

**RANCHO ADOBE FIRE
PROTECTION DISTRICT**

**Financial Statements and
Independent Auditor's Report**

For the Fiscal Year Ended June 30, 2023
(With Comparative Amounts for fiscal Year 2022)

RANCHO ADOBE FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rancho Adobe Fire Protection District
Penngrove, California

Opinions

We have audited the accompanying financial statements of the and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rancho Adobe Fire Protection District, 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 Rancho Adobe Fire Protection District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special District. 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 Rancho Adobe Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 Rancho Adobe Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rancho Adobe Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

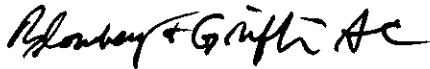
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, budgetary comparison on pages 31-32 and schedule of CalPERS on pages 33-34 information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information.

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited Rancho Adobe Fire Protection District June 30, 2022, financial statements, and our report dated November 08, 2022, expresses an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information present herein as of and for the year ended June 30, 2022, is consistent in all material respect, with the audited financial statements from which it has been derived.



Blomberg & Griffin A.C.
Stockton, CA

November 2, 2023

RANCHO ADOBE FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

As management of the Rancho Adobe Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements and the accompanying notes to basic financial statements.

Financial Highlights

Fiscal Year 2023

- The assets of the District exceeded their liabilities at fiscal year ended June 30, 2023 by 1,730,780 (net position). This amount includes net investment in capital assets of \$3,218,368 and unrestricted net position of (\$1,487,588).
- The District's net position increased by 49.89% or \$576,097. An increase is the result of revenues exceeding expenses. The total revenues were \$8,098,156 and total expenses were \$7,522,059.
- The District reported a fund balance of \$5,811,141, a decrease of \$357,670 or 5.80%.
- The District's total assets were \$18,085,719. The total assets included current assets of \$6,185,299, capital assets of \$3,443,354, and deferred outflows of \$8,457,066. The total liabilities were \$16,354,939. The total liabilities included current liabilities of \$686,665 and non-current liabilities of \$10,031,161. The non-current liabilities included compensated absences of \$561,321 note payable of \$167,479 bonds payable of \$5,102,109, net pension liability of \$4,196,252 and deferred inflows of \$5,637,113.

Fiscal Year 2022

- The assets of the District exceeded their liabilities in the fiscal year ended June 30, 2022 by \$1,154,683 (net position). This amount includes net investments in capital assets of \$2,143,007 and unrestricted net positions of \$(988,324).
- The District's net position decreased by 52.82% or \$1,292,866. The decrease is the result of GASB 68 pension expenses adjustments. The total revenues were \$7,926,270 and total expenses were \$9,219,136.
- The District reported a fund balance of \$6,168,810, an increase of \$805,407 or 15.02%.
- The District's total assets were \$17,882,386. The total assets included current assets of \$6,257,893, capital assets of \$2,423,799, and deferred outflows of \$9,200,694. The total liabilities were \$16,727,703. The total liabilities included current liabilities of \$397,780 and non-current liabilities of \$12,342,330. The non-current liabilities included compensated absences of \$545,622, note payable of \$224,986 bonds payable of 5,357,109 net pension liability of \$6,214,613. The total liabilities also included deferred inflows of \$3,987,593.
- In October 2021, the revenue bond proceeds in the amount of \$5,610,000 was used to pay District pension accrued liability.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported in 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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District uses governmental funds to account for its activities, which include fire protection services in the District boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

Overview of the Financial Statements (Continued)

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,730,780 and \$1,154,683 at fiscal years ended June 30, 2023 and 2022, respectively.

The net position category labeled "Net investment in Capital Assets" reflects the District's investment in capital assets (e.g., land, buildings and improvements, and equipment) less accumulated depreciation and outstanding debt used for the acquisition of these assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

	Statement of Net Position		Increase (Decrease)	Percentage Change
	June 30,			
	2023	2022		
Current Assets	\$ 6,185,299	\$ 6,257,893	\$ (72,594)	-1.16%
Capital Assets	3,443,354	2,423,799	1,019,555	42.06%
Deferred Outflows	8,457,066	9,200,694	(743,628)	-8.08%
Total Assets	<u>18,085,719</u>	<u>17,882,386</u>	<u>203,333</u>	<u>1.14%</u>
Current Liabilities	686,665	397,780	288,885	72.62%
Long-Term Liabilities	10,031,161	12,342,330	(2,311,169)	-18.73%
Deferred Inflows	5,637,113	3,987,593	1,649,520	41.37%
Total Liabilities	<u>16,354,939</u>	<u>16,727,703</u>	<u>(372,764)</u>	<u>-2.23%</u>
Net Position				
Net Investment in Capital Assets	3,218,368	2,349,135	869,233	37.00%
Unrestricted	<u>(1,487,588)</u>	<u>(1,194,452)</u>	<u>(293,136)</u>	<u>24.54%</u>
Total Net Position	<u>\$ 1,730,780</u>	<u>\$ 1,154,683</u>	<u>\$ 576,097</u>	<u>49.89%</u>

Governmental Activities: Governmental activities for fiscal years ended June 30, 2023, and 2022 decreased the District's general fund by \$(357,670) and \$805,407, respectively, due to the result of revenues and expenditures. In addition, the District's net position increased by \$576,097 and \$(1,292,866) during the fiscal years ended June 30, 2023 and 2022, respectively as reported on the statement of activities on page 10.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

