

**NORTHERN SONOMA COUNTY
FIRE PROTECTION DISTRICT**

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

June 30, 2023 and 2022



NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northern Sonoma County Fire Protection District
Geyserville, 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 Northern Sonoma County 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 Northern Sonoma County 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 Northern Sonoma County 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 Northern Sonoma County Fire Protection District 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 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 Northern Sonoma County Fire Protection District 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 Northern Sonoma County Fire Protection District 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, and statement of revenue, expenditures, changes in fund balances- budget and actual on page 24 and 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Blomberg & Griffin A.C.
Stockton, CA

March 11, 2024

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

This section of the annual financial report of the Northern Sonoma County Fire Protection District (District) presents our discussion and analysis of the District's financial performance during the fiscal years ended June 30, 2023, and 2022. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements, including the notes and the supplementary information that immediately follows this section.

FINANCIAL HIGHLIGHTS

The following summarizes the District's financial highlights for the years ended June 30, 2023 and 2022:

- In total, the government-wide net position was \$6,440,423, and \$6,228,940 in the fiscal years ended June 30, 2023, and 2022, respectively.
- General revenues accounted for \$1,850,027 or about 46 percent and \$1,398,572 or about 52 percent of total revenues in the fiscal years ended June 30, 2023, and 2022, respectively.
- At the fiscal year ended June 30, 2023, the total government-wide assets were \$6,499,386, cash and cash equivalents were \$1,653,966 and net capital assets totaled \$4,494,702. At the fiscal year ended June 30, 2022, the total government-wide assets were \$6,402,232, cash and cash equivalents were \$2,342,015 and net capital assets totaled \$3,981,380.
- Total program expenses were \$3,788,661 and \$2,777,394, for the fiscal years ended June 30, 2023, and 2022, respectively, as noted in table 2.

OVERVIEW OF FINANCIAL STATEMENTS

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

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the government-wide statements.

The fund financial statements are composed of:

- Governmental fund statements, which tell how basic services were financed in the short-term, as well as what remained for future spending.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

The Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities report information about the District as a whole and its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Overtime increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the District, you need to consider additional non-financial factors including the condition of the District's buildings and other facilities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to record specific sources of funding and spending on particular programs:

- Some funds are required by law and covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been effectively used.

Governmental Funds

Most of the District's basic services are reported in governmental funds which generally focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash, and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, we provide additional information of the governmental fund statements that explain the relationship (or differences) between them.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2023 and 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table summarizes the District's statement of net position by category as of June 30, 2023, and 2022.

TABLE 1: NET POSITION

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Assets							
Current Assets & Other Assets	\$ 2,004,684	\$ 2,420,852	\$ 2,080,098	\$ (416,168)	-17.19%	\$ 340,754	16.38%
Capital Assets - Net	4,494,702	3,981,380	4,267,883	513,322	12.89%	(286,503)	-6.71%
Total Assets	6,499,386	6,402,232	6,347,981	97,154	1.52%	54,251	0.85%
Liabilities							
Current liabilities	41,384	164,708	24,003	(123,324)	-74.87%	140,705	586.20%
Non-current liabilities	17,579	8,584	19,853	8,995	104.79%	(11,269)	-56.76%
Total Liabilities	58,963	173,292	43,856	(114,329)	-65.97%	129,436	48.55%
Net Position							
Invested in Capital Assets, net of related debt	6,947,268	6,903,660	6,940,454	43,608	0.63%	(36,794)	-0.53%
Unrestricted (Deficit)	(506,845)	(674,720)	(636,329)	167,875	-24.88%	(38,391)	6.03%
Total Net Position	\$ 6,440,423	\$ 6,228,940	\$ 6,304,125	\$ 211,483	3.40%	\$ (75,185)	-1.19%



NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

A summary of total District revenues, expenses, and changes in net position for the fiscal years ended June 30, 2023 and 2022, is presented in the table below.

