

KENWOOD FIRE PROTECTION DISTRICT

Financial Statements
and
Independent Auditor's Report

June 30, 2023 and 2022



KENWOOD FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kenwood Fire Protection District
Kenwood, California

Opinion

We have audited the accompanying financial statements for the year ended June 30, 2023, and 2022 and the related notes to the financial statements, which collectively comprise the Kenwood Fire Protection District's, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Kenwood Fire Protection District, as of June 30, 2023, and 2022, 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 Kenwood 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 Kenwood 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Kenwood 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 Kenwood 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, changes in fund balance on pages 34-35, schedule of CalPERS on page 36, and notes to required supplementary information on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Blomberg & Griffin A.C.

Stockton, CA

December 19, 2023

KENWOOD FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

As management of the Kenwood Fire Protection District (the 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 basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities in the fiscal years ending June 30, 2023, and 2022 by \$5,585,221 and \$5,308,281 (net position), respectively. At the fiscal year ended June 30, 2023, the net position includes net investment in capital assets of \$1,413,466 and the unrestricted net position is \$4,171,755. For the fiscal year ending June 30, 2022, the net position includes net investment in capital assets of \$1,477,028 and the unrestricted net position is \$3,831,253.
- The District's total net position increased (decreased) by \$276,941 and (\$213,114) for the fiscal years ending June 30, 2023, and 2022. The increase for the fiscal year 2023 is mainly due to an increase in property tax revenues.
- At the end of the fiscal year ending June 30, 2023, the District's general fund reported an ending fund balance of \$4,379,253 an increase of \$313,562. The fund balance has \$2,291,698 assigned for capital improvements and \$2,087,555 is available for spending at the District's discretion (unassigned fund balance).
- At the end of the fiscal year ending June 30, 2022, the District's general fund reported an ending fund balance of \$4,026,472 an increase of \$1,564. The fund balance has \$2,252,479 assigned for capital improvements and \$1,773,993 is available for spending at the District's discretion (unassigned fund balance).
- At the end of the fiscal year June 30, 2023, the general unassigned fund balance was \$2,087,555, or 156% of the total general fund expenditure of \$1,335,009. At the end of the fiscal year June 30, 2022, the general unassigned fund balance was \$1,773,993, or 150% of the total general fund expenditure of \$1,179,228.

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, like a private-sector business.

KENWOOD FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

June 30, 2023 and 2022

Overview of the Financial Statements (Continued)

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 taxes 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.

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.

KENWOOD FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
June 30, 2023 and 2022

Overview of the Financial Statements (continued)

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 \$5,585,221 and \$5,308,281 at the end of the fiscal years ended June 30, 2023 and 2022, respectively.

For the fiscal years ended June 30, 2023, and 2022, the net position category labeled "Net investment in Capital Assets" reflects the District's investment in capital assets (net of depreciation) of \$1,413,466 and \$1,477,028, respectively, (e.g., land, construction in progress, buildings and improvements, and equipment less accumulated depreciation). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

TABLE 1: NET POSITION

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Assets							
Current Assets and OPEB	\$ 4,789,940	\$ 4,455,190	\$ 4,204,724	\$ 334,750	7.51%	\$ 250,466	5.96%
Capital Assets - Net	1,413,466	1,477,028	1,581,690	(63,562)	-4.30%	(104,662)	-6.62%
Deferred Outflows	280,958	334,252	198,523	(53,294)	-15.94%	135,729	100.00%
Total Assets	6,484,364	6,266,470	5,984,937	217,894	3.48%	281,533	4.70%
Liabilities							
Current liabilities	16,296	34,440	29,157	(18,144)	-52.68%	5,283	18.12%
Non-current liabilities	319,040	487,151	384,615	(168,111)	-34.51%	102,536	26.66%
Deferred Outflows	563,807	436,598	49,770	127,209	29.14%	386,828	100.00%
Total Liabilities	899,143	958,189	463,542	(59,046)	-6.16%	5,213,434	48.55%
Net Position							
Invested in Capital Assets, net of related debt	1,413,466	1,477,028	1,581,690	(63,562)	-4.30%	(104,662)	-6.62%
Unrestricted (Deficit)	4,171,755	3,831,253	3,939,705	340,502	8.89%	(108,452)	-2.75%
Total Net Position	\$ 5,585,221	\$ 5,308,281	\$ 5,521,395	\$ 276,940	5.22%	\$ (213,114)	-3.86%

For the fiscal year ended June 30, 2023, the balance of unrestricted net position is \$4,171,755 and net investment in capital asset balance is \$1,413,466. For the fiscal year ended June 30, 2022, the balance of unrestricted net position is \$3,831,253 and net investment in capital asset balance is \$1,477,028.

Governmental Activities: The District's total net position increased (decreased) by \$276,940 and (\$213,114) for the fiscal years ended June 30, 2023 and 2022, respectively. The increase is mainly due to an increase in property tax revenues.