Overview of the Financial Statements (Continued)

	Change in Net Position		Increase (Decrease)	Percentage Change
	Year ended June 30,			
	2023	2022		
Revenues:				
Program Revenues:				
Intergovernmental & Fees	\$ 967,386	\$ 1,351,668	\$ (384,282)	-28.43%
General Revenues:				
Property Taxes	6,910,317	6,599,905	310,412	4.70%
Other Revenue (expense)	81,926	(25,303)	107,229	-423.78%
Total Revenues	<u>7,959,629</u>	<u>7,926,270</u>	<u>33,359</u>	<u>0.42%</u>
Expenses:				
Program Expenses:				
Salaries and Wages	6,084,765	8,123,284	(2,038,519)	-25.09%
Services and Supplies	970,204	864,163	106,041	12.27%
Depreciation Expense	328,563	231,689	96,874	41.81%
Total Expenses	<u>7,383,532</u>	<u>9,219,136</u>	<u>(1,835,604)</u>	<u>-19.91%</u>
Change in Net Position	576,097	(1,292,866)	1,868,963	-144.56%
Net Position - Beginning of the Year	<u>1,154,683</u>	<u>2,447,549</u>	<u>(1,292,866)</u>	<u>-52.82%</u>
Net Position - End of the Year	<u>\$ 1,730,780</u>	<u>\$ 1,154,683</u>	<u>\$ 576,097</u>	<u>49.89%</u>

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

Governmental Funds: 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, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the fiscal year ended June 30, 2023, the District's governmental fund reported a fund balance of \$5,811,141 a decrease of \$357,670 in comparison with fiscal year ended June 30, 2022. The District's governmental fund balance was \$6,168,810, an increase of \$805,407 compared to the fiscal year ended June 30, 2021. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.22% and 86.05% of the total general fund expenditures on June 30, 2023, and 2022, respectively.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

General Fund Budgetary Highlights

June 30, 2023: The budgetary highlights for fiscal year ended June 30, 2023, are as follows:

- Property taxes revenue was higher by \$56,317.
- Strike team revenues were higher by \$194,942.
- Salaries and benefits expenses were less than budget by \$26,161.
- Services and supplies expenses were less than budget by \$39,896.
- Capital expenditures were less than budget by \$666,878.

June 30, 2022: The budgetary highlights for fiscal year ended June 30, 2022, are as follows:

- Property taxes revenue was higher by \$140,905.
- Strike team revenues were higher by \$746,478.
- Salaries and benefits expenses were higher by \$7,067.
- Services and supplies expenses were lower by \$186,644.
- Capital expenditures were less than budget by \$333,208.

All of these factors above were considered in preparing the District's budget for the fiscal year ending June 30, 2024.

Capital Asset and Debt Administration

Capital Assets: The District's capital assets, as of June 30, 2023 and 2022, amounts to \$3,443,354 and \$2,423,799 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, improvements, and equipment.

Additional information on the District's capital assets can be found in note 5 of the notes to basic financial statements.

Note Payable: The District has a note payable dated December 2016. The note is for the amount of \$500,000, has an interest rate of 3.00 percent and matures January 2027. As of June 30, 2023, the remaining lease payable balance is \$224,986.

Bonds Payable: The District acquired a Series 2021 Taxable Revenues Bonds in October 2021 in the amount of \$5,610,000. The balance as of June 30, 2023, is 5,357,109.

Net Pension Liability: As of June 30, 2023, and 2022, the District net pension liability is \$4,196,252 and \$6,214,613, respectively.

Request for Additional Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rancho Adobe Fire Protection District, 11000 Main Street, Penngrove, California.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and Investments	\$ 6,082,698	\$ 6,178,500
Accounts Receivable, government agency	102,601	79,393
	<u>6,185,299</u>	<u>6,257,893</u>
Total Current Assets		
Non-current Assets:		
Capital Assets (net of accumulated depreciation)		
Land	74,634	74,634
Construction in Progress	707,469	76,352
Building and Improvements	152,228	179,085
Equipment and Vehicles	2,509,023	2,093,728
	<u>3,443,354</u>	<u>2,423,799</u>
Total Non-Current Assets		
Deferred Outflows of Resources	8,457,066	9,200,694
	<u>\$ 18,085,719</u>	<u>\$ 17,882,386</u>
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 287,279	\$ 2,204
Deferred Revenue	86,879	86,879
Note Payable - Current Portion	57,507	55,806
Bond Payable - Current Portion	255,000	252,891
	<u>686,665</u>	<u>397,780</u>
Total Current Liability		
Non-Current Liabilities		
Compensated Absences	565,321	545,622
Note Payable - Noncurrent	167,479	224,986
Bond Payable - Noncurrent	5,102,109	5,357,109
Net Pension Liability	4,196,252	6,214,613
	<u>10,031,161</u>	<u>12,342,330</u>
Total Non-Current Liability		
Deferred Inflows of Resources	5,637,113	3,987,593
	<u>16,354,939</u>	<u>16,727,703</u>
Total Liabilities and Deferred Inflows		
Net Position		
Net Investment in Capital Assets	3,218,368	2,143,007
Unrestricted	(1,487,588)	(988,324)
	<u>1,730,780</u>	<u>1,154,683</u>
Total Net Position		
Total Liabilities and Net Position	<u>\$ 18,085,719</u>	<u>\$ 17,882,386</u>

