

**LAKESIDE FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2022
(With Comparative Amounts for June 30, 2021)**

NIGRO & NIGRO^{PC}

LAKESIDE FIRE PROTECTION DISTRICT
For the Fiscal Year Ended June 30, 2022
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Lakeside Fire Protection District
Lakeside, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeside Fire Protection District as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeside Fire Protection District, as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and schedule of OPEB contributions 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive style.

Murrieta, California
January 11, 2023

LAKESIDE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

Management's Discussion and Analysis (MD&A) offers readers of Lakeside Fire Protection District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position decreased 19.73% or \$1,936,260 as a result of this year's operations.
- Total revenues from all sources increased by 4.45%, or \$866,744 from \$19,404,696 to \$20,271,440, from the prior year, primarily due to an increase in property taxes of \$571,766 and due to the State of California special district COVID-19 relief grant
- Total expenses for the District's operations increased by 12.3% or \$2,435,092 from \$19,772,608 to \$22,207,700 from the prior year, primarily due to a \$1,797,157 increase in operations expense
- The District purchased new capital assets during the year in the amount of \$353,866. Depreciation expense was \$1,147,868.

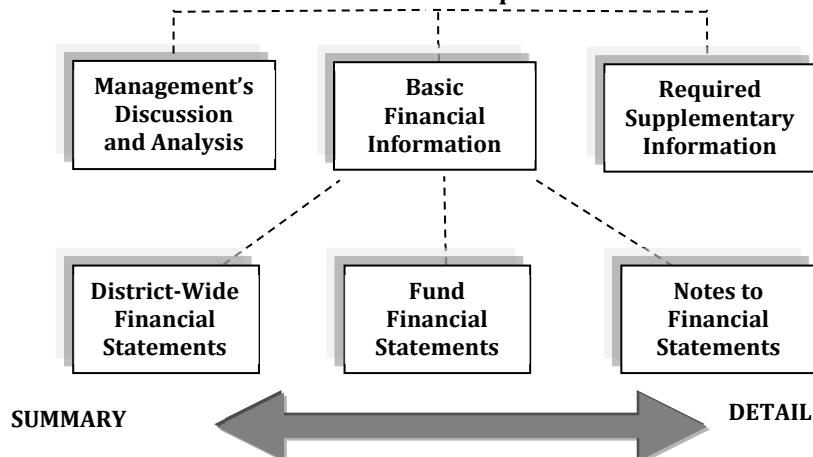
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Lakeside Fire Protection District's Annual Financial Report



LAKESIDE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

LAKESIDE FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as fire protection, medical transport, and administration. Local property taxes finance most of these activities.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

LAKESIDE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 14,545,352	\$ 13,181,218	\$ 1,364,134
Capital assets, net	<u>19,095,877</u>	<u>19,889,879</u>	<u>(794,002)</u>
Total assets	<u>33,641,229</u>	<u>33,071,097</u>	<u>570,132</u>
Deferred outflows of resources	<u>36,131,710</u>	<u>11,240,438</u>	<u>24,891,272</u>
Liabilities:			
Current liabilities	4,805,877	3,056,263	1,749,614
Non-current liabilities	<u>61,329,343</u>	<u>46,314,018</u>	<u>15,015,325</u>
Total liabilities	<u>66,135,220</u>	<u>49,370,281</u>	<u>16,764,939</u>
Deferred inflows of resources	<u>15,388,727</u>	<u>4,756,002</u>	<u>10,632,725</u>
Net position (Deficit):			
Net investment in capital assets	11,402,877	11,643,879	(241,002)
Unrestricted (Deficit)	<u>(23,153,885)</u>	<u>(21,458,627)</u>	<u>(1,695,258)</u>
Total net position (deficit)	<u>\$ (11,751,008)</u>	<u>\$ (9,814,748)</u>	<u>\$ (1,936,260)</u>

At the end of fiscal year 2022, the District shows a deficit balance in its unrestricted net position of (\$23,153,885).

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Program revenues	\$ 6,555,303	\$ 7,101,986	\$ (546,683)
Expenses	<u>(22,207,700)</u>	<u>(19,772,608)</u>	<u>(2,435,092)</u>
Net program expense	(15,652,397)	(12,670,622)	(2,981,775)
General revenues	<u>13,716,137</u>	<u>12,302,710</u>	<u>1,413,427</u>
Change in net position	(1,936,260)	(367,912)	(1,568,348)
Net position:			
Beginning of year	<u>(9,814,748)</u>	<u>(9,446,836)</u>	<u>(367,912)</u>
End of year	<u>\$ (11,751,008)</u>	<u>\$ (9,814,748)</u>	<u>\$ (1,936,260)</u>

LAKESIDE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased its net position by \$1,936,260.

Table A-3: Total Revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 6,395,165	\$ 6,913,464	\$ (518,299)
Mitigation fees	118,710	96,978	21,732
Operating and capital grant funding	<u>41,428</u>	<u>91,544</u>	<u>(50,116)</u>
Total program revenues	<u>6,555,303</u>	<u>7,101,986</u>	<u>(546,683)</u>
General revenues:			
Property taxes	12,263,657	11,691,891	571,766
Redevelopment pass-through	287,735	219,533	68,202
Rental income	55,055	46,812	8,243
State of California special district COVID-19 relief grant	1,365,612	-	1,365,612
Investment earnings	(260,257)	89,069	(349,326)
Sale of capital assets	-	6,238	(6,238)
Other revenues	<u>4,335</u>	<u>249,167</u>	<u>(244,832)</u>
Total general revenues	<u>13,716,137</u>	<u>12,302,710</u>	<u>1,413,427</u>
Total revenues	<u>\$ 20,271,440</u>	<u>\$ 19,404,696</u>	<u>\$ 866,744</u>

Total revenues from all sources increased by 4.45%, or \$866,744 from \$19,404,696 to \$20,271,440, from the prior year, primarily due to an increase in property taxes of \$571,766 and due to the State of California special district COVID-19 relief grant.

Table A-4: Total Expenses

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 20,085,732	\$ 18,288,575	\$ 1,797,157
Depreciation expense	1,147,868	1,139,992	7,876
Interest expense	643,565	344,041	299,524
Cost of debt issuance	<u>330,535</u>	<u>-</u>	<u>330,535</u>
Total expenses	<u>\$ 22,207,700</u>	<u>\$ 19,772,608</u>	<u>\$ 2,435,092</u>

Total expenses for the District's operations increased by 12.3% or \$2,435,092 from \$19,772,608 to \$22,207,700 from the prior year, primarily due to a \$1,797,157 increase in operations expense.