KENWOOD FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
June 30, 2023 and 2022

Government-Wide Financial Analysis (continued)

TABLE 2: CHANGES IN NET POSITION

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Revenues							
Charges for Services	\$ 3,971	\$ -	\$ 133,241	\$ 3,971	100.00%	\$ (133,241)	-100.00%
Property Taxes	1,305,319	992,275	964,066	313,044	31.55%	28,209	2.93%
Intergovernmental Revenues	312,548	210,190	5,028	102,358	48.70%	205,162	4080.39%
Investment Earnings (Loss)	41,344	(66,834)	4,862	108,178	-161.86%	(71,696)	-1474.62%
Donations & Reimbursement	24,788	45,161	293	(20,373)	-45.11%	44,868	15313.31%
Sales of Assets Gain (Loss)	-	-	(11,061)	-	0.00%	11,061	-100.00%
Total Revenues	1,687,970	1,180,792	1,096,429	507,178	42.95%	84,363	7.69%
Expenses							
Program Expenses:							
Public Safety - Fire Protection	1,411,030	1,393,906	1,202,620	17,124	1.23%	191,286	15.91%
Change in Net Position	276,940	(213,114)	(106,191)	490,054	-229.95%	(106,923)	100.69%
Net Position - Beginning of the Year	5,308,281	5,521,395	5,627,586	(213,114)	-3.86%	(106,191)	-1.89%
Net Position - End of the Year	\$ 5,585,221	\$ 5,308,281	\$ 5,521,395	\$ 276,940	5.22%	\$ (213,114)	-3.86%

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 fund 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. Unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. The District uses and reports one governmental fund, the General Fund.

The general fund is the chief operating fund of the District. As of June 30, 2023, the District's general fund reported an ending fund balance of \$4,379,253, an increase of \$352,781. The unassigned fund balance of \$2,087,555 is available for spending at the government's discretion.

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 156% and 150% of total general fund expenditures in fiscal years ended June 30, 2023 and 2022, respectively.

KENWOOD FIRE PROTECTION DISTRICT
 Management's Discussion and Analysis
 June 30, 2023 and 2022

General Fund Budgetary Highlights

As of June 30, 2023, actual revenues were less than budget by \$70,681 and actual expenditures were less than budget by \$234,305. Overall, there was an excess of positive \$163,624 before other financing sources (uses).

As of June 30, 2022, actual revenues exceeded budget by \$262,372 and actual expenditures were less than budget by \$24,676. Overall, there was an excess of positive \$287,048 before other financing sources (uses).

Capital Assets: The District's investment in capital assets, as of June 30, 2023, and 2022 amounts to \$1,413,466 and \$1,477,028 (net of accumulated depreciation), respectively. This investment in capital assets includes land, building improvements, and equipment.

TABLE 3: CAPITAL ASSETS

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Capital Assets							
Land	\$ 23,087	\$ 23,087	\$ 23,087	\$ -	0.00%	\$ -	0.00%
Assets in Progress	-	-	733,483	\$ -	0.00%	\$ (733,483)	-100.00%
Building and Improvements	862,768	855,315	855,315	7,453	0.87%	-	0.00%
Equipment and Vehicles	2,154,200	2,107,071	1,361,788	47,129	2.24%	745,283	54.73%
Accumulated Depreciation	(1,626,589)	(1,508,445)	(1,391,983)	(118,144)	7.83%	(116,462)	8.37%
Total Capital Assets - Net	<u>\$ 1,413,466</u>	<u>\$ 1,477,028</u>	<u>\$ 1,581,690</u>	<u>\$ (63,562)</u>	<u>-4.30%</u>	<u>\$ (104,662)</u>	<u>-6.62%</u>

Additional information on the District's capital assets can be found in Note VI.

Economic Factors and Next Year's Budgets and Rates

- Property tax revenue is expected to remain relatively stable.
- The District expects increased capital expenditures for station repairs and improvements.

All of these factors were considered in preparing the District's budget for the fiscal year 2023/24.

Request for Additional Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the district, 9045 Sonoma Highway Kenwood, California 95452, or call (707) 833-2042.

Daren Bellach
 Fire Chief of Kenwood Fire Protection District

KENWOOD FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023 and 2022

	2023	2022
Assets		
Current Assets:		
Cash and Investments	\$ 4,395,448	\$ 3,996,121
Taxes and Interest Receivable	214	64,791
Total Current Assets	4,395,662	4,060,912
Capital Assets:		
Land	23,087	23,087
Building and Improvements	862,768	855,315
Fire Apparatus	1,678,444	1,633,344
Other Equipment	475,756	473,726
Accumulated Depreciation	(1,626,589)	(1,508,444)
Total Capital Assets, net of accumulated depreciation	1,413,466	1,477,028
Net OPEB Assets	394,278	394,278
Sources of Deferred Outflows		
Pension Contributions	236,343	289,637
OPEB Contributions	44,615	44,615
Total Sources of Deferred Outflows	280,958	334,252
Total Assets and Deferred Outflows of Resources	6,484,364	6,266,470
Liabilities		
Current Liabilities:		
Accounts Payable	8,106	4,835
Payroll Payable	8,190	29,605
Total Current Liabilities	16,296	34,440
Non-Current Liabilities:		
Compensated Absences	130,852	161,021
Net Pension Liability	188,188	326,130
Total Non-Current Liabilities	319,040	487,151
Sources of Deferred Inflows		
Pension Deferred Credits	325,201	197,992
OPEB Deferred Credits	238,606	238,606
Total Sources of Deferred Inflows	563,807	436,598
Total Liabilities and Deferred Inflows of Resources	899,143	958,189
Net Position		
Net Investment in Capital Assets	1,413,466	1,477,028
Unrestricted	4,171,755	3,831,253
Total Net Position	\$ 5,585,221	\$ 5,308,281