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

RANCHO ADOBE FIRE PROTECTION DISTRICT

Statement of Activities

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Program Expenses		
Public Safety - Fire Prevention		
Salaries and Employee Benefits	\$ 6,084,765	\$ 8,123,284
Services and Supplies	970,204	864,163
Depreciation	328,563	231,689
	<u>7,383,532</u>	<u>9,219,136</u>
Total Program Expenses		
	<u>7,383,532</u>	<u>9,219,136</u>
Program Revenues		
Intergovernmental Revenue	20,845	21,875
Strike team revenue	544,942	1,046,478
Charges for Services	401,599	283,315
	<u>967,386</u>	<u>1,351,668</u>
Total Program Revenues		
	<u>967,386</u>	<u>1,351,668</u>
Net Program Revenues (Expenses)	(6,416,146)	(7,867,468)
General Revenues		
Property Taxes	6,910,317	6,599,905
Investment earnings	95,258	3,540
Interest Expense	(138,527)	(47,658)
Miscellaneous income	125,195	18,815
	<u>6,992,243</u>	<u>6,574,602</u>
Total General Revenues		
	<u>6,992,243</u>	<u>6,574,602</u>
Change in Net Position	576,097	(1,292,866)
Net Position, Beginning of Year	<u>1,154,683</u>	<u>2,447,549</u>
Net Position, End of Year	<u>\$ 1,730,780</u>	<u>\$ 1,154,683</u>

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

RANCHO ADOBE FIRE PROTECTION DISTRICT

Enterprise Funds, Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from program revenues	\$ 944,178	\$ 1,810,491
Cash paid to vendors and employees	<u>(6,375,408)</u>	<u>(12,258,258)</u>
Net Cash Provided (Used) by Operating Activities	<u>(5,431,230)</u>	<u>(10,447,767)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED		
Property Taxes Received	6,910,317	6,599,905
Miscellaneous	<u>125,195</u>	<u>18,815</u>
Net Cash Provided (Used) from Non-Capital Activities	<u>7,035,512</u>	<u>6,618,720</u>
CASH FLOWS FROM CAPITAL AND RELATED		
FINANCING ACTIVITIES:		
Proceeds from Bonds	-	5,610,000
Principal Payments on Note and Bonds	(308,693)	(54,141)
Interest Paid	(138,527)	(47,658)
Payment for Capital Purchase	<u>(1,348,122)</u>	<u>(422,092)</u>
Net Cash Provided (Used) from Capital and Related Financing Activities	<u>(1,795,342)</u>	<u>5,086,109</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	<u>95,258</u>	<u>3,539</u>
Net Cash Provided (Used) from Investing Activities	<u>95,258</u>	<u>3,539</u>
Net Increase (Decrease) in Cash	<u>(95,802)</u>	<u>1,260,601</u>
Cash-Beginning of Year	<u>6,178,500</u>	<u>4,917,899</u>
Cash-End of Year	<u>\$ 6,082,698</u>	<u>\$ 6,178,500</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Net Operating Income (Loss)	\$ (6,416,146)	\$ (7,867,468)
Depreciation	328,563	231,689
(Increase) Decrease in:		
Accounts Receivables	(23,208)	458,823
Deferred Outflows of Resources	743,628	(7,598,194)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	285,075	(3,628)
Compensated Absences	19,699	19,120
Deferred Revenue	-	-
Net Pension Liability	(2,018,361)	578,285
Deferred Inflows of Resources	<u>1,649,520</u>	<u>3,733,606</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,431,230)</u>	<u>\$ (10,447,767)</u>

The accompanying notes are an integral part of the financial statements

RANCHO ADOBE FIRE PROTECTION DISTRICT

Balance Sheet
Governmental Fund
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Investments	\$ 6,082,698	\$ 6,178,500
Accounts Receivable	102,601	79,393
Total Assets	<u>\$ 6,185,299</u>	<u>\$ 6,257,893</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable & Accrued Expenses	\$ 287,279	\$ 2,204
Deferred Revenue	86,879	86,879
Total Liabilities	<u>374,158</u>	<u>89,083</u>
Fund balance:		
Unassigned	<u>5,811,141</u>	<u>6,168,810</u>
Total Fund Balance	<u>5,811,141</u>	<u>6,168,810</u>
Total Liabilities and Fund Balance	<u>\$ 6,185,299</u>	<u>\$ 6,257,893</u>

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

RANCHO ADOBE FIRE PROTECTION DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Total Fund Balances - Governmental Funds	\$ 5,811,141	\$ 6,168,810
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflows of Resources	8,457,066	9,200,694
Capital assets used in governmental activities not financial recourses and, therefore are not reported in the governmental funds	3,443,354	2,423,799
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Note Payable	(224,986)	(280,792)
Bond Payable	(5,357,109)	(5,610,000)
Compensated Absences	(565,321)	(545,622)
Deferred Inflows of Resources	(5,637,113)	(3,987,593)
Net Pension liability	(4,196,252)	(6,214,613)
Net Position of Governmental Activities	<u>\$ 1,730,780</u>	<u>\$ 1,154,683</u>