TABLE 2: CHANGES IN NET POSITION

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Revenues							
Program Revenues	\$ 2,150,117	\$ 1,303,637	\$ 1,487,197	\$ 846,480	100.00%	\$ (183,560)	-12.34%
Property Taxes	1,768,291	1,318,267	1,211,547	450,024	34.14%	106,720	8.81%
Investment Earnings	14,773	1,498	4,928	13,275	886.18%	(3,430)	-69.60%
Donations & Reimbursement	66,963	78,807	595,478	(11,844)	-15.03%	(516,671)	-86.77%
Total Revenues	4,000,144	2,702,209	3,299,150	1,297,935	48.03%	(596,941)	-18.09%
Expenses							
Program Expenses:							
Salaries and Wages	2,372,204	1,897,793	1,855,811	474,411	25.00%	41,982	2.26%
Services and Supplies	1,122,454	593,098	409,648	529,356	89.25%	183,450	44.78%
Depreciation Expense	294,003	286,503	256,580	7,500	2.62%	29,923	11.66%
Total Expenses	3,788,661	2,777,394	2,522,039	1,011,267	36.41%	255,355	10.12%
Change in Net Position	211,483	(75,185)	777,111	286,668	-381.28%	(852,296)	-109.67%
Net Position - Beginning of the Year	6,228,940	6,304,125	5,527,014	(75,185)	-1.19%	777,111	14.06%
Net Position - End of the Year	\$ 6,440,423	\$ 6,228,940	\$ 6,304,125	\$ 211,483	3.40%	\$ (75,185)	-1.19%



**NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 and 2022**

General Fund Budgetary Highlights

Fiscal year 2022/2023: As finalized by the Board of Directors, budgeted revenues totaled \$3,674,031, budgeted expenditures totaled \$4,409,916, and revenues were projected to be less than expenditures by \$735,885. To cover the difference, the District projected to transfer \$986,875 from the reserves. The revenues were more than budget by \$326,113 and expenditures were less than budget by \$116,298.

Fiscal year 2021/2022: As finalized by the Board of Directors, budgeted revenues totaled \$2,571,699, budgeted expenditures totaled \$2,571,699 and revenues were projected to be more than expenditures by \$-0-. In actual, the District had a positive increase of \$200,049. Revenues were more than budget by \$130,510 and expenditures were less than budget by \$69,539.

Capital Assets at Year End-Net of Depreciation

As of June 30, 2023, and 2022 the District owned the following capital assets:

TABLE 3: CAPITAL ASSETS

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Capital Assets							
Land	\$ 505,144	\$ 505,144	\$ 505,144	\$ -	0.00%	\$ -	0.00%
Structures and Improvements	4,993,258	4,993,258	4,993,258	-	0.00%	-	0.00%
Equipment and Vehicles	3,792,783	2,985,459	2,985,459	807,324	27.04%	-	0.00%
Accumulated Depreciation	(4,796,483)	(4,502,481)	(4,215,978)	(294,002)	6.53%	(286,503)	6.80%
Total Capital Assets - Net	\$ 4,494,702	\$ 3,981,380	\$ 4,267,883	\$ 513,322	12.89%	\$ (286,503)	-6.71%

Long Term Liabilities

As of June 30, 2023, and 2022, the District had compensated absences payable of \$17,579 and \$8,584, respectively.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact the Administrative Assistant, Northern Sonoma County Fire Protection District, 20975 Geyserville County Ave, Geyserville, CA 95441.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2023 and 2022

Assets

Current Assets

Cash and Investments

Account Receivable

Total Current Assets

Non Current Assets

Land

Structures and Improvements

Equipment

Accumulated Depreciation

Total Non-Current Assets

Other Assets

Restricted Cash

Total Assets

Liabilities

Current Liabilities

Accounts Payable

Total Current Liabilities

Non-Current Liabilities

Compensated Absences

Total Non-Current Liabilities

Total Liabilities

Net Position

Invested in Capital Assets, Net of Related Debt

Restricted For Debt Service and Apparatus Funds

Unrestricted

Total Net Position

Total Liabilities and Net Position

	<u>2023</u>	<u>2022</u>
	\$ 1,105,326	\$ 1,804,456
	350,718	78,837
	<u>1,456,044</u>	<u>1,883,293</u>
	505,144	505,144
	5,155,460	5,155,460
	3,630,581	2,823,257
	<u>(4,796,483)</u>	<u>(4,502,481)</u>
	<u>4,494,702</u>	<u>3,981,380</u>
	548,640	537,559
	<u>\$ 6,499,386</u>	<u>\$ 6,402,232</u>
	\$ 41,384	\$ 164,708
	<u>41,384</u>	<u>164,708</u>
	17,579	8,584
	<u>17,579</u>	<u>8,584</u>
	<u>58,963</u>	<u>173,292</u>
	4,494,702	3,981,380
	548,640	537,559
	<u>1,397,081</u>	<u>1,710,001</u>
	<u>6,440,423</u>	<u>6,228,940</u>
	<u>\$ 6,499,386</u>	<u>\$ 6,402,232</u>