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

KENWOOD FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2023 and 2022

Governmental Activities	<u>2023</u>	<u>2022</u>
Program Expenses		
Public safety - fire protection		
Salaries and employee benefits	\$ 1,137,158	\$ 1,058,439
Materials and Services	155,728	219,006
Depreciation	118,144	116,461
	<u>1,411,030</u>	<u>1,393,906</u>
 Program Revenues		
Charges for services	3,971	-
	<u>3,971</u>	<u>-</u>
 Net Program Revenues (Expenses)	 <u>(1,407,059)</u>	 <u>(1,393,906)</u>
 General Revenues		
Property taxes	1,305,319	992,275
Intergovernmental Revenue	312,548	210,190
Investment earnings (Loss)	41,344	(66,834)
Reimbursement & Miscellaneous Revenue	24,788	45,161
	<u>1,683,999</u>	<u>1,180,792</u>
 Change in Net Position	 276,940	 (213,114)
 Net Position - Beginning of Year	 <u>5,308,281</u>	 <u>5,521,395</u>
 Net position - End of Year	 <u><u>\$ 5,585,221</u></u>	 <u><u>\$ 5,308,281</u></u>

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

KENWOOD FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2023

ASSETS	2023		
	General Fund	Capital Projects Fund	Total Governmental Funds
Cash in County Treasury	\$ -	\$ 2,291,698	\$ 2,291,698
Cash in Commercial Banks	2,103,750	-	2,103,750
Taxes Receivable	168	-	168
Interest Receivable	46	-	46
	Total Assets	Total Assets	Total Assets
	\$ 2,103,964	\$ 2,291,698	\$ 4,395,662
LIABILITIES AND FUNDS BALANCE:			
Liabilities:			
Accounts Payable	\$ 8,413	\$ -	\$ 8,413
Payroll Payable	7,996	-	7,996
	Total liabilities	Total liabilities	Total liabilities
	16,409	-	16,409
Fund balance:			
Assigned for Capital Improvements	-	2,291,698	2,291,698
Unassigned	2,087,555	-	2,087,555
	Total Fund Balance	Total Fund Balance	Total Fund Balance
	2,087,555	2,291,698	4,379,253
	Total Liabilities and Fund Balance	Total Liabilities and Fund Balance	Total Liabilities and Fund Balance
	\$ 2,103,964	\$ 2,291,698	\$ 4,395,662

KENWOOD FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022

ASSETS	2022		
	General Fund	Capital Projects Fund	Total Governmental Funds
Cash in County Treasury	\$ -	\$ 2,252,479	\$ 2,252,479
Cash in Commercial Banks	1,743,642	-	1,743,642
Taxes Receivable	64,386	-	64,386
Interest Receivable	405	-	405
Total Assets	\$ 1,808,433	\$ 2,252,479	\$ 4,060,912
LIABILITIES AND FUNDS BALANCE:			
Liabilities:			
Accounts Payable	\$ 4,835	\$ -	\$ 4,835
Payroll Payable	29,605	-	29,605
Total liabilities	34,440	-	34,440
Fund balance:			
Assigned for Capital Improvements	-	2,252,479	2,252,479
Unassigned	1,773,993	-	1,773,993
Total Fund Balance	1,773,993	2,252,479	4,026,472
Total Liabilities and Fund Balance	\$ 1,808,433	\$ 2,252,479	\$ 4,060,912

KENWOOD FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
JUNE 30, 2023

	2023		
	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 1,305,319	\$ -	\$ 1,305,319
Intergovernmental	312,548	-	312,548
Charges for Services	3,791	-	3,791
Investment Earnings	2,125	39,219	41,344
Reimbursement	24,788	-	24,788
	<hr/>	<hr/>	<hr/>
Total Revenue	1,648,571	39,219	1,687,790
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Salaries and Employee Benefits	1,124,767	-	1,124,767
Materials and Services	155,728	-	155,728
Capital Outlay	54,514	-	54,514
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,335,009	-	1,335,009
	<hr/>	<hr/>	<hr/>
Excess of Revenues over Expenditures	313,562	39,219	352,781
Other Financing Sources (uses)			
Transfer in	-	-	-
Transfer Out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	-	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	313,562	39,219	352,781
Fund Balance, Beginning of The Year	<hr/> 1,773,993	<hr/> 2,252,479	<hr/> 4,026,472
Fund Balance, End of Year	<hr/> \$ 2,087,555	<hr/> \$ 2,291,698	<hr/> \$ 4,379,253