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

RANCHO ADOBE FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
Revenues		
Property Taxes	\$ 6,910,317	\$ 6,599,905
Investment Earnings	95,258	3,540
Intergovernmental revenue	20,845	21,875
Strike team revenue	544,942	1,046,478
Charges for Services	401,599	283,315
Miscellaneous Income	125,195	18,815
	8,098,156	7,973,928
Expenditures		
Current:		
Salaries and Employee Benefits	5,698,439	5,780,467
Services and Supplies	962,045	864,163
Non-Current		
Capital Expenditures	1,348,122	422,092
Debt Service:		
Principal Payment	308,693	54,141
Interest Expense	138,527	47,658
	8,455,826	7,168,521
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,670)	805,407
Other Financing Sources (Uses)		
Proceeds from Long-term Note	-	5,610,000
Pay off the unfunded pension liability	-	(5,610,000)
	-	-
Net Change in Fund Balance	(357,670)	805,407
Fund Balance, Beginning of Year	6,168,811	5,363,404
Fund Balance, End of Year	\$ 5,811,141	\$ 6,168,811

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

RANCHO ADOBE FIRE PROTECTION DISTRICT
 Reconciliation of the Statements of Revenues, Expenditures and
 Changes in Fund Balance of the Governmental Fund to the

Statement of Activities

For the Fiscal Years Ended June 30, 2023 and 2022

Amounts reported for governmental activities in the statement of activities are different because:	<u>2023</u>	<u>2022</u>
Net change in fund - total governmental fund	\$ (357,670)	\$ 805,407
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset addition	1,348,122	422,092
Current year depreciation	(328,563)	(231,689)
Proceeds from the bond's is a source in the governmental funds, but, the loan increases long-term liabilities in the statement of net position	-	(5,610,000)
Repayment of the note's principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	308,693	54,141
Some expense reported in the statements of activities do not require use of current financial resources, and therefore, are not reported as expenditures in governmental funds		
Change in compensated absences	(19,699)	(19,120)
Change in deferred outflows of resources	(743,628)	7,598,194
Change in deferred inflows of resources	(1,649,520)	(3,733,606)
Change in net pension liability	2,018,362	(578,285)
Change in Net Position of Governmental Activities	<u>\$ 576,097</u>	<u>\$ (1,292,866)</u>

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

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In December of 1993, the District was formed when Penngrove Fire Protection District and Cotati Fire Protection District dissolved as individual districts to combine into Rancho Adobe Fire Protection District. The District was formed under Health and Safety Code Sections, 13816 through 13822. The purpose of the District is to provide fire protection, emergency medical and related services to the Town of Penngrove, City of Cotati, and unincorporated areas of Petaluma. The District's emergency response area is approximately 86 square miles. The District covers this large area out of three fire stations.

Introduction

The District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts recorded as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Fund Financial Statement

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for its governmental funds. An accompanying schedule is presented to reconcile and explain the difference in Net Position as presented in these statements to the Net Position presented in the Government-wide financial statements. The District's General Fund is its only major governmental funds.

The new model as defined in GASB Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

Governmental funds are accounted for on a spending, or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets are current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

sources, which have been treated as susceptible to accrual by the District, are property taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the difference created by the integrated approach.

The District uses the following fund types:

Governmental Funds

General Fund – The General Fund is the general operating fund of the system. It is used to account for all financial resources except those required to be accounted for in other fund.

A. Assets, Liabilities, and Net Assets or Equity

Cash and Investments – The District reports certain investments at fair value in the balance sheet and recognized the corresponding change in the fair value of investments in the year in which the change occurred.

Receivable and Payable – Flat charges collected are apportioned to the District to supplement property taxes collected for operating costs. Not all of the assessments are collected as of June 30, 2023. Therefore, the remainder of the uncollected assessments is considered flat charges receivable.

Property Taxes - The County of Sonoma is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July on all taxable property located in the County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with the fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on one percent of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of two percent per year.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Included within the property tax revenue is \$2,169,097 and \$2,109,697 in Special Taxes collected. Special Taxes are a type of direct charge applied to each parcel of property within the District for a specific dollar amount and for a specific purpose.

On June 30, 1993, the board of Supervisors adopted the “Teeter” Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the county advances cash to each taxing jurisdiction equal to its current year delinquent property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the county receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

Capital Assets - Capital assets, which include land, buildings and improvements, and equipment's, are reported in the applicable governmental activities' columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Buildings and improvements and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-30
Equipment and Vehicles	5 to 25

Compensated Absences - It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Only ten percent of unused sick leave for administrative personnel and 30 percent for safety personnel is included in the accrual calculation. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and for retirement.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results differ from those estimates.

Net Position - net position is classified into two components – invested in capital assets and unrestricted. These classifications are defined as follows:

- Invested in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and net of related debt.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “invested” in capital assets, net of related debt.

Fund Equity - The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), which has been adopted by the District in fiscal year 2011. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories lists below:

- Non-spendable: Non-spendable fund balance consists of inventories, prepaid expenses, long-term loans, notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- Restricted: Restricted fund balance consists of amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed: Committed fund balance consists of amounts designated by the Board of Directors for a certain purpose.
- Assigned: Assigned fund balance is classified for specific purpose but cannot be name restricted or committed.
- Unassigned: Unassigned fund balance is the residual classification for the general fund and all spendable amounts not contained in the other classifications.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary revenue estimates represent original estimates modified for any authorized adjustments which were contingent upon new or additional revenue resources. Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis. The District's budgetary information was amended during the year.