LAKESIDE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2022, the District reported a total fund balance of \$12,522,545. An amount of \$911,535 constitutes the District's *unassigned fund balance*.

The Board reviews the fund balances on an annual basis in light of the District Reserve Policy. The Board is committed to maintaining adequate reserves to ensure that there are appropriate levels of working capital in the District's funds to mitigate current and future risks, such as revenue shortfalls and/or unanticipated expenses.

OPERATIONS FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's general fund at year-end were \$24,978,818 more than actual. Actual revenues were greater than the anticipated budget by \$462,752. Actual revenues less expenses were over budget by \$24,516,066.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2022, the District had invested \$19,095,877 in capital assets, related to the purchase of equipment for use in fire protection. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$1,147,868.

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Capital assets:		
Non-depreciable assets	\$ 4,439,225	\$ 4,185,910
Depreciable assets	25,471,694	25,386,014
Accumulated depreciation	<u>(10,815,042)</u>	<u>(9,682,045)</u>
Total capital assets, net	<u>\$ 19,095,877</u>	<u>\$ 19,889,879</u>

Long-Term Debt

At year-end the District had \$7,693,000 in outstanding long-term debt – a decrease of 7% or (\$553,000) from last year – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Long-term debt	<u>\$ 7,693,000</u>	<u>\$ 8,246,000</u>

LAKESIDE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Fire Chief at the Lakeside Fire Protection District at 12216 Lakeside Ave. Lakeside, CA 92040 or (619) 390-2350

Basic Financial Statements

LAKESIDE FIRE PROTECTION DISTRICT

Statements of Net Position

June 30, 2022 (With Comparative Amounts as of June 30, 2021)

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		Restated
Cash and investments (Note 2)	\$ 13,741,506	\$ 11,569,069
Accrued interest receivable	31,030	18,611
Property taxes and assessments receivable	65,007	43,991
Other receivables	471,258	1,307,831
Prepaid items	22,028	21,809
Deposits with Public Agencies Self Insurance System (Note 3)	214,523	219,907
Total current assets	14,545,352	13,181,218
Non-current assets:		
Capital assets – not being depreciated (Note 4)	4,439,225	4,185,910
Capital assets – being depreciated, net (Note 4)	14,656,652	15,703,969
Total non-current assets	19,095,877	19,889,879
Total assets	33,641,229	33,071,097
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows of resources (Note 10)	1,366,957	1,057,168
Pension related deferred outflows of resources (Note 11)	34,764,753	10,183,270
Total deferred outflows of resources	36,131,710	11,240,438
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	741,011	614,655
Health reimbursement agreement liability (Note 5)	1,281,796	1,131,775
Accrued interest payable	344,842	20,770
Long-term liabilities – due in one year:		
Compensated absences (Note 6)	699,228	736,063
Pension obligation bonds (Note 7)	1,160,000	-
Long-term debt (Note 8)	579,000	553,000
Total current liabilities	4,805,877	3,056,263
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	699,228	736,063
Pension obligation bonds (Note 7)	26,695,000	-
Long-term debt (Note 8)	7,114,000	7,693,000
Workers' compensation claims payable (Note 9)	1,531,737	1,208,447
Net other post-employment benefits liability (Note 10)	3,737,203	4,797,505
Net pension liability (Note 11)	21,552,175	31,879,003
Total non-current liabilities	61,329,343	46,314,018
Total liabilities	66,135,220	49,370,281
DEFERRED INFLOWS OF RESOURCES		
OPEB related deferred inflows of resources (Note 10)	814,644	49,998
Pension related deferred inflows of resources (Note 11)	14,574,083	4,706,004
Total deferred inflows of resources	15,388,727	4,756,002
NET POSITION		
Net investment in capital assets (Note 12)	11,402,877	11,643,879
Unrestricted (Deficit) (Note 13)	(23,153,885)	(21,458,627)
Total net position	\$ (11,751,008)	\$ (9,814,748)

LAKESIDE FIRE PROTECTION DISTRICT

Statements of Activities

For the Fiscal Year Ended June 30, 2022

(With Comparative Amounts for the Fiscal Year Ended June 30, 2021)

	Governmental Activities	
	2022	2021
		Restated
Expenses:		
Fire related services:		
Operations:		
Salaries and wages	\$ 9,288,367	\$ 8,551,650
Employee benefits	7,297,855	6,107,238
Insurance	867,901	1,091,137
Materials and services	2,631,609	2,538,550
Depreciation expense	1,147,868	1,139,992
Interest expense	643,565	344,041
Cost of debt issuance (Note 7)	330,535	-
Total expenses	22,207,700	19,772,608
Program revenues:		
Charges for services:		
Property assessment	920,395	919,815
Annexation fees	3,693,032	3,597,037
Fire services – California Office of Emergency Services	1,129,261	1,805,761
Fire prevention – plan check and inspections	28,026	-
Ambulance services	623,032	589,486
Other charges	1,419	1,365
Mitigation fees	118,710	96,978
Operating and capital grant funding	41,428	91,544
Total program revenues	6,555,303	7,101,986
Net program expense	(15,652,397)	(12,670,622)
General revenues:		
Property taxes	12,263,657	11,691,891
Redevelopment pass-through	287,735	219,533
Rental income	55,055	46,812
State of California special district COVID-19 relief grant	1,365,612	-
Investment earnings	(260,257)	89,069
Sale of capital assets	-	6,238
Other revenues	4,335	249,167
Total general revenues	13,716,137	12,302,710
Change in net position	(1,936,260)	(367,912)
Net position:		
Beginning of year (Deficit) restated (Note 15)	(9,814,748)	(9,446,836)
End of year (Deficit)	\$ (11,751,008)	\$ (9,814,748)