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

KENWOOD FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
JUNE 30, 2022

REVENUES	2022		
	General Fund	Capital Projects Fund	Total Governmental Funds
Property Taxes	\$ 992,275	\$ -	\$ 992,275
Intergovernmental	210,190	-	210,190
Investment Earnings (Loss)	443	(67,277)	(66,834)
Reimbursement	45,161	-	45,161
Total Revenue	<u>1,248,069</u>	<u>(67,277)</u>	<u>1,180,792</u>
EXPENDITURES			
Salaries and Employee Benefits	948,422	-	948,422
Materials and Services	219,006	-	219,006
Capital Outlay	11,800	-	11,800
Total Expenditures	<u>1,179,228</u>	<u>-</u>	<u>1,179,228</u>
Excess of Revenues over Expenditures Before Transfers	68,841	(67,277)	1,564
Other Financing Sources (uses)			
Transfer in	100,000	-	100,000
Transfer Out	-	(100,000)	(100,000)
Total Other Financing Sources	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balances	168,841	(167,277)	1,564
Fund Balance, Beginning of The Year	<u>1,605,152</u>	<u>2,419,756</u>	<u>4,024,908</u>
Fund Balance, End of Year	<u><u>\$ 1,773,993</u></u>	<u><u>\$ 2,252,479</u></u>	<u><u>\$ 4,026,472</u></u>

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

KENWOOD FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

June 30, 2023 and 2022

	2023	2022
Total Fund Balances - Governmental Fund	\$ 4,379,253	\$ 4,026,472
Amount reported for governmental activities in the statement of net position are different because :		
<p>Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the general fund. These assets consist of:</p>		
Capital Assets:		
Land	23,087	23,087
Building and Improvements	862,768	855,315
Fire Apparatus	1,678,444	1,633,344
Other Equipment	475,756	473,726
Less: Accumulated Depreciation	(1,626,589)	(1,508,444)
OPEB Assets	394,278	394,278
Deferred Pension Credits	236,343	289,637
Deferred OPEB Credits	44,615	44,615
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund. These consist of:</p>		
Compensated Absences	(130,852)	(161,021)
Net Pension Liability	(188,188)	(326,130)
Deferred Pension Charges and Credits	(325,201)	(197,992)
Deferred OPEB Charges and Credits	(238,493)	(238,606)
Net Position of Governmental Activities	\$ 5,585,221	\$ 5,308,281

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

KENWOOD FIRE PROTECTION DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

June 30, 2023 and 2022

	2023	2022
NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND TYPE	\$ 352,781	\$ 1,564
Amount reported for governmental activities in the statement of activities are different because :		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as a depreciation expense. Differences are as follows:</p>		
Capital Assets Additions	54,515	11,800
Current Year Depreciation Expense	(118,144)	(116,461)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, as follows:</p>		
Compensated Absences	30,169	(65,546)
OPEB Adjustment	181	24,708
Pension Expense - GASB 68 Adjustment	(42,562)	(69,179)
Change in Net Position of Governmental Activities	\$ 276,940	\$ (213,114)

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

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note I. Summary of Significant Accounting Policies

A. Organization

The Kenwood Fire Protection District (the District) was formed by resolution on May 21, 1945 by the Board of Supervisors of the County of Sonoma as a Fire Protection District under and pursuant to provisions of the Health and Safety Code of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to the unincorporated township known as Kenwood. The District serves taxpayers and residents in a special unincorporated area of the County of Sonoma, the boundaries of which are set by resolution by the Board of Supervisors. The District's governmental powers are exercised through the Board of Directors.

B. Significant Accounting Policies

The District 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 pronouncements of the Financial Accounting Standard 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.

1. 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 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.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note I. Summary of Significant Accounting Policies (Continued)

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.

2. 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 fund.

Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenue, and expenditures.

The District reports the following major governmental fund:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

Capital Fund: The Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and/or equipment. Most of the capital outlays are financed via annual transfer from the General Fund plus interest earnings.

3. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expense are recognized in the account and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note I. Summary of Significant Accounting Policies (Continued)

4. Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the time of the cash flows.

5. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. "Available" means collective within the current period or within 60 days after year-end. The Board recognizes 360 days for grant reimbursement and charges and services. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that payments for general obligation long-term liabilities are recognized when due.

6. Cash and cash equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with its commercial bank (Exchange Bank).

7. Prepaid Items

Payments to vendors that benefit future accounting periods are classified as a prepaid item until charged to expenditures in the period benefited.

8. Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activity columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life over two (2) years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Buildings and improvements, fire apparatus 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>
Building and Improvements	30-50
Fire Apparatus	20
Truck/Automobile	5
Operating Equipment	10-15

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note I. Summary of Significant Accounting Policies (Continued)

9. Net Position

Net position is classified into three components – 1) net invested in capital assets, net of related debt (if any) 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Invested in capital assets net of related debt (if any) – This component of net position groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by outstanding debt related to the acquisition, construction, or improvement of these assets.
- Restricted net position (if any) — This component consists of external constraints or restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position — This component is the net position of the entity not restricted for any project or other purpose.