NOTE 3 CASH AND INVESTMENTS

The District has a policy as seen below:

1. District Treasurer

- A.** Commencing July 1, 2014, there shall be created the position of District Treasurer. The District Treasurer shall be the Fire Chief of the District.
- B.** The District Treasurer shall be bonded to the District for the faithful performance of their duties. The amount of bond shall be \$100,000.00, or 10% of the total amount of the District's final budget for the preceding fiscal year, whichever is greater. The District shall pay the premiums on the bonds.
- C.** The District Treasurer shall receive no compensation for performing the duties of the District Treasurer.
- D.** The District Treasurer shall keep and maintain or cause to be kept and maintained, in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the District. The District Treasurer shall further review all statements, invoices, bills, or other demands for payment on the District. Any claims or demands that are pursuant to the Government Tort Claims Act (Government Code Sections 900 et seq.) or that are litigation matters shall be reviewed by the District Treasurer or the Treasurer's designee to determine if the demand for payment is in proper form and should be paid. The District Treasurer shall, from time to time, prepare reports on all such demands and present said report to the Finance Committee.

2. Finance Committee:

- A.** Commencing on July 1, 2014, there shall be established a Finance Committee for the District. The committee shall be comprised of three members of the District Board. The three members shall be selected by a majority vote of the Board, said vote to be held pursuant to a motion before the Board. Each member shall affirmatively accept each appointment. Each member shall serve at the pleasure of a majority of the Board. No member of the Finance Committee shall receive any compensation for carrying out their duties on the Finance Committee.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 3 CASH AND INVESTMENTS (continued)

- B. Each member of the Finance Committee shall be bonded to the District for the faithful performance of their duties. The amount of the bond shall be \$100,000.00 or 10% of the total amount of the District’s final budget for the preceding fiscal year, whichever is greater. The District shall pay the premiums on the bonds.
- C. The Finance Committee shall hold quarterly meetings, or as needed. Special meetings may be held and all meetings shall be held pursuant to all provisions of Ralph M. Brown Act, Government Code Section 54950 et seq. A special meeting may be called by both of the members of the Finance Committee, or either member of the Finance Committee and the District Treasurer.
- D. The Finance Committee shall cause to be prepared and submitted to the District Board quarterly reports of all action of the Finance Committee. Additional reports that have been demanded by a majority of the District Board shall be prepared and presented to the District Board. The quarterly reports of the Finance Committee shall be presented to the Board at the regular meeting of February for the quarter ending the preceding December, in May for the quarter ending the preceding March, in August for the quarter ending the preceding June and in November for the quarter ending the preceding September.

3. Payment of Obligations

- A. There shall be established one or more District bank accounts, all such accounts requiring the signature of any two of the following persons: a member of the Finance Committee, the District Treasurer.
- B. Payments shall be made from time to time, and as needed in order to ensure the timely payments of the District’s obligations.

Cash and investments on June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Cash held with financial institutions	\$ 6,082,498	\$ 6,178,300
Petty Cash	<u>200</u>	<u>200</u>
Total Cash and Investments	<u>\$ 6,082,698</u>	<u>\$ 6,178,500</u>

Bank accounts are subject to FDIC insurance for amounts up to \$250,000.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 4 ACCOUNTS RECEIVABLE

Accounts Receivable represents the outstanding balance for services provided rendered to fire service clients that haven't paid for services rendered as well as flat charges collected that are apportioned to the District to supplement property taxes collected for operating costs. Management believes receivables on June 30, 2023 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable on June 30, is as follows:

	<u>2023</u>	<u>2022</u>
Accounts Receivable	<u>\$ 102,601</u>	<u>\$ 79,393</u>

NOTE 5 CAPITAL ASSETS

Capital assets summary for the year ended June 30, 2023, is as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated				
Land	\$ 74,634	\$ -	\$ -	\$ 74,634
Construction in Progress	76,352	631,117	-	707,469
Total capital assets, not being depreciated	<u>150,986</u>	<u>631,117</u>	<u>-</u>	<u>782,103</u>
Capital assets, being depreciated				
Building and Improvements	755,665	-	-	755,665
Equipment and vehicles	3,848,635	717,001	-	4,565,636
Total capital assets being depreciated	<u>4,604,300</u>	<u>717,001</u>	<u>-</u>	<u>5,321,301</u>
Less Accumulated Depreciation for:				
Building and Improvements	(576,581)	(26,857)	-	(603,438)
Equipment and vehicles	(1,754,907)	(301,706)	1	(2,056,612)
Total Accumulated Depreciation	<u>(2,331,488)</u>	<u>(328,563)</u>	<u>1</u>	<u>(2,660,050)</u>
Total capital assets, being depreciated, net	<u>2,272,812</u>	<u>388,438</u>	<u>-</u>	<u>2,661,251</u>
Total Capital Assets-Net	<u>\$ 2,423,798</u>	<u>\$1,019,555</u>	<u>\$ -</u>	<u>\$ 3,443,354</u>

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 5 CAPITAL ASSETS (continued)

