

**RANCHO ADOBE FIRE  
PROTECTION DISTRICT**

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

**For the Fiscal Year Ended June 30, 2024**  
*(With Comparative Amounts for fiscal Year 2023)*

# 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 years ended June 30, 2024, and 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, 2024, and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 it 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.



Blomberg & Griffin A.C.  
Stockton, CA

October 24, 2024

# **RANCHO ADOBE FIRE PROTECTION DISTRICT**

## **Management Discussion and Analysis**

**June 30, 2024 and 2023**

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, 2024 and 2023. 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 2024**

- The assets of the District exceeded their liabilities at fiscal year ended June 30, 2024 by \$2,777,511 (net position). This amount includes net investment in capital assets of \$3,057,532 and unrestricted net position of \$280,021.
- The District's net position increased by 60.48% or \$1,046,731. An increase is the result of revenues exceeding expenses. The total revenues were \$8,256,216 and total expenses were \$7,178,485.
- The District reported a fund balance of \$6,387,760, an increase of \$576,619 or 9.92%.
- The District's total assets were \$16,272,094. The total assets included current assets of \$6,397,163, capital assets of \$3,788,522, and deferred outflows of \$6,086,409. The total liabilities were \$13,494,583. The total liabilities included current liabilities of \$328,696 and non-current liabilities of \$8,497,695. The non-current liabilities included compensated absences of \$482,841 note payable of \$108,197 bonds payable of \$5,358,937, net pension liability of \$2,547,720, and deferred inflows of \$4,621,520.

#### **Fiscal Year 2023**

- The assets of the District exceeded their liabilities at the fiscal year ended June 30, 2023, by \$1,730,780 (net position). This 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.

# RANCHO ADOBE FIRE PROTECTION DISTRICT

## Management Discussion and Analysis

June 30, 2024 and 2023

### 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, 2024 and 2023

### 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 \$2,777,511 and \$1,730,780 at fiscal years ended June 30, 2024 and 2023, 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

	June 30,		2024 vs. 2023		2023 vs. 2022		
	2024	2023	2022	\$	%	\$	%
Current Assets	\$6,397,163	\$6,185,299	\$6,257,893	\$ 211,864	3.43%	\$ (72,594)	-1.16%
Capital Assets	3,788,522	3,443,354	2,423,799	345,168	10.02%	1,019,555	42.06%
Deferred Outflows	6,086,409	8,457,066	9,200,694	(2,370,657)	-28.03%	(743,628)	-8.08%
<b>Total Assets</b>	<b>16,272,094</b>	<b>18,085,719</b>	<b>17,882,386</b>	<b>(1,813,625)</b>	<b>-10.03%</b>	<b>203,333</b>	<b>1.14%</b>
Current Liabilities	375,368	686,665	397,780	(311,297)	-45.33%	288,885	72.62%
Long-Term Liabilities	8,497,695	10,031,161	12,342,330	(1,533,466)	-15.29%	(2,311,169)	-18.73%
Deferred Inflows	4,621,520	5,637,113	3,987,593	(1,015,593)	-18.02%	1,649,520	41.37%
<b>Total Liabilities</b>	<b>13,494,583</b>	<b>16,354,939</b>	<b>16,727,703</b>	<b>(2,860,356)</b>	<b>-17.49%</b>	<b>(372,764)</b>	<b>-2.23%</b>
<b>Net Position</b>							
Net Investment in Capital Assets	3,057,532	3,218,368	2,349,135	(160,836)	-5.00%	869,233	37.00%
Unrestricted	(280,021)	(1,487,588)	(1,194,452)	1,207,567	-81.18%	(293,136)	24.54%
<b>Total Net Position</b>	<b>\$2,777,511</b>	<b>\$1,730,780</b>	<b>\$1,154,683</b>	<b>\$1,046,731</b>	<b>60.48%</b>	<b>\$ 576,097</b>	<b>49.89%</b>

**Governmental Activities:** Governmental activities for fiscal years ended June 30, 2024, and 2023 decreased the District's general fund by \$576,619 and (\$357,670), respectively, due to the result of revenues and expenditures. In addition, the District's net position increased by \$1,046,731 and \$576,097 during the fiscal years ended June 30, 2024, and 2023, respectively as reported on the statement of activities on page 10.