LAKESIDE FIRE PROTECTION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Assets:			
Cash and investments	\$ 12,918,640	\$ 822,866	\$ 13,741,506
Accrued interest receivable	29,137	1,893	31,030
Property taxes receivable	65,007	-	65,007
Other receivables	443,870	27,388	471,258
Prepaid items	22,028	-	22,028
Deposits with PASIS	214,523	-	214,523
Total assets	<u>\$ 13,693,205</u>	<u>\$ 852,147</u>	<u>\$ 14,545,352</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 741,011	\$ -	\$ 741,011
Health reimbursement agreement liability	1,281,796	-	1,281,796
Total liabilities	<u>2,022,807</u>	<u>-</u>	<u>2,022,807</u>
Fund Balances: (Note 14)			
Non-spendable	236,551	-	236,551
Restricted	-	852,147	852,147
Committed	3,688,752	-	3,688,752
Assigned	6,833,560	-	6,833,560
Unassigned	911,535	-	911,535
Total fund balance	<u>11,670,398</u>	<u>852,147</u>	<u>12,522,545</u>
Total liabilities and fund balance	<u>\$ 13,693,205</u>	<u>\$ 852,147</u>	<u>\$ 14,545,352</u>

LAKESIDE FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Fund Balances – Governmental Funds	<u>\$ 12,522,545</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	19,095,877
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	36,131,710
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(344,842)
Compensated absences	(1,398,456)
Long-term debt	(7,693,000)
Workers' compensation claims payable	(1,531,737)
Pension obligation bonds	(27,855,000)
Net other post-employment benefits liability	(3,737,203)
Net pension liability	(21,552,175)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(15,388,727)</u>
Total adjustments	<u>(24,273,553)</u>
Net Position of Governmental Activities	<u><u>\$ (11,751,008)</u></u>

LAKESIDE FIRE PROTECTION DISTRICT

*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022*

	Major Funds		
	General Fund	Fire Mitigation Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 12,263,657	\$ -	\$ 12,263,657
Redevelopment pass-through	287,735	-	287,735
Property assessment	920,395	-	920,395
Annexation fees	3,693,032	-	3,693,032
Fire services – California Office of Emergency Services	1,129,261	-	1,129,261
Fire prevention – plan check and inspections	28,026	-	28,026
Ambulance services	623,032	-	623,032
Other charges	1,419	-	1,419
Other revenues	4,335	-	4,335
Mitigation fees	-	118,710	118,710
Operating and capital grant funding	41,428	-	41,428
Rental income – site and cellular	55,055	-	55,055
State of California special district COVID-19 relief grant	1,365,612	-	1,365,612
Investment earnings	(245,136)	(15,121)	(260,257)
Total revenues	20,167,851	103,589	20,271,440
EXPENDITURES:			
Fire related services:			
Salaries and wages	9,362,037	-	9,362,037
Employee benefits	32,943,532	-	32,943,532
Insurance	544,611	-	544,611
Materials and services	2,631,609	-	2,631,609
Capital outlay	353,866	-	353,866
Debt service:			
Principal	553,000	-	553,000
Interest	319,493	-	319,493
Total expenditures	46,708,148	-	46,708,148
REVENUES OVER(UNDER) EXPENDITURES	(26,540,297)	103,589	(26,436,708)
OTHER FINANCING SOURCES(USES):			
Issuance of debt – pension obligation bonds (Note 7)	27,855,000	-	27,855,000
Cost of debt issuance (Note 7)	(330,535)	-	(330,535)
Total other financing sources(uses)	27,524,465	-	27,524,465
NET CHANGES IN FUND BALANCE	984,168	103,589	1,087,757
FUND BALANCE:			
Beginning of year as restated (Note 15)	10,686,230	748,558	11,434,788
End of year	\$ 11,670,398	\$ 852,147	\$ 12,522,545

LAKESIDE FIRE PROTECTION DISTRICT*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Net Change in Fund Balances – Governmental Funds \$ 1,087,757

Amounts reported for governmental activities in the statement of activities is different because:

Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

Change in compensated absences	73,670
Change in accrued interest payable	(324,072)
Change in workers' compensation claims payable	(323,290)
Change in net other post-employment benefits liability	605,445
Change in net pension liability	25,040,232

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	353,866
Depreciation expense	(1,147,868)

Principal repayment of long-term debt obligations are reported as expenditures in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.

553,000

Proceeds from issuance of debt are reported as other financing sources in government funds and thus contribute to the change in fund balances. In the government-wide statements. However, issuance of debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.

(27,855,000)

Total adjustments

(3,024,017)

Change in Net Position of Governmental Activities

\$ (1,936,260)

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Lakeside Fire Protection District (the District) in San Diego County was formed in 1963 and is home to over 60,000 residents living in the communities of Lakeside, Eucalyptus Hills, Moreno, Winter Gardens, Lakeview, Johnstown, Blossom Valley, Flinn Springs, Pepper Drive, and other areas of unincorporated El Cajon. The service area is primarily suburban residential but also has several core commercial zones, some light industrial, and many rural/agricultural properties. The District also has a significant wildland/urban interface.

The Lakeside Fire District is proud to have been an original participant in the Heartland Mutual Aid Pact and continues to operate the longest running paramedic program in San Diego County.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, other nonexchange transactions, and charges for services.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) 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 as general revenues.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Fire Mitigation Fund: This fund is used to account for San Diego County Mitigation fees collected from applications for building permits in the District's service area. Mitigation fees paid under this program shall be used to expand the availability of capital facilities and equipment to serve new developments.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Investments

The District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

2. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Structures and Improvements	20-30 years
Equipment	5-20 years
Vehicles and Apparatuses	8 years

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

4. Compensated Absences

Accumulated unpaid employee vacation benefits and sick leave are recognized as liabilities of the District. No employee may accumulate more annual leave hours than they would earn in a two-year period based on their own earnings rate. Employees earn with a maximum carryover of 1,040 hours.

5. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2020
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

6. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Net Position (continued)

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted". When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Non-spendable: Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

F. Property Taxes

The San Diego County Assessor's Office assesses all real and personal property within the County each year. The San Diego County Tax Collector's Office bills and collects the District's share of property taxes and voter-approved taxes. The San Diego County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by San Diego County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and November 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, by the District and San Diego County. The Teeter Plan authorizes the County Auditor-Controller to allocate 100% of the secured property tax billed but not yet received or paid to the District. San Diego County remits tax proceeds to the District in installments during the fiscal year.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022, consisted of the following:

Description	Balance
Cash on hand	\$ 500
Demand deposits held with financial institutions	541,205
California Local Agency Investment Fund (LAIF)	8,105
San Diego County Pooled Investment Fund (SDCPIF)	<u>13,191,696</u>
Total cash and investments	<u>\$ 13,741,506</u>

Demand Deposits with Financial Institutions

At June 30, 2022, the carrying amount of the District's demand deposits was \$541,205 and the financial institution's balance was \$654,438. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). LAIF allows cities, counties, and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2022, the District held \$8,105 in LAIF.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (continued)

San Diego County Treasury Investment Pool (SDCTIP)

The District is a voluntary participant in the San Diego County Treasury Investment Pool (SDCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Diego County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million.

Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the Treasurer-Tax Collector – San Diego Administration Center – 1600 Pacific Hwy, Room 162 – San Diego, CA 92101 or the Treasurer and Tax Collector’s office website at www.sdttc.com. As of June 30, 2022, the District had \$13,191,696 in the SDCTIP.

NOTE 3 – DEPOSITS WITH PUBLIC AGENCIES SELF INSURANCE SYSTEM (PASIS)

The District is one of seven Members in the Public Agency Self-Insurance System (PASIS). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers’ compensation for its Members.

PASIS’s purpose is to provide for the collection of workers’ compensation claims data, purchase claims examiner services, general counsel services and excess insurance coverage. Members are responsible for paying their own claims and related expenses for workers’ compensation related injuries. PASIS requires active Members to maintain a minimum base funding of 125% of a Members’ self-insured retention plus a 15% increase for Members with annual payroll in excess of \$1.8 million. The deductible for self-insured retention selected by the District is \$125,000. PASIS carries excess insurance through a joint powers authority to cover amounts over the self-insured retention. As of June 30, 2022, the District had \$214,523 on deposit with PASIS. Further information in regard to PASIS is as follows:

A. Entity	Public Agency Self-Insurance System (PASIS)		
B. Purpose	To pool member resources and realize the advantages of a self-insurance reserve for workers' compensation		
C. Participants	As of June 30, 2022 – Seven member agencies		
D. Governing board	Seven representatives employed/appointed by members		
E. District payments for FY 2022:			
Contribution	\$0		
F. Condensed financial information	June 30, 2022		
Audit signed	July 31, 2022		
Statement of net position:		June 30, 2022	District Share
Total assets		<u>\$ 3,450,905</u>	<u>\$ 214,523</u>
Total liabilities		<u>-</u>	<u>-</u>
Net position		<u>\$ 3,450,905</u>	<u>\$ 214,523</u>
Statement of revenues, expenses and changes in net position:			
Total revenues		\$ -	\$ -
Total expenses		<u>(84,216)</u>	<u>(5,244)</u>
Change in net position		(84,216)	(5,244)
Beginning – net position		<u>3,535,121</u>	<u>219,767</u>
Ending – net position		<u>\$ 3,450,905</u>	<u>\$ 214,523</u>
G. District's share of year-end financial position		<u>100.00%</u>	<u>6.22%</u>

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

<u>Description</u>	<u>Balance July 1, 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2022</u>
Non-depreciable capital assets:				
Land	\$ 1,819,743	\$ -	\$ -	\$ 1,819,743
Construction-in-progress	<u>2,366,167</u>	<u>253,315</u>	<u>-</u>	<u>2,619,482</u>
Total non-depreciable capital assets	<u>4,185,910</u>	<u>253,315</u>	<u>-</u>	<u>4,439,225</u>
Depreciable capital assets:				
Structures and improvements	16,075,191	-	-	16,075,191
Equipment and vehicles	<u>9,310,823</u>	<u>100,551</u>	<u>(14,871)</u>	<u>9,396,503</u>
Total depreciable capital assets	<u>25,386,014</u>	<u>100,551</u>	<u>(14,871)</u>	<u>25,471,694</u>
Accumulated depreciation:				
Structures and improvements	(4,018,132)	(465,211)	-	(4,483,343)
Equipment and vehicles	<u>(5,663,913)</u>	<u>(682,657)</u>	<u>14,871</u>	<u>(6,331,699)</u>
Total accumulated depreciation	<u>(9,682,045)</u>	<u>(1,147,868)</u>	<u>14,871</u>	<u>(10,815,042)</u>
Total depreciable capital assets, net	<u>15,703,969</u>	<u>(1,047,317)</u>	<u>-</u>	<u>14,656,652</u>
Total capital assets, net	<u>\$ 19,889,879</u>	<u>\$ (794,002)</u>	<u>\$ -</u>	<u>\$ 19,095,877</u>

Depreciation expense for the year ended June 30, 2022 was \$1,147,868 and is not allocated to the various governmental functions or funds.

NOTE 5 – HEALTH REIMBURSEMENT AGREEMENT LIABILITY

Changes to the health reimbursement agreement liability for the year ended June 30, 2022, were as follows:

<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
<u>\$ 1,131,775</u>	<u>\$ 760,342</u>	<u>\$ (610,321)</u>	<u>\$ 1,281,796</u>

The District provides a Health Reimbursement Agreement (HRA) to employees with a specified amount of money set up in a separate account to help cover the cost of medical care. The District funds this account and the employee is reimbursed as qualified medical expenses occur.

When a qualified claim is made through a Third-Party Administrator (TPA) any available HRA funds are paid out and the HRA account balance is decreased by the claim amount. Once the HRA funds are depleted, any remaining liability becomes the employee's responsibility. If there are funds remaining in an employee's HRA at the end of the year, some or all of the funds may be rolled-over and accessed in future years as long as the employee is employed by the District or retired from the District.

As of June 30, 2022, the District's HRA liability is \$1,281,796 covering 42 active employees and 73 retired employees.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 6 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2022, were as follows:

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 1,472,126	\$ 440,454	\$ (514,124)	\$ 1,398,456	\$ 699,228	\$ 699,228

NOTE 7 – PENSION OBLIGATION BONDS

Changes in pension obligation bonds amounts for the year ended June 30, 2022, was as follows:

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ -	\$ 27,855,000	\$ -	\$ 27,855,000	\$ 1,160,000	\$ 26,695,000