Capital assets summary for the year ended June 30, 2022 is as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets, not being depreciated				
Land	\$ 74,634	\$ -	\$ -	\$ 74,634
Construction in Progress	-	76,352	-	76,352
Total capital assets, not being depreciated	<u>74,634</u>	<u>76,352</u>	<u>-</u>	<u>150,986</u>
Capital assets, being depreciated				
Building and Improvements	755,665	-	-	755,665
Equipment and vehicles	<u>3,502,894</u>	<u>345,741</u>	<u>-</u>	<u>3,848,635</u>
Total capital assets being depreciated	<u>4,258,559</u>	<u>345,741</u>	<u>-</u>	<u>4,604,300</u>
Less Accumulated Depreciation for:				
Building and Improvements	(532,417)	(44,164)	-	(576,581)
Equipment and vehicles	<u>(1,567,381)</u>	<u>(187,526)</u>	<u>-</u>	<u>(1,754,907)</u>
Total Accumulated Depreciation	<u>(2,099,798)</u>	<u>(231,690)</u>	<u>-</u>	<u>(2,331,488)</u>
Total capital assets, being depreciated, net	<u>2,158,761</u>	<u>114,051</u>	<u>-</u>	<u>2,272,812</u>
Total Capital Assets-Net	<u>\$ 2,233,395</u>	<u>\$ 190,403</u>	<u>\$ -</u>	<u>\$ 2,423,798</u>

Depreciation expense is charged to function/programs of the Rancho Adobe Fire Protection District:

	<u>2023</u>	<u>2022</u>
Governmental activities:		
Public Safety - Fire Protection	<u>\$ 328,563</u>	<u>\$ 231,689</u>

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 6 LONG-TERM LIABILITIES

Long term liability activity for the years ended June 30, was as follows:

	2023				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Note Payable	\$ 280,792	\$ -	\$ 55,806	\$ 224,986	\$ 57,507
Bonds Payable	5,610,000	-	252,891	5,357,109	255,000
Net Pension Liability	6,214,613	-	2,018,361	4,196,252	-
Compensated Absences	545,622	19,699	-	565,321	-
Total Long-term Liabilities	\$ 12,651,027	\$ 19,699	\$ 2,327,058	\$ 10,343,668	\$ 312,507

	2022				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Note Payable	\$ 334,933	\$ -	\$ 54,141	\$ 280,792	\$ 55,806
Bonds Payable	-	5,610,000	-	5,610,000	252,891
Net Pension Liability	5,636,328	578,285	-	6,214,613	-
Compensated Absences	526,502	19,120	-	545,622	-
Total Long-term Liabilities	\$ 6,497,763	\$ 6,207,405	\$ 54,141	\$ 12,651,027	\$ 308,697

Notes Payable

The District has a note payable dated December 2016. The note is for the amount of \$500,000, has an interest rate of 3.00 percent and matures January 2027. As of June 30, 2023, the remaining lease payable balance is \$224,986. Below is the lease payable schedule:

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 6 LONG-TERM LIABILITIES (continued)

<u>FY</u>	<u>Installment Payment</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 63,717	\$ 57,507	\$ 6,210
2025	63,717	59,293	4,424
2026	63,717	61,117	2,600
2027-2028	47,788	47,069	719
Total	\$ 238,938	\$224,986	\$13,952

Bonds Payable

The District acquired a Series 2021 Taxable Revenue Bonds in October 2021 in the amount of \$5,610,000. The bonds will mature in August 2041. Below is the bonds payable schedule:

<u>FY</u>	<u>Installment Payment</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 384,049	\$ 255,000	\$ 129,049
2025	386,958	260,000	126,958
2026 - 2041	6,108,978	4,840,000	1,268,978
Total	\$ 6,879,984	\$5,355,000	\$1,524,984

NOTE 7 DISTRICT EMPLOYEES RETIREMENT PLAN (Defined Benefit Pension Plan)

Defined Benefit Pension Plan

The District provides eligible employee's pension plans benefits through the Rancho Adobe Fire Protection District – Safety Plan and Miscellaneous Plan.

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 Annual Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2022 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

**NOTE 7 DISTRICT EMPLOYEES RETIREMENT PLAN Defined Benefit Pension Plan
(continued)**

GASB 68 requires that the reported results must pertain to liability and assets information within certain defined timeframes. The timeframe for this reporting is:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. The contribution rate and unfunded liability information are as follows:

	<u>Employer Contribution Rate</u>	<u>Unfunded Contribution</u>	<u>Employee Contribution Rate</u>
Safety Plan	20.970%	\$457,171	8.95%
PEPRA Safety Plan	13.660%	\$4,957	13.75%
Miscellaneous Plan	14.900%	\$31,532	7.96%
		<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>
<u>Asset Class</u>			
Global Equity- cap-weighted		30.0%	4.45%
Global Equity- non-cap-weighted		12.00	3.84
Private Equity		13.00	7.28
Treasury		5.00	0.27
Mortgage-backed Securities		5.00	0.50
Investment Grade Corporates		10.00	1.56
High Yield		5.00	2.27
Emerging Market Debt		5.00	2.48
Private Debt		5.00	3.57
Real Assets		15.00	3.21
Leverage		-5.00	-0.59

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

**NOTE 7 DISTRICT EMPLOYEES RETIREMENT PLAN Defined Benefit Pension Plan
(continued)**

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period.