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

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

Statement of Activities

For the Fiscal Years Ended June 30, 2023 and 2022

Program Expenses	2023	2022
Fire Protection:		
Salaries and Employee Benefits	\$ 2,372,204	\$ 1,897,793
Services and Supplies	1,122,454	593,098
Depreciation	294,003	286,503
Total Program Expenses	<u>3,788,661</u>	<u>2,777,394</u>
Program Revenues		
Intergovernmental Revenues	6,745	9,339
Operating Grants and Contributions	2,143,372	1,294,298
Total Program Revenues	<u>2,150,117</u>	<u>1,303,637</u>
Net Program Expenses	<u>1,638,544</u>	<u>1,473,757</u>
General Revenues		
Taxes Levied	1,768,291	1,318,267
Interest and Investment Earnings	14,773	1,498
Reimbursements & Others	66,963	78,807
Total General Revenues	<u>1,850,027</u>	<u>1,398,572</u>
Change in Net Position	211,483	(75,185)
Net Position-Beginning of Year	<u>6,228,940</u>	<u>6,304,125</u>
Net Position-End of Year	<u>\$ 6,440,423</u>	<u>\$ 6,228,940</u>

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

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

Balance Sheets - General Fund

June 30, 2023 and 2022

	2023 Total Governmental Funds	2022 Total Governmental Funds
Assets		
Cash and Investments	\$ 1,653,966	\$ 2,342,015
Accounts Receivable	350,718	78,837
Total Assets	<u>\$ 2,004,684</u>	<u>\$ 2,420,852</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	<u>\$ 41,384</u>	<u>\$ 164,708</u>
Total Liabilities	<u>41,384</u>	<u>164,708</u>
Fund Balances		
Assigned	537,559	536,649
Unassigned	<u>1,425,741</u>	<u>1,719,495</u>
Total Fund Balances	<u>1,963,300</u>	<u>2,256,144</u>
Total Liabilities and Fund Balances	<u>\$ 2,004,684</u>	<u>\$ 2,420,852</u>

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

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balances - General Fund
For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022
	Total	Total
General Revenues	Governmental	Governmental
	Funds	Funds
Taxes Levied	\$ 1,768,291	\$ 1,318,267
Intergovernmental	6,745	9,339
Interest and Investment Earnings	14,773	1,498
Operating Grants and Contributions	2,143,372	1,294,298
Donations and Others	66,963	78,807
Total Revenues	4,000,144	2,702,209
 Expenditures		
Operating Expenditures:		
Salaries and Benefits	2,363,209	1,909,062
Materials, Supplies, and Services	1,122,454	593,098
Capital Outlay	807,325	-
Total Expenditures	4,292,988	2,502,160
Excess (deficiency) of Revenues Over Expenditures	(292,844)	200,049
Net Change in Fund Balances	(292,844)	200,049
Fund Balances-Beginning of Year	2,256,144	2,056,095
Fund Balances-End of Year	\$ 1,963,300	\$ 2,256,144

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

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

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

	<u>2023</u>	<u>2022</u>
Total Fund Balances - Governmental Funds	\$ 1,963,300	\$ 2,256,144
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities not financial recourses and, therefore are not reported in the governmental funds	4,494,702	3,981,380
Compensated absences are not reported in governmental funds	<u>(17,579)</u>	<u>(8,584)</u>
Net Position of Governmental Activities	<u>\$ 6,440,423</u>	<u>\$ 6,228,940</u>

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

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures,
and Changes In Fund Balance - Governmental Funds
to the Statement of Activities

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Change in Fund Balances - Governmental Funds	\$ (292,844)	\$ 200,049
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, a portion of the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital Outlay changed as follows:		
Depreciation Expense	(294,003)	(286,503)
Assets Additions	807,325	-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
(Increase) Decrease in Compensated Absences	<u>(8,995)</u>	<u>11,269</u>
Change in Net Position of Governmental Funds	<u>\$ 211,483</u>	<u>\$ (75,185)</u>

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

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. The District

The Northern Sonoma County Fire Protection District (the “District”) is a California special District governed by a five-member board of directors. Before July 01, 2019, the Northern Sonoma County Fire Protection District operated as “Geyserville Fire Protection District”. The District provides coordinated fire protection services, rescue services, emergency medical services, and hazardous material response services to taxpayers and residents in a specific unincorporated area in Sonoma County. The District was formed on July 1, 1996 under Health and Safety Code Sections 13800-13970 and the Cortese-Knox Local Government Reorganization Act of 1985, Government Code Section 5600. Prior to July 1, 1996, the District was a volunteer association.

B. Basis of Presentation

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 activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statement but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government wide-statements and the statements for the governmental funds.

The government-wide statement of activities presents direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. All of the District's funds were considered major.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances for these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues considered susceptible to accrual include property taxes and interest income. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received, or services are rendered).