10. Fund Balance

In the fund financial statements, governmental funds report fund balance using the classifications listed in GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. Initial distinction is made in reporting fund balance information identifying amounts that are considered non-spendable, such as fund balance associated with inventories. Spendable fund balance for the governmental fund consists of the following classifications:

- *Restricted Fund Balance* - the portion of fund balance that can only be spent for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* - the portion of fund balance whose use is subject to formal action of the government's highest-level decision-making authority. These commitments remain binding unless changed or removed by formal action of the Board as the formal authority that imposed the constraint. The underlying action that imposed, modified, or removed the limitation would need to occur no later than the close of the reporting period.
- *Assigned* - the portion of fund balance that is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- *Unassigned* – the residual amount of all general fund spendable resources not contained in the other classifications.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note I. Summary of Significant Accounting Policies (Continued)

11. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the report's amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

12. Encumbrances

Encumbrances represent commitment related to unperformed contracts for good or services. Encumbrances outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities.

13. Vacation and Sick Leave

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

Note II. Stewardship, Compliance, and Accountability

A. Budgetary Information

The budget of the District is a detailed annual operating plan that identifies estimated cost (appropriations) and results in relating to estimated revenues. The budget includes (1) Services and activities to be provided during the fiscal year, (2) the estimated revenue available to finance the operating plan, and (3) the estimated spending requirement of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. State law prohibits expanding governmental funds for which there is no legal appropriation except under court order, for an emergency as defined by statute, or as otherwise provided by law. Annual appropriations that have not been encumbered lapse at year-end. The following procedures establish the budgetary data reflected in the financial statements.

B. Original Adopted Budget

On or before June 30, the Fire Chief prepares and submits to the Board a recommended budget. On or before September 30, the Board formally approves the recommended budget. The Board conducts hearings to obtain public comments on the recommended annual budget.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note II. Stewardship, Compliance, and Accountability (continued)

C. Budgetary Information (continued)

1. Final Amended Budget

The legal level of control for appropriations is exercise at the chief's level within the fund level. Appropriations at this level may only be adjusted during the year with the approval of the Board. The Fire Chief may adjust at this discretion below that level. Such adjustments by the Board and the Fire Chief are reflected in the revised budgetary data present in the financial statements. Budgetary data is presented in the accompanying fund financial statements for the General Fund since the operations of these funds are budgeted annually.

Note III. Cash and Investments

A. Investment in the Sonoma County Treasurer's Investment Pool

The District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statement at the amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Funds are generally available and disbursed to the District upon collection and allocation to the District account. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

B. Investments Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Suite 100, Santa Rosa, California, 95403-2871.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note III. Cash and Investments (continued)

C. Investments by District in Commercial Bank

The District pools cash from all sources and all funds so that it can be invested consistently with safety and liquidity, while funds can make expenditures at any time. The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect fair value at each fiscal year-end, and it includes the effect of these adjustments' income or a loss for that fiscal year. The District has never sold an investment before maturity and has not incurred any of the losses or gains accrued as a result of differences between the purchase price and fair value of investments. The actual profit or loss will be recorded when the investment is sold or reaches maturity.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2023, approximately 30 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 70 percent had a maturity of more than one year.

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note III. Cash and Investments (continued)

F. Custodial Credit Risk (continued)

The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

For investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

G. Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the June 30, 2023, Sonoma County Annual Comprehensive Financial Report (the last one available).

H. Cash on Hand and in Banks

Cash Investments not included in pooled cash are as follows:

	<u>2023</u>	<u>2022</u>
Cash in County Treasury - CF	\$ 2,291,698	\$ 2,252,479
Cash in Commercial Bank - GF	<u>2,103,750</u>	<u>1,743,642</u>
Total	<u>\$ 4,395,448</u>	<u>\$ 3,996,121</u>

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

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note IV. 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 on January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in 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 fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value or on 1% 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 2% per year.

On June 29, 1993, the Board of Supervisors adopted the "Teeter" Alternate 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's 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 cash used for the advances.

Property tax receivable on June 30, 2023, is:	\$ 168
Property tax receivable on June 30, 2022 is:	\$64,386

Note V. Interest Receivable

Interest in pooled cash account from the period 1st, through June 30, 2023, and 2022:

Interest receivable on June 30, 2023, is:	\$46
Interest receivable on June 30, 2022, is:	\$405

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note VI. Capital Asset Activity

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance 7/1/2022	Additions	Reclassifications Retirements	Ending Balance 6/30/2023
Capital Assets, not Being Depreciated:				
Land	\$ 23,087	\$ -	\$ -	\$ 23,087
Fire apparatus in progress	-	-	-	-
Total Capital Assets, not Being Depreciated	<u>23,087</u>	<u>-</u>	<u>-</u>	<u>23,087</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	855,315	7,453	-	862,768
Fire apparatus and vehicles	1,633,345	45,099	-	1,678,444
Equipment	473,726	2,030	-	475,756
Total Capital Assets, Being Depreciated, Net	<u>2,962,386</u>	<u>54,582</u>	<u>-</u>	<u>3,016,968</u>
Less Accumulated Depreciation	<u>(1,508,445)</u>	<u>(118,144)</u>	<u>-</u>	<u>(1,626,589)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,453,941</u>	<u>(63,562)</u>	<u>-</u>	<u>1,390,379</u>
Governmental Activities, Capital Assets, Net	<u>\$ 1,477,028</u>	<u>\$ (63,562)</u>	<u>\$ -</u>	<u>\$ 1,413,466</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	2023	2022
Public Safety - Fire Protection/Ambulance	<u>\$ 118,144</u>	<u>\$ 116,461</u>
Total Depreciation Expense - governmental Activities	<u>\$ 118,144</u>	<u>\$ 116,461</u>