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at : 6/30/2021 (MD)	\$ 23,344,108	\$ 17,129,495	\$ 6,214,613
Balance at : 6/30/2022 (MD)	\$ 25,398,127	\$ 21,201,875	\$ 4,196,252
Net Changes during 2021-22	\$ (2,054,019)	\$ (4,072,380)	\$ 2,018,361

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset) - 2023	\$ 7,701,044	\$ 4,196,252	\$ 1,330,765
Plan's Net Pension Liability/(Asset) - 2022	\$ 9,353,382	\$ 6,214,613	\$ 3,635,537

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

**NOTE 7 DISTRICT EMPLOYEES RETIREMENT PLAN Defined Benefit Pension Plan
(continued)**

For the fiscal years ended June 30, 2023 and 2022 pension expense recognized is as follows:

	<u>2023</u>	<u>2022</u>
Total Service Costs	\$ 341,505	\$ 922,835
Interest on TPL	1,131,627	3,225,072
Recognize Changes of Assumptions	156,876	(43,078)
Changes of Benefit Terms	659	885
Plans Share of Employee Contribution	(458,049)	(369,643)
Net Plan to Plan Resource Movement	478	(509,371)
Projected Earnings on PPI	(971,408)	(2,388,912)
Recognized Difference Between Projected and Actual Plan Earnings	83,729	(1,167,761)
Recognized Difference Between Expected & Actual Experience	169,668	639,288
Administrative Expenses	8,832	34,041
Other Miscellaneous Income		-
Total Pension Expense Recognized	<u>\$ 463,917</u>	<u>\$ 343,356</u>

As of June 30, 2023, and 2022, Rancho Adobe Fire Protection District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>FY22-23 Deferred Outflows of Resources</u>	<u>FY22-23 Deferred Inflows of Resources</u>	<u>FY21-22 Deferred Inflows/(Outflows) of Resources</u>
Difference between Expected and Actual Experience	\$ 167,757	\$ 46,287	\$ 1,038,452
Changes of Assumptions	423,564	-	-
Difference between Projected and Actual Earnings on Pension Plan Investments	669,655	-	(3,809,164)
Difference between Employer's Contribution and Proportionate Share of Contribution	-	444,008	(173,897)
Changes in Employees Proportion Pension Contributions made Subsequent to Measurement Date	991,786	5,146,818	1,658,302
	<u>6,204,304</u>	<u>-</u>	<u>6,499,408</u>
Total	<u>\$ 8,457,066</u>	<u>\$ 5,637,113</u>	<u>\$ 5,213,101</u>

RANCHO ADOBE FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

**NOTE 7 DISTRICT EMPLOYEES RETIREMENT PLAN Defined Benefit Pension Plan
(continued)**

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	FY22-23 Deferred Outflows/(Inflows) of Resources	FY20-21 Deferred Outflows/(Inflows) of Resources
2023	\$ -	\$ 1,456,243
2024	90,359	1,284,756
2025	(123,210)	920,968
2026	(37,498)	251,249
2027	1,649,441	1,299,885
2028	1,240,860	-
Thereafter	-	-

NOTE 8 SUBSEQUENT EVENTS

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the financial reports, which may have a material effect on the financial statements or disclosure therein. There are no subsequent events that have occurred through November 02, 2023 that meet the above definition.

RANCHO ADOBE FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 6,762,571	\$ 6,854,000	\$ 6,910,317	\$ 56,317
Investment earnings	4,000	4,000	95,258	91,258
Intergovernmental Revenue	22,000	22,000	20,845	(1,155)
Strike team revenue	300,000	350,000	544,942	194,942
Miscellaneous/Other Income	331,548	277,048	526,794	249,746
	<u>7,420,119</u>	<u>7,507,048</u>	<u>8,098,156</u>	<u>591,108</u>
Expenditures				
Current:				
Salaries and Employee Benefits	5,572,100	5,724,600	5,698,439	26,161
Services and Supplies	1,017,154	1,001,941	962,045	39,896
Capital expenditures	443,000	2,015,000	1,348,122	666,878
Debt Service:				
Principal	310,807	310,807	308,693	2,114
Interest	138,604	138,607	138,527	80
	<u>7,481,665</u>	<u>9,190,955</u>	<u>8,455,826</u>	<u>735,129</u>
Excess (Deficiency of Revenues Over (Under) Expenditures	<u>(61,546)</u>	<u>(1,683,907)</u>	<u>(357,670)</u>	<u>1,326,237</u>
Net Change in Fund Balance			(357,670)	
Fund Balance, Beginning of Year			<u>6,168,811</u>	
Fund Balance, End of Year			<u>\$ 5,811,141</u>	