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund types and funds utilized by the District are described as follows:

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Governmental Funds:

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

E. Budgets and Budgetary Accounting

The District's annual or final budget is the initial budget and any revisions to the budget that have been approved by the Board of Directors. The Board may amend the budget during the fiscal year.

F. Cash and Investments

Cash balances held in banks and revolving funds are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation ("FDIC"). All cash held by the financial institutions is fully insured or collateralized, except the amount that exceeds the maximum insured levels of the FDIC.

The District pools cash from all sources and invests these funds in the County of Sonoma Treasury investment pool for the purpose of increasing income through investment activities.

Since the adjustment to market value, as required by accounting procedures generally accepted in the United States, is not material to the financial statements of the District, all investments are carried at cost.

G. Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

Depreciation and all capital assets are computed using a straight-line basis over the following estimated useful lives:

Buildings and Improvements	30 years
Furnishings	5 - 15 years
Equipment	5 - 20 years

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

Accumulated vacation benefits are recognized as a liability of the District in the General Fund. For the fiscal years ended June 30, 2023 and 2022, the District accrued compensated absences was \$17,579 and \$8,584, respectively.

Full time employees earn annual vacation hours and sick hours based on their term of employment as follows:

<u>Years of Service</u>	
0-5	8 hours per month
6-10	10 hours per month
11-15	12 hours per month
15+	12 hours per month

I. Long -Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face of the debt issued, premiums, or discounts are reported as other financing sources/uses.

J. Fund Balance Reserves

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

K. Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

The District's management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

2. PROPERTY TAX REVENUE

The District receives property tax revenue from the County of Sonoma (the "County"). The County is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 1st for the ensuing fiscal year.

Since the passage of California's Proposition 13, 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 1975/1976 valuation. Taxable values on properties (excluding increases related to sales, transfers, and construction) can increase at a maximum rate of 2% per year.

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 taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.



NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

3. CASH AND CASH INVESTMENTS

Cash and investments consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Cash in Banks, Unassigned	\$ 1,105,326	\$ 1,804,456
Cash in Banks, CDRS	548,640	537,559
Total Cash and Investments	\$ 1,653,966	\$ 2,342,015

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As 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.

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.

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:

- 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 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.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

4. CAPITAL ASSETS

An analysis of capital asset balances as of June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Land	\$ 505,144	\$ -	\$ -	\$ 505,144
Structures & Improvements	4,993,258	-	-	4,993,258
Furnishings	162,202	-	-	162,202
Machinery and Equipment	2,823,257	807,324	-	3,630,581
Total Capital Assets	8,483,861	807,324	-	9,291,185
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,549,993)	(166,442)	-	(2,716,435)
Furnishings	(162,202)	-	-	(162,202)
Machinery and Equipment	(1,790,286)	(127,561)	-	(1,917,847)
Total Accumulated Depreciation	(4,502,481)	(294,003)	-	(4,796,484)
Total Capital Assets-Net	\$ 3,981,380	\$ 513,321	\$ -	\$ 4,494,701

An analysis of capital asset balances as of June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ 505,144	\$ -	\$ -	\$ 505,144
Structures & Improvements	4,993,258	-	-	4,993,258
Furnishings	162,202	-	-	162,202
Machinery and Equipment	2,823,257	-	-	2,823,257
Total Capital Assets	8,483,861	-	-	8,483,861
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,383,551)	(166,442)	-	(2,549,993)
Furnishings	(162,202)	-	-	(162,202)
Machinery and Equipment	(1,670,225)	(120,061)	-	(1,790,286)
Total Accumulated Depreciation	(4,215,978)	(286,503)	-	(4,502,481)
Total Capital Assets-Net	\$ 4,267,883	\$(286,503)	\$ -	\$ 3,981,380

Depreciation expense for the fiscal years ended June 30, 2023 and 2022 was \$294,003 and \$286,503.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; and errors and omissions and natural disasters for which the government provides coverage through its participations with other Fire District's in the Fire Agencies Insurance Risk Authority (FAIRA) system. As a member of a public entity risk pool, the District and FAIRA, implementing all policies of FAIRA, promptly paying all contributions, and cooperating with FAIRA and any insurer of FAIRA. FAIRA 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 FAIRA.

The District also is a member of the Fire District Association of California/Fire Agency Self-Insurance System (FDAC/FASIS) for workers' compensation coverage.

6. CONTINGENCIES

Litigation – No claims involving the District are currently outstanding. Management believes that there are no material adverse effects on the District's financial position or results of operations.