**RANCHO ADOBE FIRE PROTECTION DISTRICT**  
**Management Discussion and Analysis**  
**June 30, 2024 and 2023**

**Overview of the Financial Statements (Continued)**

	Change in Net Position						
	Year ended June 30,			2024 vs. 2023		2023 vs. 2022	
	2024	2023	2022	\$	%	\$	%
<b>Revenues:</b>							
<b>Program Revenues:</b>							
Intergovernmental & Fees	\$ 546,516	\$ 967,386	\$ 1,351,668	\$ (420,870)	-43.51%	\$ (384,282)	-28.43%
<b>General Revenues:</b>							
Property Taxes	7,201,414	6,910,317	6,599,905	291,097	4.21%	310,412	4.70%
Other Revenue (expense)	334,393	81,926	(25,303)	252,467	308.16%	107,229	-423.78%
<b>Total Revenues</b>	<b>8,082,323</b>	<b>7,959,629</b>	<b>7,926,270</b>	<b>122,694</b>	<b>1.55%</b>	<b>33,359</b>	<b>0.42%</b>
<b>Expenses:</b>							
<b>Program Expenses:</b>							
Salaries and Wages	5,697,402	6,084,765	8,123,284	(387,363)	-6.37%	(2,038,519)	-25.09%
Services and Supplies	968,619	970,204	864,163	(1,585)	-0.16%	106,041	12.27%
Depreciation Expense	369,571	328,563	231,689	41,008	12.48%	96,874	41.81%
<b>Total Expenses</b>	<b>7,035,592</b>	<b>7,383,532</b>	<b>9,219,136</b>	<b>(347,940)</b>	<b>-4.71%</b>	<b>(1,835,604)</b>	<b>-19.91%</b>
<b>Change in Net Position</b>	<b>1,046,731</b>	<b>576,097</b>	<b>(1,292,866)</b>	<b>470,634</b>	<b>81.69%</b>	<b>1,868,963</b>	<b>-144.56%</b>
<b>Net Position - Beginning of the Year</b>	<b>1,730,780</b>	<b>1,154,683</b>	<b>2,447,549</b>	<b>576,097</b>	<b>49.89%</b>	<b>(1,292,866)</b>	<b>-52.82%</b>
<b>Net Position - End of the Year</b>	<b>\$2,777,511</b>	<b>\$1,730,780</b>	<b>\$1,154,683</b>	<b>\$1,046,731</b>	<b>60.48%</b>	<b>\$ 576,097</b>	<b>49.89%</b>

**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, 2024, the District's governmental fund reported a fund balance of \$6,387,760 an increase of \$576,619 in comparison with fiscal year ended June 30, 2023. The District's governmental fund balance was \$5,811,141, a decrease of \$357,670 compared to the fiscal year ended June 30, 2022. 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 77.91% and 68.22% of the total general fund expenditures on June 30, 2024, and 2023, respectively.

## **RANCHO ADOBE FIRE PROTECTION DISTRICT**

### **Management Discussion and Analysis**

**June 30, 2024 and 2023**

#### **General Fund Budgetary Highlights**

**June 30, 2024:** The budgetary highlights for fiscal year ended June 30, 2024, are as follows:

- Property taxes revenue was higher by \$79,284.
- Strike team revenues were less by \$184,513.
- Other income was more by \$293,693.
- Salaries and benefits expenses were less than budget by \$225,198.
- Services and supplies expenses were less than budget by \$37,453.
- Capital expenditures were more than budget by \$714,739.

**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.

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, 2024 and 2023, amounts to \$3,788,522 and \$3,443,354 (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, 2024, the remaining lease payable balance is \$167,490.

**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, 2024, is 5,102,109. The District acquired a series 2024 taxable revenue bond in August 2023 in the amount of 563,500. The balance as of June 30, 2024 is \$563,500.

**Net Pension Liability:** As of June 30, 2024, and 2023, the District net pension liability is \$2,547,720 and \$4,196,252, respectively.