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

RANCHO ADOBE FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budgets and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 6,321,172	\$ 6,459,000	\$ 6,599,905	\$ 140,905
Investment earnings	1,000	800	3,540	2,740
Intergovernmental Revenue	24,000	23,000	21,875	(1,125)
Strike team revenue	300,000	300,000	1,046,478	746,478
Miscellaneous/Other Income	379,300	396,700	302,130	(94,570)
Total Revenues	<u>7,025,472</u>	<u>7,179,500</u>	<u>7,973,928</u>	<u>794,428</u>
Expenditures				
Current:				
Salaries and Employee Benefits	5,688,952	5,773,400	5,780,467	(7,067)
Services and Supplies	932,850	1,050,807	864,163	186,644
Capital expenditures	142,300	755,300	422,092	333,208
Debt Service:				
Principal	159,576	54,141	54,141	-
Interest	9,576	79,576	47,658	31,918
Total Expenditures	<u>6,933,254</u>	<u>7,713,224</u>	<u>7,168,521</u>	<u>544,703</u>
Excess (Deficiency of Revenues Over (Under) Expenditures	<u>92,218</u>	<u>(533,724)</u>	<u>805,407</u>	<u>1,339,131</u>
Other Financing Sources (Uses)				
Proceeds from Bonds			5,610,000	
Pay off the GASB 68 pension liability			<u>(5,610,000)</u>	
Total Other Financing Sources (Uses)			<u>-</u>	
Net Change in Fund Balance			805,407	
Fund Balance, Beginning of Year			<u>5,363,404</u>	
Fund Balance, End of Year			<u>\$ 6,168,811</u>	

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

RANCHO ADOBE FIRE PROTECTION DISTRICT
Schedules of Required Supplementary Information - Safety Plan and PEPRA Safety
As of June 30,
Last 10 Years*

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C	2023	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.01848%	0.02563%	0.02909%	0.02875%	0.02598%	0.02734%	0.02219%	0.01646%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 3,918,796	\$ 5,817,591	\$ 5,271,885	\$ 4,945,159	\$ 4,205,389	\$ 4,147,233	\$ 3,058,054	\$ 2,306,579
Plan's Covered-Employee Payroll	\$ 2,617,700	\$ 2,497,166	\$ 2,091,938	\$ 1,812,264	\$ 1,880,739	\$ 1,646,746	\$ 1,623,885	\$ 1,392,560
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	149.7%	233.0%	252.0%	272.9%	223.6%	251.8%	188.3%	165.6%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.6%	73.5%	74.4%	74.5%	76.3%	74.2%	79.3%	82.5%
Schedule of Plan Contributions	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 446,756	\$ 398,601	\$ 333,183	\$ 286,340	\$ 228,033	\$ 175,306	\$ 139,387	\$ -
Contributions in Relation to the Actuarially Determined Contribution	(446,756)	(398,601)	(333,183)	(286,340)	(228,033)	(175,306)	(139,387)	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 2,737,830	\$ 2,617,700	\$ 2,497,166	\$ 2,091,938	\$ 1,812,264	\$ 1,880,739	\$ 1,646,746	\$ 1,623,885
Contributions as a Percentage of Covered-Employee Payroll	16.32%	15.23%	13.34%	13.69%	12.58%	9.32%	8.46%	0.00%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2021 as they have minimal cost impact.

Change in Assumptions: None

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RANCHO ADOBE FIRE PROTECTION DISTRICT
Schedules of Required Supplementary Information
Miscellaneous Plan
As of June 30,
Last 10 Years*

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C	2023	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.00165%	0.00220%	0.00248%	0.00248%	0.00228%	0.00249%	0.00206%	0.00158%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 277,456	\$ 397,022	\$ 364,443	\$ 346,443	\$ 299,782	\$ 301,101	\$ 224,860	\$ 172,525
Plan's Covered-Employee Payroll	\$ 98,866	\$ 95,258	\$ 91,460	\$ 89,905	\$ 87,194	\$ 84,265	\$ 81,407	\$ 76,191
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	280.64%	416.79%	398.47%	385.34%	343.81%	357.33%	276.22%	21.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.35%	71.17%	72.07%	72.60%	74.66%	73.41%	79.07%	81.85%

Schedule of Plan Contributions	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 30,483	\$ 27,584	\$ 23,337	\$ 20,417	\$ 16,724	\$ 13,281	\$ 10,986	\$ -
Contributions in Relation to the Actuarially Determined Contribution	(30,483)	(27,584)	(23,337)	(20,417)	(16,724)	(13,281)	(10,986)	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 103,780	\$ 98,866	\$ 95,258	\$ 91,460	\$ 89,905	\$ 87,194	\$ 84,265	\$ 81,407
Contributions as a Percentage of Covered-Employee Payroll	29.37%	27.90%	24.50%	22.32%	18.60%	15.23%	13.04%	0.00%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2021 as they have minimal cost impact.

Change in Assumptions: None

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

RANCHO ADOBE FIRE PROTECTION DISTRICT
Notes to Required Supplementary Information
June 30, 2023 and 2022

Budget: The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. Unused appropriations for the budgeted funds lapse at the end of the fiscal year. Budgets are adopted on a modified accrual basis. Expenditures in excess of budgeted amounts are approved individually by the Board.

Change in Benefit Terms: The figure above does not include any liability impact that may have resulted from plan changes which occurred after June 30, 2023 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considered such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in Assumptions: None

RANCHO ADOBE FIRE PROTECTION DISTRICT
Roster of Board Members

Directors:

Brian Proteau	President	December 1, 2024
Bret Herman		December 1, 2024
Bob Moretti		December 1, 2026
Ray Peterson		December 1, 2026
Michael Gadoua		December 1, 2026
Mark Hemmendinger		December 1, 2024
Sage Howell		December 1, 2024

Regular Meetings:

The regular meeting of the Board of Directors is held at 7:00 P.M. on the third Wednesday of each month at the Cotati Fire Station located on 1 East Cotati Avenue, Cotati, California.