmore Fire Protection District  
Strathmore, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Strathmore Fire Protection District (the District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Strathmore Fire Protection District's basic financial statements, and have issued our report thereon dated March 3, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Strathmore Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Strathmore Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Strathmore Fire Protection 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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Strathmore Fire Protection 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 determination of financial statement amounts. 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*.

## 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.



Visalia, California  
March 3, 2022