**RANCHO ADOBE FIRE PROTECTION DISTRICT**  
Management Discussion and Analysis  
June 30, 2024 and 2023

**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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current Assets:		
Cash and Investments	\$ 6,280,752	\$ 6,082,698
Accounts Receivable, government agency	<u>116,411</u>	<u>102,601</u>
Total Current Assets	<u>6,397,163</u>	<u>6,185,299</u>
Non-current Assets:		
Capital Assets (net of accumulated depreciation)		
Land	74,634	74,634
Construction in Progress	-	707,469
Building and Improvements	1,506,570	152,228
Equipment and Vehicles	<u>2,207,318</u>	<u>2,509,023</u>
Total Non-Current Assets	<u>3,788,522</u>	<u>3,443,354</u>
Deferred Revenue:		
Prepaid Finance Cost	13,500	-
Deferred Outflows of Resources	<u>6,072,909</u>	<u>8,457,066</u>
Total Non-Current Assets	<u>6,086,409</u>	<u>8,457,066</u>
<b>Total Assets</b>	<u><b>\$ 16,272,094</b></u>	<u><b>\$ 18,085,719</b></u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 9,403	\$ 287,279
Deferred Revenue	-	86,879
Note Payable - Current Portion	59,293	57,507
Bond Payable - Current Portion	<u>306,672</u>	<u>255,000</u>
Total Current Liability	<u>375,368</u>	<u>686,665</u>
Non-Current Liabilities		
Compensated Absences	482,841	565,321
Note Payable - Noncurrent	108,197	167,479
Bond Payable - Noncurrent	5,358,937	5,102,109
Net Pension Liability	<u>2,547,720</u>	<u>4,196,252</u>
Total Non-Current Liability	<u>8,497,695</u>	<u>10,031,161</u>
Deferred Inflows of Resources	<u>4,621,520</u>	<u>5,637,113</u>
<b>Total Liabilities and Deferred Inflows</b>	<u><b>13,494,583</b></u>	<u><b>16,354,939</b></u>
<b>Net Position</b>		
Net Investment in Capital Assets	3,057,532	3,218,368
Unrestricted	<u>(280,021)</u>	<u>(1,487,588)</u>
<b>Total Net Position</b>	<u><b>2,777,511</b></u>	<u><b>1,730,780</b></u>
<b>Total Liabilities and Net Position</b>	<u><b>\$ 16,272,094</b></u>	<u><b>\$ 18,085,719</b></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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Program Expenses</b>		
Public Safety - Fire Prevention		
Salaries and Employee Benefits	\$ 5,697,402	\$ 6,084,765
Services and Supplies	968,619	970,204
Depreciation	369,571	328,563
	<u>7,035,592</u>	<u>7,383,532</u>
Total Program Expenses		
	<u>7,035,592</u>	<u>7,383,532</u>
<b>Program Revenues</b>		
Intergovernmental Revenue	20,502	20,845
Strike team revenue	165,487	544,942
Charges for Services	360,527	401,599
	<u>546,516</u>	<u>967,386</u>
Total Program Revenues		
	<u>546,516</u>	<u>967,386</u>
Net Program Revenues (Expenses)	(6,489,076)	(6,416,146)
<b>General Revenues</b>		
Property Taxes	7,201,414	6,910,317
Investment earnings	152,672	95,258
Interest Expense	(142,893)	(138,527)
Lease Income	29,621	29,040
Miscellaneous income	294,993	96,155
	<u>7,535,807</u>	<u>6,992,243</u>
Total General Revenues		
	<u>7,535,807</u>	<u>6,992,243</u>
Change in Net Position	1,046,731	576,097
Net Position, Beginning of Year	<u>1,730,780</u>	<u>1,154,683</u>
Net Position, End of Year	<u>\$ 2,777,511</u>	<u>\$ 1,730,780</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from program revenues	\$ 532,706	\$ 944,178
Cash paid to vendors and employees	<u>(7,393,224)</u>	<u>(6,375,408)</u>
Net Cash Provided (Used) by Operating Activities	<u>(6,860,518)</u>	<u>(5,431,230)</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED</b>		
Property Taxes Received	7,201,414	6,910,317
Lease Income	29,621	29,040
Miscellaneous	<u>294,993</u>	<u>96,155</u>
Net Cash Provided (Used) from Non-Capital Activities	<u>7,526,028</u>	<u>7,035,512</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED</b>		
<b>FINANCING ACTIVITIES:</b>		
Proceeds from Bank Loan (net of Finance Cost)	550,000	-
Principal Payments on Note and Bonds	(312,496)	(308,693)
Interest Paid	(142,893)	(138,527)
Payment for Capital Purchase	<u>(714,739)</u>	<u>(1,348,122)</u>
Net Cash Provided (Used) from Capital and Related Financing Activities	<u>(620,128)</u>	<u>(1,795,342)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest Income	<u>152,672</u>	<u>95,258</u>
Net Cash Provided (Used) from Investing Activities	<u>152,672</u>	<u>95,258</u>
<b>Net Increase (Decrease) in Cash</b>	198,054	(95,802)
Cash-Beginning of Year	<u>6,082,698</u>	<u>6,178,500</u>
<b>Cash-End of Year</b>	<u>\$ 6,280,752</u>	<u>\$ 6,082,698</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Net Operating Income (Loss)	\$ (6,489,076)	\$ (6,416,146)
Depreciation	369,571	328,563
(Increase) Decrease in:		
Accounts Receivables	(13,810)	(23,208)
Deferred Outflows of Resources	2,384,157	743,628
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(277,876)	285,075
Compensated Absences	(82,480)	19,699
Deferred Revenue	(86,879)	-
Net Pension Liability	(1,648,532)	(2,018,361)
Deferred Inflows of Resources	<u>(1,015,593)</u>	<u>1,649,520</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,860,518)</u>	<u>\$ (5,431,230)</u>