On February 3, 2022, the District issued 2022 Taxable Pension Obligation Bonds in the amount of \$27,855,000. The 2022 bonds were placed with U.S. Bank. The bonds were issued to (a) finance a portion of the District's unfunded accrued liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the District's employees and to pay a portion of current normal costs, and (b) pay the costs incurred in connection with the issuance of the bonds of \$330,535. The bonds bear variable interest rates ranging from 1.020% to 3.637% and are payable semiannually on August 1 and February 1 of each year, commencing August 1, 2022, until maturity or earlier redemption. The bonds mature in fiscal year 2043. Total principal and interest remaining on the bonds as of June 30, 2022, is \$37,552,526. Future remaining payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,160,000	\$ 789,571	\$ 1,949,571
2024	1,170,000	780,787	1,950,787
2025	1,190,000	763,835	1,953,835
2026	1,210,000	742,931	1,952,931
2027	1,230,000	718,948	1,948,948
2028-2032	6,635,000	3,126,551	9,761,551
2033-2037	7,685,000	2,045,972	9,730,972
2038-2042	6,790,000	714,656	7,504,656
2043	<u>785,000</u>	<u>14,275</u>	<u>799,275</u>
Total	27,855,000	<u>\$ 9,697,526</u>	<u>\$ 37,552,526</u>
Current	<u>(1,160,000)</u>		
Long-term	<u>\$ 26,695,000</u>		

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 7 – PENSION OBLIGATION BONDS (continued)

Bond Provisions

The obligations of the District under the bonds, including the obligation to make all payments of interest and principal when due, are obligations of the District imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The bonds do not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation. Neither the bonds nor the obligations of the District to make payments on the bonds constitute an indebtedness of the District, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. For the purpose of paying the principal of and interest on the bonds, the District’s council has covenanted under the trust agreement, to take such actions annually as are necessary or appropriate to cause the debt service on the bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor from any legally available funds to ensure that sufficient sums are available to pay the annual principal of and interest on the bonds as the same become due.

NOTE 8 – LONG-TERM DEBT

Changes in long-term debt were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
2010 Certificates of Participation	4,020,000	-	(370,000)	3,650,000	390,000	3,260,000
2019 Certificates of Participation	4,226,000	-	(183,000)	4,043,000	189,000	3,854,000
	<u>\$ 8,246,000</u>	<u>\$ -</u>	<u>\$ (553,000)</u>	<u>\$ 7,693,000</u>	<u>\$ 579,000</u>	<u>\$ 7,114,000</u>

2010 Certificates of Participation (COPs)

In May 2010, COPs with face value of \$7,340,000 were sold by the Public Property Financing Corporation (Corporation) to finance the cost of design, acquisition, and construction of certain capital improvements. An installment purchase agreement between the District, as Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPs. The installment payments are to be paid from general funds as described in the installment agreement. The 2010 COPs bear variable interest rates ranging from 2.00% to 5.00% and are payable semiannually on December 15 and June 15 of each year, commencing December 15, 2010. The 2010 COPs mature in fiscal year 2030. Total principal and interest remaining on the COPs as of June 30, 2022 is \$4,401,623. Future remaining payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 390,000	\$ 162,816	\$ 552,816
2024	405,000	146,166	551,166
2025	425,000	128,210	553,210
2026	440,000	109,180	549,180
2027	460,000	88,000	548,000
2028-2030	<u>1,530,000</u>	<u>117,251</u>	<u>1,647,251</u>
Total	3,650,000	<u>\$ 751,623</u>	<u>\$ 4,401,623</u>
Current	<u>(390,000)</u>		
Long-term	<u>\$ 3,260,000</u>		

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 8 – LONG-TERM DEBT (continued)

2019 Certificates of Participation (COPs)

In March 2019, COPs with face value of \$4,585,000 were sold by the Public Property Financing Corporation (Corporation) to finance the cost of design, acquisition, and construction of fire station no. 3. An installment purchase agreement between the District, as Buyer, and the Corporation, as Seller, was executed for the scheduled payment of principal and interest associated with the COPs. The installment payments are to be paid from general funds as described in the installment agreement. The 2019 COPs bear an interest rate of 3.38% and are payable semiannually on December 1 and June 1 of each year, commencing December 1, 2019. The 2019 COPs mature in fiscal year 2039. Total principal and interest remaining on the COPs as of June 30, 2022 is \$5,295,916. Future remaining payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 189,000	\$ 135,065	\$ 324,065
2024	195,000	128,626	323,626
2025	202,000	121,984	323,984
2026	209,000	115,089	324,089
2027	216,000	107,974	323,974
2028-2032	1,195,000	424,274	1,619,274
2033-2037	1,413,000	206,299	1,619,299
2038-2039	<u>424,000</u>	<u>13,605</u>	<u>437,605</u>
Total	4,043,000	<u>\$ 1,252,916</u>	<u>\$ 5,295,916</u>
Current	<u>(189,000)</u>		
Long-term	<u>\$ 3,854,000</u>		

NOTE 9 – WORKERS' COMPENSATION CLAIMS PAYABLE

The District is self-insured for workers' compensation and has effectively managed this risk of loss through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Excess insurance is purchased above the self-insured retention through PASIS. As of June 30, 2022, the liability for workers' compensation claims payable was estimated at \$1,531,737.

Changes in workers' compensation claims payable for the year ended June 30, 2022, was as follows:

<u>Description</u>	<u>Balance</u>
Estimated claims balance – July 1, 2021	<u>\$ 1,208,447</u>
Claim payments	(447,127)
Revised claims estimate	<u>770,417</u>
Change in claims balance	<u>323,290</u>
Estimated claims balance – June 30, 2022	<u>\$ 1,531,737</u>

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 10 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY

Summary

The following balances on the statement of net position will be addressed in this footnote as follows:

<u>Description</u>	<u>Amount</u>
OPEB related deferred outflows of resources	\$ 1,366,957
Net other post-employment benefits liability	3,737,203
OPEB related deferred inflows of resources	814,644

A. General Information about the OPEB Plan

Plan Description and Benefits Provided

The District provides healthcare benefits for retirees or contribution to HSA through a cost-sharing multi-employer defined benefit plan. Active employees are offered a choice of medical plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plans to eligible retirees except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer. Those retired prior to March 31, 2013 are entitled to lifetime benefits.

The District contributes to the retiree health coverage of eligible retirees. Effective April 2013, the District's financial liability is to pay an amount equal to the average of the medical plans provided through PEMHCA plans after discarding the highest and lowest premium costs for the employee only. Employees hired after January 1, 2013 will only receive a District contribution equal to the CalPERS minimum required employer contribution. The CalPERS minimum required employer contribution is \$149 per month in 2022 and is scheduled to increase each year based on medical inflation.