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note VII. Long-Term Debt

Changes in long-term debt

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance 7/1/2022	Additions	Reductions	Ending Balance 6/30/2023	Current Portion
Compensated Absences	\$ 161,021	\$ -	\$ 30,439	\$ 130,582	\$ -
Net Pension Liability (GASB 68)	326,130	-	137,942	188,188	-
Total Long-Term Liabilities	\$ 487,151	\$ -	\$ 168,381	\$ 318,770	\$ -

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance 7/1/2021	Additions	Reductions	Ending Balance 6/30/2022	Current Portion
Compensated Absences	\$ 95,475	\$ 65,546	\$ -	\$ 161,021	\$ -
Net Pension Liability (GASB 68)	289,140	36,990	-	326,130	-
Total Long-Term Liabilities	\$ 384,615	\$ 102,536	\$ -	\$ 487,151	\$ -

Note VIII. Insurance

The District is exposed to various risks of loss related to torts, loss or damage to assets, injuries to employees, errors and omissions, for the District carries commercial insurance or is self-insured up to a certain limit. During the year, the District maintained five types of insurance: General liability, public official's errors and omissions, professional automobile, special events, and host and liquor liability. The District obtains its insurance coverage as a member of the Fire Agencies Insurance Risk Authority (FAIRA).

The District is self-insured for potential liabilities arising from worker's compensation claims. The District obtains its insurance coverage as a member of the Fire Agency Self-Insurance System (FASIS).

As a member of a public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and the system, implementing all policies of the system, promptly paying all contributions, and cooperating with the system and any insurer of the system. The system is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of the system.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan)

A. Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agency multiple-employer public retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Sacramento, CA 95814.

Defined Benefit Pension Plan - (Safety Plan)

The District provides eligible employee’s pension plan benefits through the Kenwood Fire Protection District – Safety.

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 Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

Funding Policy

Participants are required to contribute a percentage of their annual covered salary. The District pays both employee and employer contribution rates for fire chief positions only. The contribution rates are as follows:

	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Unfunded Accrued Liability Payment</u>
Safety Plan	8.95%	19.27%	\$ 25,479
PEPRA Safety Plan	13%	12.78%	\$ 817

Funded Status and Funding Progress of the Plan

The CalPERS Public Agency Cost-Sharing Multiple Employer Defined Benefit Pension Plan for BDO, date June 30, 2022, provided a pooled report and AAL to the District as 88% funded. For the Valuation report, there is a two-year lag between the valuation date and the state of the contribution fiscal year.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" which can be obtained at CalPERS' website under the GASB 68 section.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</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

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

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% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
Plan's Net Pension Liability/(Asset) - 2023	\$ 410,406	\$ 188,188	\$ 6,575
	<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) - 2022	\$ 521,045	\$ 326,130	\$ 166,031

Pension Expenses, Deferred Outflows, and Deferred Inflows

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

	<u>2023</u>	<u>2022</u>
Service Costs	\$ 14,999	\$ 46,494
Interest on TPL	50,355	164,994
Changes of Benefit Terms	21	38
Changes of Assumptions	7,028	(2,062)
Difference between Expected & Actual Experience	7,875	33,804
Net Plan to Plan Resource Movement	(1)	(27,965)
Contributions	(88,020)	(101,009)
Net Investment Income	3,718	(59,516)
Administrative Expenses	392	1,731
Projected Earnings on PPI	(43,095)	(121,605)
Other Miscellaneous Expense	-	-
Total Pension Expense (Income)	<u>\$ (46,728)</u>	<u>\$ (65,096)</u>

For the fiscal year ended June 30, 2023, the Kenwood Fire Protection District incurred a pension expense/ (income) of \$46,728 for the Plan (the pension expense for the risk pool for the measurement period is \$1,299,786,418).

For the fiscal year ended June 30, 2022, the Kenwood Fire Protection District incurred a pension expense/ (income) of \$(65,096) for the Plan (the pension expense for the risk pool for the measurement period is \$188,401,318).