The accompanying notes are an integral part of the financial statements

**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Balance Sheet

Governmental Fund

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and Investments	\$ 6,280,752	\$ 6,082,698
Accounts Receivable	116,411	102,601
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 6,397,163</u>	<u>\$ 6,185,299</u>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts Payable & Accrued Expenses	\$ 9,403	\$ 287,279
Deferred Revenue	-	86,879
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>9,403</u>	<u>374,158</u>
Fund balance:		
Unassigned	<u>6,387,760</u>	<u>5,811,141</u>
	<u>                    </u>	<u>                    </u>
Total Fund Balance	<u>6,387,760</u>	<u>5,811,141</u>
Total Liabilities and Fund Balance	<u>\$ 6,397,163</u>	<u>\$ 6,185,299</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Total Fund Balances - Governmental Funds	\$ 6,387,760	\$ 5,811,141
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Finance Cost	13,500	-
Deferred Outflows of Resources	6,072,909	8,457,066
Capital assets used in governmental activities not financial recourses and, therefore are not reported in the governmental funds	3,788,522	3,443,354
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Note Payable	(167,490)	(224,986)
Bond Payable	(5,665,609)	(5,357,109)
Compensated Absences	(482,841)	(565,321)
Deferred Inflows of Resources	(4,621,520)	(5,637,113)
Net Pension liability	<u>(2,547,720)</u>	<u>(4,196,252)</u>
Net Position of Governmental Activities	<u>\$ 2,777,511</u>	<u>\$ 1,730,780</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, 2024 and 2023

	2024	2023
<b>Revenues</b>		
Property Taxes	\$ 7,201,414	\$ 6,910,316
Investment Earnings	152,672	95,258
Intergovernmental revenue	20,502	20,845
Strike team revenue	165,487	544,942
Charges for Services	360,527	401,599
Lease Income	29,621	29,040
Miscellaneous Income	294,993	96,155
	8,225,216	8,098,155
Total Revenues		
<b>Expenditures</b>		
Current:		
Salaries and Employee Benefits	6,059,850	5,690,279
Services and Supplies	968,619	970,204
Non-Current		
Capital Expenditures	714,739	1,348,122
Debt Service:		
Principal Payment	312,496	308,693
Interest Expense	142,893	138,527
	8,198,597	8,455,825
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,619	(357,670)
<b>Other Financing Sources (Uses)</b>		
Proceeds from Long-term Note (net of Prepaid Finance Cost)	550,000	-
	550,000	-
Total Other Financing Sources (Uses)		
Net Change in Fund Balance	576,619	(357,670)
Fund Balance, Beginning of Year	5,811,141	6,168,811
Fund Balance, End of Year	\$ 6,387,760	\$ 5,811,141