An employee is eligible for the District contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the District. Vesting requires at least 5 years of PERS eligible service.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2021, the measurement period, the District's contributions totaled \$898,174.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 10 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (continued)

A. General Information about the OPEB Plan (continued)

Employees covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

<u>Plan Members</u>	<u>Covered Participants</u>
Active members	52
Inactives currently receiving benefits	74
Total plan members	126

B. Total OPEB Liability

The District’s total OPEB liability of \$3,737,203 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.75%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Trend Rate	4% per year

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The Building Block Method was used.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 10 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (continued)

C. Changes in the Total OPEB Liability

	<u>OPEB Liability</u>
Balance at July 1, 2020	<u>\$ 4,797,499</u>
Changes for the year:	
Service cost	27,184
Interest	(661,476)
Changes in assumptions	(5,909)
Changes in experience	476,282
Benefit payments	(898,174)
Administrative Expenses	1,797
Net changes	<u>(1,060,296)</u>
Balance at June 30, 2021	<u>\$ 3,737,203</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease	Discount Rate	1% Increase
<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
<u>\$ 4,782,924</u>	<u>\$ 3,737,203</u>	<u>\$ 2,850,945</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Current Trend	1% Increase
<u>\$ 2,790,185</u>	<u>\$ 3,737,203</u>	<u>\$ 4,849,137</u>

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 10 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$242,567. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following:

<u>Account Description</u>	<u>of Resources</u>	<u>of Resources</u>
OPEB contributions made after the measurement	\$ 840,037	\$ -
Changes in assumptions	-	(4,971)
Changes in experience	425,971	(31,253)
Net difference in earnings on plan investments	100,949	(778,420)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 1,366,957</u>	<u>\$ (814,644)</u>

The District reported \$840,037 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2023	\$ (92,983)
2024	(89,004)
2025	(89,683)
2026	(113,112)
2027	74,663
Thereafter	22,395
Total	<u>\$ (287,724)</u>

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN

Summary

The following balances on the statement of net position will be addressed in this footnote as follows:

<u>Description</u>	<u>Amount</u>
Pension related deferred outflows of resources	\$ 34,764,753
Net pension liability	21,552,175
Pension related deferred inflows of resources	14,574,083

A. General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
Hire date	Prior to <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.0% to 2.7%	1.0% to 2.5%
Required member contribution rates	8.000%	7.750%
Required employer contribution rates	15.180%	7.540%
	<u>Safety Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
Hire date	Prior to <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 55 & up	50 - 57 & up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.7%
Required member contribution rates	9.000%	13.750%
Required employer contribution rates	25.590%	13.980%

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2021, the following members were covered by the benefit terms:

Plan Members	Miscellaneous and Safety Plans		
	Classic	PEPRA	Total
	Tier 1	Tier 2	
Active members	28	27	55
Transferred and terminated members	26	19	45
Retired members and beneficiaries	86	-	86
Total plan members	140	46	186

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2022, were as follows:

Contribution Type	Miscellaneous and Safety Plans		
	Classic Tier 1	PEPRA Tier 2	Total
Contributions – Miscellaneous Plans	\$ 752,193	\$ 13,544	\$ 765,737
Contributions – Safety Plans	29,514,658	474,524	29,989,182
Total contributions	\$ 30,266,851	\$ 488,068	\$ 30,754,919

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous and Safety Plans for the fiscal year ended June 30, 2021:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Total Plans:			
Balance as of June 30, 2020 (Measurement Date)	\$ 102,895,976	\$ 71,016,972	\$ 31,879,004
Balance as of June 30, 2021 (Measurement Date)	\$ 106,327,694	\$ 84,775,519	\$ 21,552,175
Change in Plan Net Pension Liability	\$ 3,431,718	\$ 13,758,547	\$ (10,326,829)

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District’s proportionate share percentage of the net pension liability for the June 30, 2021, measurement date was as follows:

<u>CalPERS – Safety Plan</u>	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	June 30, 2021	June 30, 2020	
Percentage of Risk Pool Net Pension Liability	0.60239%	0.46741%	0.13498%

For the year ended June 30, 2022, the District recognized pension expense of \$5,725,053. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 30,754,919	\$ -
Difference between actual and proportionate share of employer contributions	-	(1,632,141)
Adjustment due to differences in proportions	351,814	-
Differences between expected and actual experience	3,658,020	-
Differences between projected and actual earnings on pension plan investments	-	(12,941,942)
Total Deferred Outflows/(Inflows) of Resources	\$ 34,764,753	\$ (14,574,083)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

An amount of \$30,754,919 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/</u> <u>(Inflows) of</u> <u>Resources</u>
2023	\$ (1,909,769)
2024	(2,245,484)
2025	(2,847,137)
2026	<u>(3,561,859)</u>
Total	<u>\$ (10,564,249)</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2020, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100%</u>		

¹ An expected inflation of 2.0% is used for years 1-10.

² An expected inflation of 2.9% is used for years 11+.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Total Plans	\$ 35,856,638	\$ 21,552,175	\$ 9,800,606

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

D. Payable to the Pension Plans

At June 30, 2022, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022.

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2022, the net investment in capital assets was calculated as follows:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 4,439,225
Capital assets – being depreciated, net	14,656,652
Long-term debt – COPs payable – current portion	(579,000)
Long-term debt – COPs payable – non-current portion	<u>(7,114,000)</u>
Total net investment in capital assets	<u><u>\$ 11,402,877</u></u>

NOTE 13 – UNRESTRICTED NET POSITION (DEFICIT)

As of June 30, 2022, the District had an unrestricted net position deficit of (\$23,153,885). Due to the nature of the deficit from the implementation of GASB No. 68 – Net Pension Liability – in fiscal year 2015 and GASB No. 75 – Net OPEB Liability– in fiscal year 2018, the District will continue to make its actuarial determined contributions and healthcare administrative costs to CalPERS and annually review its outstanding net pension liability and net OPEB liability funding requirements for future periods to reduce the deficit position.