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

For the fiscal years ended June 30, 2023, and 2022, the Kenwood Fire Protection District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources - 2023	Deferred Inflows of Resources 2023	Deferred Inflows/(Outflows) of Resources - 2022
Difference between Expected and Actual Experience	\$ 7,788	\$ 2,044	\$ 55,719
Changes of Assumptions	18,975	-	-
Difference between Projected and Actual Investment Earnings	29,718	-	(194,110)
Proportionate Share of Contribution	21,625	-	12,596
Changes in Employer's Proportion Pension Contributions made Subsequent to Measurement Date	70,217	323,157	116,431
	<u>88,020</u>	<u>-</u>	<u>101,009</u>
 Total	 <u>\$ 236,343</u>	 <u>\$ 325,201</u>	 <u>\$ 91,645</u>

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

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources - June 30, 2023	Deferred Outflows/(Inflows) of Resources - June 30, 2022
2023	\$ -	\$ 136,970
2024	(30,185)	18,965
2025	(53,800)	(10,874)
2026	(58,209)	(53,416)
2027	35,732	-
2028	17,604	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ (88,858)</u>	<u>\$ 91,645</u>

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note X. Post-Employment Benefits Obligation

A. Plan Description

The Kenwood Fire Protection District defined benefits Postemployment Healthcare Plan provides medical benefits to eligible retired District employees and their beneficiaries. The authority to amend the plan rests with the District's Board of Directors. The District is affiliated with the California Employer's Retiree Benefits Trust (CERBT), an agent plan consisting of an aggregation of single-employer plans for prefunding postemployment benefits. CalPERS issues a publicly available financial report that includes financial statements and required supplemental information for CERBT. Copies of CERBT's annual financial report may be obtained by writing the plan: California PERS, CERBT, (OBEPA), P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy

The District has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determine Contributions each year. With the District's approval, the assumed trust rate and discount rate applied for accounting purposes in this report is 5.55% reflecting the District's expectations as of the measurement date.

Actuarial Method and Assumptions

The ultimate real cost of employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding methods spreads the expect costs on a level basis over the life of the plan.

Fiscal Year End	June 30, 2022
GASB 75 Measurement Date	Last day of the prior fiscal year (June 30, 2021)
Valuation Date	June 30, 2020
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.50% per year
Long Term Return on Assets/Discount Rates for Funding	5.55% as of June, 2020 and 6.25% as of June 30, 2019, net of plan investment expenses, trust administrative expenses, and including inflation.

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note X. Post-Employment Benefits Obligation (continued)

Changes in Total OPEB Liability (TOL):

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change During Period</u>
Total OPEB Liability	\$ 702,446	\$ 766,141	\$ (63,695)
Fiduciary Net Position	<u>1,096,724</u>	<u>916,802</u>	<u>179,922</u>
Net OPEB Liability (Asset)	<u>\$ (394,278)</u>	<u>\$ (150,661)</u>	<u>\$ (243,617)</u>

Deferred Resource (Outflows Inflows Due to:

Assumption Changes	\$ (646)	\$ (17,419)	\$ 16,773
Plan Experience	112,075	31,251	80,824
Investment Experience	95,655	(3,192)	98,847
Deferred Contributions	<u>(13,093)</u>	<u>(35,558)</u>	<u>22,465</u>
Net Deferred (Outflows) Inflows	<u>193,991</u>	<u>(24,918)</u>	<u>218,909</u>
Impact on Statement of Net Position	<u>\$ (200,287)</u>	<u>\$ (175,579)</u>	<u>\$ (462,526)</u>

The Total OPEB assets increased by \$243,617 and \$25,046 for the fiscal years ended June 30, 2022 and 2021, respectively.

- Plan experience includes differences between what was previously assumed and what actually occurred since the prior valuation. The net changed from plan experience was \$112,075.
- Plan experience includes differences between what was previously assumed and what actually occurred since the prior valuation. The net changed from plan experience was \$31,251.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ration (a/b)</u>	<u>Covered payroll</u>	<u>UAAL as a Percentage of Covered Payroll ((b- a)/c)</u>	<u>Discount Rate</u>
6/30/2013	\$ -	\$ 402,253	\$ (402,253)	0.00%	\$ 104,652	384.37%	7.00%
7/1/2015	\$ 602,181	\$ 657,930	\$ (55,749)	91.53%	\$ 119,494	46.65%	6.73%
7/1/2017	\$ 784,744	\$ 997,028	\$ (212,284)	78.71%	\$ 177,473	119.61%	6.73%
6/30/2019	\$ 870,131	\$ 744,516	\$ 125,615	116.87%	\$ 398,472	-31.52%	6.15%
6/30/2019	\$ 916,802	\$ 766,141	\$ 150,661	119.66%	\$ 351,415	-42.87%	6.15%
6/30/2021	\$ 1,096,724	\$ 702,446	\$ 394,278	156.13%	\$ 432,463	-91.17%	5.55%

KENWOOD FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

Note X. Post-Employment Benefits Obligation (continued)

Deferred Resources as of Fiscal Year End and Expected Future Recognition

	<u>Deferred Outflows of Resources - 2022</u>	<u>Deferred Inflows of Resources - 2022</u>	<u>Deferred Outflows/(Inflows) of Resources - 2021</u>
Changed of Assumptions	\$ 26,116	\$ 25,470	\$ 17,419
Difference Between Expected and Actual Experience	-	112,075	(31,251)
Net Difference Between Projected and Actual Earnings on Investments	-	101,061	3,192
Deferred Contributions	<u>18,499</u>	<u>-</u>	<u>35,558</u>
Total	<u>\$ 44,615</u>	<u>\$ 238,606</u>	<u>\$ 24,918</u>

The District will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

<u>For the Fiscal Year Ending June 30</u>	<u>Recognized Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (39,383)
2024	(27,334)
2025	(25,990)
2026	(35,809)
2027	(11,471)
2028	(54,005)
Thereafter	-

The post-employment benefits amounts were not updated due to the post-employment benefits report was not available. The adjustment for the post-employment benefits may or may not be material to the financial statements.