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, 2024 and 2023**

<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	<u>2024</u>	<u>2023</u>
Net change in fund - total governmental fund	\$ 576,619	\$ (357,670)
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	714,739	1,348,122
Current year depreciation	(369,571)	(328,563)
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	(550,000)	-
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	312,496	308,693
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	82,480	(19,699)
Change in deferred outflows of resources	(2,384,157)	(743,628)
Change in deferred inflows of resources	1,015,593	(1,649,520)
Change in net pension liability	<u>1,648,532</u>	<u>2,018,362</u>
Change in Net Position of Governmental Activities	<u>\$ 1,046,731</u>	<u>\$ 576,097</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, 2024 and 2023

## **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, 2024 and 2023

### 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, 2024 and 2023

## 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, 2024. 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, 2024 and 2023

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Included within the property tax revenue is \$2,240,742 and \$2,169,097 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, 2024 and 2023

### 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, 2024 and 2023

### **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, 2024 and 2023

**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, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash held with financial institutions	\$ 6,280,553	\$ 6,082,498
Petty Cash	200	200
Total Cash and Investments	<u>\$ 6,280,753</u>	<u>\$ 6,082,698</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, 2024 and 2023

**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, 2024, will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable on June 30, is as follows:

	<u>2024</u>	<u>2023</u>
Accounts Receivable	<u>\$ 116,411</u>	<u>\$ 102,601</u>

**NOTE 5 CAPITAL ASSETS**

Capital assets summary for the year ended June 30, 2024, is as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
Capital assets, not being depreciated				
Land	\$ 74,634	\$ -	\$ -	\$ 74,634
Construction in Progress	707,469	-	(707,469)	-
Total capital assets, not being depreciated	<u>782,103</u>	<u>-</u>	<u>(707,469)</u>	<u>74,634</u>
Capital assets, being depreciated				
Building and Improvements	755,665	714,738	707,469	2,177,872
Equipment and vehicles	4,565,636	-	-	4,565,636
Total capital assets being depreciated	<u>5,321,301</u>	<u>714,738</u>	<u>707,469</u>	<u>6,743,508</u>
Less Accumulated Depreciation for:				
Building and Improvements	(603,438)	(67,865)	-	(671,303)
Equipment and vehicles	(2,056,612)	(301,706)	-	(2,358,318)
Total Accumulated Depreciation	<u>(2,660,050)</u>	<u>(369,571)</u>	<u>-</u>	<u>(3,029,621)</u>
Total capital assets, being depreciated, net	<u>2,661,251</u>	<u>345,167</u>	<u>707,469</u>	<u>3,713,887</u>
Total Capital Assets-Net	<u>\$ 3,443,354</u>	<u>\$ 345,167</u>	<u>\$ -</u>	<u>\$ 3,788,521</u>

**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Notes to Basic Financial Statements

June 30, 2024 and 2023

**NOTE 5 CAPITAL ASSETS (continued)**

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>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	<u>3,848,635</u>	<u>717,001</u>	<u>-</u>	<u>4,565,636</u>
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	<u>(1,754,907)</u>	<u>(301,706)</u>	<u>1</u>	<u>(2,056,612)</u>
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>

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

Governmental Activities:	<u>2024</u>	<u>2023</u>
Public Safety - Fire Protection	<u>\$ 369,571</u>	<u>\$ 328,563</u>

**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Notes to Basic Financial Statements

June 30, 2024 and 2023

**NOTE 6 LONG-TERM LIABILITIES**

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

	2024				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Note Payable	\$ 224,986	\$ -	\$ 57,501	\$ 167,485	\$ 59,293
Bonds Payable -2021	5,357,109	-	255,000	5,102,109	255,000
Bonds Payable -2024	-	563,500	-	563,500	46,672
Net Pension Liability	4,196,252	-	1,648,532	2,547,720	-
Compensated Absences	565,321	-	82,480	482,841	-
<b>Total Long-term Liabilities</b>	<b>\$ 10,343,668</b>	<b>\$ 563,500</b>	<b>\$ 2,043,513</b>	<b>\$ 8,863,655</b>	<b>\$ 360,965</b>

  

	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	-
<b>Total Long-term Liabilities</b>	<b>\$ 12,651,027</b>	<b>\$ 19,699</b>	<b>\$ 2,327,058</b>	<b>\$ 10,343,668</b>	<b>\$ 312,507</b>