NOTE 14 – FUND BALANCES

At June 30, 2022, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total</u>
Non-spendable:			
Prepaid items	\$ 236,551	\$ -	\$ 236,551
Restricted:			
Mitigation fees	-	852,147	852,147
Committed:			
Economic/budget stability	3,688,752	-	3,688,752
Assigned:			
Compensated absences	1,398,456	-	1,398,456
Budget stability	1,689,166	-	1,689,166
Capital facilities	1,094,718	-	1,094,718
Capital equipment replacement	1,758,309	-	1,758,309
HCFA	589,700	-	589,700
CSA-69	303,211	-	303,211
Total assigned	<u>6,833,560</u>	<u>-</u>	<u>6,833,560</u>
Unassigned	<u>911,535</u>	<u>-</u>	<u>911,535</u>
Total fund balances	<u><u>\$ 11,670,398</u></u>	<u><u>\$ 852,147</u></u>	<u><u>\$ 12,522,545</u></u>

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 15 – PRIOR PERIOD RESTATEMENT

Government-Wide Statement of Net Position and Statement of Activities

A detailed schedule of adjustments to net position at June 30, 2021 is as follows:

<u>Description</u>	<u>Amount</u>
Net position:	
Beginning of year, as previously stated	\$ (9,267,129)
Capital assets, net	3,410
Workers' compensation claims payable	<u>(551,029)</u>
Net adjustment	<u>(547,619)</u>
Beginning of year, as restated	<u><u>\$ (9,814,748)</u></u>

On the June 30, 2021 statement of net position capital assets amounts as well as associated accumulated depreciation was understated, and the District's workers' compensation claims payable was understated.

Governmental Fund – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

A detailed schedule of adjustments to fund balance at June 30, 2021 is as follows:

<u>Description</u>	<u>Amount</u>
Fund balance:	
Beginning of year, as previously stated	\$ 10,777,370
Workers' compensation claims payable	<u>657,418</u>
Net adjustment	<u>657,418</u>
Beginning of year, as restated	<u><u>\$ 11,434,788</u></u>

On the June 30, 2021 fund financials statements workers' compensation claims payable long-term liability was incorrectly included as a liability on the fund balance sheet. This balance should only be included as a long-term liability on the statement of net position.

NOTE 16 – RISK MANAGEMENT

Fire Agencies Insurance Risk Authority (FAIRA)

The District entered into a JPA, known as the Fire Agencies Insurance Risk Authority (FAIRA), a self-insurance plan for general liability insurance. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the FAIRA. The JPA is a separate entity which is independently audited. Condensed financial and other information available for the FAIRA as of June 30, 2021 is as follows:

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 16 – RISK MANAGEMENT (continued)

A. Entity	Fire Agencies Insurance Risk Authority (FAIRA)
B. Purpose	To pool member resources and realize the advantages of self-insurance for general liability insurance
C. Participants	As of June 30, 2021 – Approx. 100 member agencies
D. Governing board	13 representatives employed/appointed by members
E. District payments for FY 2022:	
Insurance premium	\$107,335
F. Condensed financial information	June 30, 2021
Audit signed	January 25, 2022
Statement of net position:	
Total assets	<u>\$ 3,106,209</u>
Total liabilities	<u>754,531</u>
Net position	<u>\$ 2,351,678</u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 4,259,872
Total expenses	<u>(4,488,937)</u>
Change in net position	(229,065)
Beginning - net position	<u>2,580,743</u>
Ending - net position	<u>\$ 2,351,678</u>

The complete financial statements can be obtained by contacting FAIRA at 1255 Battery St, Suite 450, San Francisco, CA 94111.

NOTE 17 – JOINT POWERS AGREEMENTS

Heartland Fire Training Authority

The District entered into a Joint Powers Agreement (JPA) known as the “Heartland Fire Training Authority” (HFTA), the purpose of which is to acquire, staff, maintain, operate, and lease public buildings and related facilities for the purpose of training firefighting personnel; and to acquire staff, operate and maintain a consolidated regional fire and emergency response training facility, and to provide a vehicle for the accomplishment thereof. The JPA was created by agreement dated December 1, 1973, which expired October 1, 1999. A new JPA was created on October 1, 1999, and was due to expire on October 31, 2012, but may continue for an additional fifteen years.

Heartland Communications Facility Authority

The District entered into a Joint Powers Agreement (JPA) known as the “Heartland Communications Facility Authority” (HCFA), the purpose of which is to acquire, construct, equip, and maintain and operate a communications facility. The HCFA is governed by a commission consisting of a representative from each public agency. The commission controls the operations of the CFA, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the commission. Each public agency pays a premium based on the ratio of mobile radios and uniformed personnel of all members of the JPA. Because the District has a minority voting interest and no administrative authority, the financial transactions of the JPA are not included in this report

LAKESIDE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 18 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 20 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 11, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

LAKESIDE FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	\$ 12,209,852	\$ 12,209,852	\$ 12,263,657	\$ 53,805
Redevelopment pass-through	150,000	150,000	287,735	137,735
Property assessment	917,000	917,000	920,395	3,395
Annexation fees	3,688,335	3,688,335	3,693,032	4,697
Fire services - California Office of Emergency Services	372,500	572,500	1,129,261	556,761
Fire prevention – plan check and inspections	48,750	48,750	28,026	(20,724)
Ambulance services	602,500	602,500	623,032	20,532
Other charges	1,000	1,000	1,419	419
Other revenues	-	-	4,335	4,335
Operating and capital grant funding	39,550	39,550	41,428	1,878
Rental income – site and cellular	40,000	40,000	55,055	15,055
State of California special district COVID-19 relief grant	-	1,365,612	1,365,612	-
Investment earnings	70,000	70,000	(245,136)	(315,136)
Total revenues	18,139,487	19,705,099	20,167,851	462,752
EXPENDITURES:				
Fire related services:				
Salaries and wages	9,119,377	10,859,886	9,362,037	1,497,849
Employee benefits	4,763,453	4,540,241	32,943,532	(28,403,291)
Insurance	560,482	551,304	544,611	6,693
Materials and services	2,865,041	2,859,090	2,631,609	227,481
Capital outlay	1,718,701	1,723,441	353,866	1,369,575
Debt service:				
Principal	553,000	874,184	553,000	321,184
Interest	321,184	321,184	319,493	1,691
Total expenditures	19,901,238	21,729,330	46,708,148	(24,978,818)
REVENUES OVER(UNDER) EXPENDITURES	(1,761,751)	(2,024,231)	(26,540,297)	(24,516,066)
OTHER FINANCING SOURCES(USES):				
Issuance of debt - pension obligation bonds	-	-	27,855,000	27,855,000
Cost of debt issuance	-	-	(330,535)	(330,535)
Total other financing sources(uses)	-	-	27,524,465	27,524,465
NET CHANGES IN FUND BALANCE	\$ (1,761,751)	\$ (2,024,231)	984,168	\$ 3,008,399
FUND BALANCE:				
Beginning of year			10,686,230	
End of year			<u>\$ 11,670,398</u>	