Note XI. Subsequent Events

The District has evaluated after June 30, 2023, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through February 20, 2024, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that required recognition or additional disclosures in the financial statements.

KENWOOD FIRE PROTECTION DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, BUDGET AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenues	Preliminary Budget	Final Budget	Actual Amounts	Variance with Budget-Positive (Negative)
Property taxes	\$ 1,312,394	\$ 1,332,624	\$ 1,305,319	\$ (27,305)
Intergovernmental	304,943	307,446	312,548	5,102
Charges for Services	50	50	3,791	3,741
Investment earnings	72	476	2,125	1,649
Reimbursement/Transfers In	-	78,656	24,788	(53,868)
Total Revenues	<u>1,617,459</u>	<u>1,719,252</u>	<u>1,648,571</u>	<u>(70,681)</u>
 Expenditures				
Salaries and employee benefits	1,200,579	1,342,194	1,124,767	217,427
Materials and Services	206,420	207,120	155,728	51,392
Capital Outlay	20,000	20,000	54,514	(34,514)
Contingency	-	-	-	-
Total Expenditures	<u>1,426,999</u>	<u>1,569,314</u>	<u>1,335,009</u>	<u>234,305</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>190,460</u>	<u>149,938</u>	313,562	<u>163,624</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	(190,000)	(149,938)	-	(149,938)
UNCLM-OT- Within Fund	-	-	-	-
Total other sources	<u>(190,000)</u>	<u>(149,938)</u>	<u>-</u>	<u>(149,938)</u>
Fund Balance - Beginning of Year			<u>1,773,993</u>	
Fund Balance - End of Year			<u>\$ 2,087,555</u>	

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

KENWOOD FIRE PROTECTION DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES, BUDGET AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenues	Preliminary Budget	Final Budget	Actual Amounts	Variance with Budget-Positive (Negative)
Property taxes	\$ 913,994	\$ 970,059	\$ 992,275	\$ 22,216
Intergovernmental	2,516	2,516	210,190	207,674
Charges for Services	13,050	13,050	-	(13,050)
Investment earnings	72	72	443	371
Reimbursement	-	-	45,161	45,161
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	929,632	985,697	1,248,069	262,372
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures				
Salaries and employee benefits	891,724	946,108	948,422	(2,314)
Materials and Services	178,820	222,796	219,006	3,790
Capital Outlay	20,000	20,000	11,800	8,200
Contingency	15,000	15,000	-	15,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	1,105,544	1,203,904	1,179,228	24,676
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(175,912)	(218,207)	68,841	287,048
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)				
Transfer in	-	100,000	100,000	-
Transfer out	-	-	-	-
UNCLM-OT- Within Fund	-	(100,000)	-	(100,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other sources	-	-	100,000	(100,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - Beginning of Year			1,605,152	
			<hr/>	
Fund Balance - End of Year			<u>\$ 1,773,993</u>	

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

KENWOOD FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION- SAFETY
JUNE 30, 2023 and 2022

Funding History

The funding history belows shows the plan's actuarial accrued liability, share of pool's market value of assets, share of the pool's unfunded liability, funded ration, and annual covered payroll.

<u>Valuation Date</u>	<u>Accrued Liability (AL)</u>	<u>Share of Pool's Market Value of Assets (MVA)</u>	<u>Plan's Share of Pool's Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>
6/30/2011	\$ 601,171	\$ 473,887	\$ 127,284	78.83%	\$ 129,633
6/30/2012	606,864	453,378	153,486	74.71%	58,987
6/30/2013	648,476	511,292	137,184	78.85%	62,991
6/30/2014	719,499	592,627	126,872	82.37%	64,112
6/30/2015	792,686	626,166	166,520	78.99%	114,621
6/30/2016	837,146	613,327	223,819	73.26%	87,745
6/30/2017	915,057	687,637	227,420	75.15%	110,250
6/30/2018	1,172,199	901,349	270,850	76.89%	183,712
6/30/2019	1,193,741	904,601	289,140	75.78%	229,735
6/30/2020	1,448,013	1,121,883	326,130	77.48%	312,986
6/30/2021	1,609,124	1,420,936	188,188	88.30%	335,937

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

NOTE 1 - BUDGETARY INFORMATION

Annual budgets are adopted on a non-GAAP basis for all governmental funds. All annual appropriations lapse at fiscal year-end.

Before May 31, the proposed budget is presented to the board of directors for review. The board holds public hearings, and the final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by character and subject. Transfers of appropriations between characters require the approval of the board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the character level. The board made several supplemental budgetary appropriations throughout the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year. The District had no encumbrances outstanding on June 30, 2023 and 2022.