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, 2024 and 2023

**NOTE 6 LONG-TERM LIABILITIES (continued)**

<u>FY</u>	<u>Installment Payment</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 63,717	\$ 59,293	\$ 4,424
2026	63,717	61,117	2,600
2027	<u>47,788</u>	<u>47,075</u>	<u>719</u>
Total	<u>\$ 175,222</u>	<u>\$167,485</u>	<u>\$7,743</u>

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>
2025	\$ 384,049	\$ 255,000	\$ 129,049
2026	386,958	260,000	126,958
2027	383,890	260,000	123,890
2028	385,172	265,000	120,172
2029 - 2041	<u>4,980,389</u>	<u>4,062,109</u>	<u>918,280</u>
Total	<u>\$ 6,520,456</u>	<u>\$5,102,109</u>	<u>\$1,418,347</u>

Bonds Payable

The District acquired a Series 2024 Taxable Revenue Bond in August 2023 for \$563,500. The bonds will mature in August 2033. The bonds were acquired for the facilities improvement project. Below is the bonds payable schedule:

<u>FY</u>	<u>Installment Payment</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 81,812	\$ 46,672	\$ 35,140
2026	69,576	48,141	21,435
2027	69,530	50,235	19,295
2028	69,482	52,420	17,062
2029-2034	<u>415,776</u>	<u>366,032</u>	<u>49,744</u>
Total	<u>\$ 706,176</u>	<u>\$563,500</u>	<u>\$142,676</u>

**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Notes to Basic Financial Statements

June 30, 2024 and 2023

**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, 2022, Annual Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2023, actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

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, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

**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	22.980%	\$0	8.96%
PEPRA Safety Plan	14.500%	\$0	14.50%
Miscellaneous Plan	16.870%	\$0	7.96%

**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>
Global Equity- cap-weighted	30.0%	4.54%
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

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

	<u>Plan Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Plan Net Pension Liability/(Asset) (c) = (a) - (b)</u>
Balance at : 6/30/2022 (MD)	\$ 25,398,127	\$ 21,201,875	\$ 4,196,252
Balance at : 6/30/2023 (MD)	\$ 27,533,359	\$ 24,985,636	\$ 2,547,723
Net Changes during 2022-23	\$ (2,135,232)	\$ (3,783,761)	\$ 1,648,529

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:

	<u>Discount Rate - 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Plan's Net Pension Liability/(Asset) - 2024	\$ 6,321,741	\$ 2,547,720	\$ (538,992)
Plan's Net Pension Liability/(Asset) - 2023	\$ 7,701,044	\$ 4,196,252	\$ 1,330,765

**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Notes to Basic Financial Statements

June 30, 2024 and 2023

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

For the fiscal years ended June 30, 2024, and 2023 pension expenses recognized are as follows:

	<u>2024</u>	<u>2023</u>
Total Service Costs	\$ 198,739	\$ 341,505
Interest on TPL	669,464	1,131,627
Recognize Changes of Assumptions	87,631	156,876
Changes of Benefit Terms	48	659
Plans Share of Employee Contribution	(1,099,189)	(458,049)
Net Plan to Plan Resource Movement	(44,105)	478
Projected Earnings on PPI	(500,591)	(971,408)
Recognized Difference Between Projected and Actual Plan Earnings	70,599	83,729
Recognized Difference Between Expected & Actual Experience	112,183	169,668
Administrative Expenses	5,336	8,832
Other Miscellaneous Income	-	-
 Total Pension Expense Recognized	 <u>\$ (499,885)</u>	 <u>\$ 463,917</u>

As of June 30, 2024, and 2023, 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>FY23-24 Deferred Outflows of Resources</u>	<u>FY23-24 Deferred Inflows of Resources</u>	<u>FY22-23 Deferred Inflows/(Outflows) of Resources</u>
Difference between Expected and Actual Experience	\$ 183,900	\$ 16,245	\$ 151,512
Changes of Assumptions	148,972	-	423,564
Difference between Projected and Actual Earnings on Pension Plan Investments	352,189	-	669,655
Difference between Employer's Contribution and Proportionate Share of Contribution	3,880,276	295,457	(444,008)
Changes in Employees Proportion	408,383	4,309,818	(4,155,032)
Pension Contributions made Subsequent to Measurement Date	1,099,189	-	1,099,189
 Total	 <u>\$ 6,072,909</u>	 <u>\$ 4,621,520</u>	 <u>\$ (2,255,120)</u>