LAKESIDE FIRE PROTECTION DISTRICT

*Schedule of Proportionate Share of the Net Pension Liability – Total Plan
For the Fiscal Year Ended June 30, 2022*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.448190%	\$ 15,152,736	\$ 4,541,234	333.67%	81.46%
June 30, 2015	0.447280%	16,018,147	4,229,834	378.69%	79.89%
June 30, 2016	0.459210%	23,521,384	4,739,622	496.27%	72.44%
June 30, 2017	0.457880%	27,036,305	4,452,881	607.16%	71.24%
June 30, 2018	0.471590%	27,308,779	4,327,466	631.06%	71.31%
June 30, 2019	0.476890%	29,391,065	4,483,818	655.49%	70.24%
June 30, 2020	0.292990%	31,879,004	4,741,867	672.29%	69.02%
June 30, 2021	0.398503%	21,552,175	5,559,228	387.68%	79.73%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

LAKESIDE FIRE PROTECTION DISTRICT
Schedule of Pension Contributions – Total Plan
For the Fiscal Year Ended June 30, 2022

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 1,181,138	\$ (1,181,138)	\$ -	4,541,234	26.01%
June 30, 2016	1,107,544	(1,107,544)	-	4,229,834	26.18%
June 30, 2017	150,729	(150,729)	-	4,739,622	3.18%
June 30, 2018	1,793,129	(1,793,129)	-	4,452,881	40.27%
June 30, 2019	2,302,864	(2,302,864)	-	4,327,466	53.22%
June 30, 2020	2,716,459	(2,716,459)	-	4,483,818	60.58%
June 30, 2021	3,092,319	(3,092,319)	-	4,741,867	65.21%
June 30, 2022	3,387,105	(30,754,919)	(27,367,814)	5,559,228	60.93%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (3%@60), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

LAKESIDE FIRE PROTECTION DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2022

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:					
Service cost	\$ 27,184	\$ 26,456	\$ 27,493	\$ 26,757	\$ 26,041
Interest	645,042	638,901	635,418	628,941	621,500
Changes in assumptions	(5,909)	-	-	-	-
Differences between expected and actual experience	476,282	38,262	(63,584)	-	-
Changes of benefit terms	-	-	-	-	-
Benefit payments	(619,944)	(607,686)	(551,576)	(552,581)	(531,328)
Net change in total OPEB liability	522,655	95,933	47,751	103,117	116,213
Total OPEB liability - beginning	9,494,580	9,398,647	9,350,896	9,247,779	9,131,566
Total OPEB liability - ending	10,017,235	9,494,580	9,398,647	9,350,896	9,247,779
Plan fiduciary net position:					
Contributions - employer	898,174	920,596	920,595	960,891	981,328
Net investment income	1,306,518	145,350	257,184	241,905	262,537
Administrative expense	(1,797)	(2,116)	(806)	(4,492)	(2,194)
Benefit payments	(619,944)	(607,686)	(551,576)	(552,581)	(531,328)
Net change in plan fiduciary net position	1,582,951	456,144	625,397	645,723	710,343
Plan fiduciary net position - beginning	4,697,081	4,240,937	3,615,540	2,969,817	2,259,474
Plan fiduciary net position - ending	6,280,032	4,697,081	4,240,937	3,615,540	2,969,817
District's net OPEB liability	\$ 3,737,203	\$ 4,797,499	\$ 5,157,710	\$ 5,748,558	\$ 6,277,962
Plan fiduciary net position as a percentage of the total OPEB liability	62.69%	49.47%	45.12%	38.67%	32.11%
Covered-employee payroll	5,559,228	4,741,867	4,483,818	4,327,466	4,452,881
District's net OPEB liability as a percentage of covered-employee payroll	67.23%	101.17%	115.03%	132.84%	140.99%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms
 Measurement Date June 30, 2018 – There were no changes of benefits terms
 Measurement Date June 30, 2019 – There were no changes of benefits terms
 Measurement Date June 30, 2020 – There were no changes of benefits terms
 Measurement Date June 30, 2021 – There were no changes of benefits terms

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
 Measurement Date June 30, 2018 – There were no changes in assumptions
 Measurement Date June 30, 2019 – There were no changes in assumptions
 Measurement Date June 30, 2020 – There were no changes in assumptions
 Measurement Date June 30, 2021 – There was a change in the discount rate and inflation rate

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

LAKESIDE FIRE PROTECTION DISTRICT
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2022

Fiscal Year Ended	Last Ten Fiscal Years*				
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution* (Pay-as-you-go funding with No Plan Assets)	\$ 615,652	\$ 619,944	\$ 607,686	\$ 551,576	\$ 552,581
Contributions in relation to the actuarially determined contributions	<u>(840,037)</u>	<u>(898,174)</u>	<u>(920,596)</u>	<u>(920,595)</u>	<u>(960,891)</u>
Contribution deficiency (excess)	<u>\$ (224,385)</u>	<u>\$ (278,230)</u>	<u>\$ (312,910)</u>	<u>\$ (369,019)</u>	<u>\$ (408,310)</u>
Covered payroll	<u>5,559,228</u>	<u>4,741,867</u>	<u>4,483,818</u>	<u>4,327,466</u>	<u>4,452,881</u>
Contributions as a percentage of covered payroll	<u>15.11%</u>	<u>18.94%</u>	<u>20.53%</u>	<u>21.27%</u>	<u>21.58%</u>

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.75%	7.00%	7.00%	7.00%	7.00%
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.75%	2.75%	2.75%	2.75%	2.75%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	80%	80%	80%	80%	80%
Healthcare trend rates	(4)	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) 2014 CalPERS Mortality for fiscal years June 30, 2018 to June 30, 2021. 2017 CalPERS Mortality for fiscal year June 30, 2022

(3) CalPERS Public Agency Miscellaneous 2.7% @55 and 2% @60

CalPERS Public Agency Safety 3.0% @50 and 3.0% @55

(4) 4% per year

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

Other Independent Auditors' Report



INDEPENDENT AUDITORS' 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

Board of Directors
Lakeside Fire Protection District
Lakeside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakeside Fire Protection District as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lakeside Fire Protection District's basic financial statements, and have issued our report thereon dated January 11, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakeside Fire Protection District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lakeside Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lakeside 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Lakeside Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
January 11, 2023