**RANCHO ADOBE FIRE PROTECTION DISTRICT**

Notes to Basic Financial Statements

June 30, 2024 and 2023

**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 expenses as follows:

<u>Measurement Period Ended June 30,</u>	<u>FY23-24 Deferred Outflows/(Inflows) of Resources</u>	<u>FY22-23 Deferred Outflows/(Inflows) of Resources</u>
2024	\$ -	\$ 90,359
2025	(218,245)	(123,210)
2026	(72,168)	(37,498)
2027	1,292,278	1,649,441
2028	229,686	1,240,860
2029	219,838	-
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 December 12, 2024 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, 2024

Revenues	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Property Taxes	\$ 7,095,057	\$ 7,122,130	\$ 7,201,414	\$ 79,284
Investment earnings	45,000	85,000	152,672	67,672
Intergovernmental Revenue	22,660	22,660	20,502	(2,158)
Strike team revenue	350,000	350,000	165,487	(184,513)
Miscellaneous/Other Income	381,673	391,448	685,141	293,693
	7,894,390	7,971,238	8,225,216	253,978
<b>Expenditures</b>				
Current:				
Salaries and Employee Benefits	6,317,948	6,285,048	6,059,850	225,198
Services and Supplies	1,002,295	1,006,072	968,619	37,453
Capital expenditures	-	-	714,739	(714,739)
Debt Service:				
Principal	312,508	312,508	312,496	12
Interest	135,869	135,869	142,893	(7,024)
	7,768,620	7,739,497	8,198,597	(459,100)
Excess (Deficiency of Revenues Over (Under) Expenditures	125,770	231,741	26,619	(205,122)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Bank Loan (net of Prepaid Finance Cost)			550,000	
Pay off the GASB 68 pension liability			-	
			550,000	
Net Change in Fund Balance			576,619	
Fund Balance, Beginning of Year			5,811,141	
Fund Balance, End of Year			\$ 6,387,760	

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 PEPR 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	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.01081%	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)	\$ 2,406,679	\$ 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	\$ 2,737,830	\$ 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	87.9%	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	90.7%	83.6%	73.5%	74.4%	74.5%	76.3%	74.2%	79.3%	82.5%
<b>Schedule of Plan Contributions</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Actuarially Determined Contribution	\$ 878,570	\$ 446,756	\$ 398,601	\$ 333,183	\$ 286,340	\$ 228,033	\$ 175,306	\$ 139,387	\$ -
Contributions in Relation to the Actuarially Determined Contribution	(878,570)	(446,756)	(398,601)	(333,183)	(286,340)	(228,033)	(175,306)	(139,387)	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 3,121,518	\$ 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	28.15%	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, 2022 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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan's Proportion of the Net Pension Liability/(Asset)	0.00080%	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)	\$ 141,044	\$ 277,456	\$ 397,022	\$ 364,443	\$ 346,443	\$ 299,782	\$ 301,101	\$ 224,860	\$ 172,525
Plan's Covered-Employee Payroll	\$ 103,780	\$ 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	135.91%	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	91.09%	81.35%	71.17%	72.07%	72.60%	74.66%	73.41%	79.07%	81.85%

**Schedule of Plan Contributions**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 25,769	\$ 30,483	\$ 27,584	\$ 23,337	\$ 20,417	\$ 16,724	\$ 13,281	\$ 10,986	\$ -
Contributions in Relation to the Actuarially Determined Contribution	(25,769)	(30,483)	(27,584)	(23,337)	(20,417)	(16,724)	(13,281)	(10,986)	-

Contribution Deficiency (Excess)

	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Covered-Employee Payroll

	\$ 104,737	\$ 103,780	\$ 98,866	\$ 95,258	\$ 91,460	\$ 89,905	\$ 87,194	\$ 84,265	\$ 81,407
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Contributions as a Percentage of Covered-Employee Payroll

	24.60%	29.37%	27.90%	24.50%	22.32%	18.60%	15.23%	13.04%	0.00%
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**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, 2022 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, 2024 and 2023**

**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, 2024 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.