7. FUND BALANCE CLASSIFICATIONS

The District has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Financial Statement consists of Non-spendable, Restricted, Committed, Assigned, and Unassigned amounts as described on the following page.

Non-Spendable: Items that cannot be spent because they are not in spendable form, such as prepaid items, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan fund.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, as well as restrictions imposed by law through constitutional provision or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

7. FUND BALANCE CLASSIFICATIONS (Continued)

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose.

Unassigned: This category is for any balances that have no restrictions placed upon them.

The District established the following policies relating to its fund balance classifications.

1. Committed Fund Balances

- *Highest Level of Decision-Making Authority* – the Board of Directors of the District are acknowledged as the highest level of decision-making authority in terms of establishing fund balance classifications and creating committed fund balances.
- *Formal Action Required* – the Board shall have the authority to establish, modify or rescind committed fund balances by Resolution, where appropriate, passed by a majority vote.
- *Timing* – the Board will take formal action to commit any resources as soon as possible upon determining its desire to take such action, but no later than June 30 of the fiscal year in which it applies in order for the action to be valid for the presentation of the annual report.

2. Assigned Fund Balances

- *Approval Authority* – the Board has not delegated the authority to assign fund balance amounts.
- *Committed, Assigned, or Unassigned Funds* – when an expenditure is incurred where there are no restricted funds available, and for which committed and assigned fund balances are available, the District shall exhaust unassigned funds first unless the board determines the use of available assigned or committed fund balances are appropriate.

8. JOINT PARTNERSHIP AGREEMENT WITH CLOVERDALE FIRE PROTECTION DISTRICT

For the fiscal years ended June 30, 2023, and 2022, the District paid \$1,152,171, and \$981,115, respectively, to the Cloverdale Fire Protection District per the joint partnership agreement. The District reimbursed Cloverdale Fire Protection District for their wages and fringes related expenses.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023 and 2022

9. SUBSEQUENT EVENTS

The District has evaluated subsequent to June 30, 2023, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through March 11, 2024, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that, no subsequent events occurred that require recognition or additional disclosures in the financial statements.

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, Changes in Fund Balances-

Budget and Actual-General Fund

For the Year Ended June 30, 2023

	<u>Budgeted Amount</u>		<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property Taxes	\$ 1,309,834	\$ 1,326,864	\$ 1,768,291	\$ 441,427
Intergovernmental	4,025	9,025	6,745	(2,280)
Investment Earnings	1,050	1,475	14,773	13,298
Operating Grants & Contributions	1,907,687	2,246,667	2,143,372	(103,295)
Reimbursement and Others	10,000	90,000	66,963	(23,037)
	<u>3,232,596</u>	<u>3,674,031</u>	<u>4,000,144</u>	<u>326,113</u>
EXPENDITURES:				
Salaries and Employee Benefits	2,815,128	2,647,710	2,363,209	284,501
Services and Supplies	588,451	1,024,696	1,122,454	(97,758)
Capital Outlay	-	737,510	807,325	(69,815)
	<u>3,403,579</u>	<u>4,409,916</u>	<u>4,292,988</u>	<u>116,928</u>
Excess of Revenues Over Expenditures	<u>(170,983)</u>	<u>(735,885)</u>	<u>(292,844)</u>	<u>443,041</u>
OTHER FINANCIAL SOURCES (USES):				
Unspent from Previous Year	170,983	-	-	-
Operating Transfers from Reserves	-	986,875	-	(986,875)
Operating Transfers to Reserves	-	-	-	-
	<u>170,983</u>	<u>986,875</u>	<u>-</u>	<u>(986,875)</u>
Total Other Financial (Uses) Sources	<u>170,983</u>	<u>986,875</u>	<u>-</u>	<u>(986,875)</u>
Net Change in Fund Balance	<u>-</u>	<u>250,990</u>	<u>(292,844)</u>	<u>(543,834)</u>
Fund Balance-Beginning of Year			<u>2,256,144</u>	
Fund Balance-End of Year			<u>\$ 1,963,300</u>	

NORTHERN SONOMA COUNTY FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, Changes in Fund Balances-
Budget and Actual-General Fund
For the Year Ended June 30, 2022

REVENUES:	Budgeted Amount		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Property Taxes	\$ 1,261,140	\$ 1,279,544	\$ 1,318,267	\$ 38,723
Intergovernmental	6,025	6,025	9,339	3,314
Investment Earnings	2,600	2,650	1,498	(1,152)
Operating Grants & Contributions	765,100	1,283,480	1,294,298	10,818
Reimbursement and Others	-	-	78,807	78,807
Total Revenues	2,034,865	2,571,699	2,702,209	51,703
EXPENDITURES:				
Salaries and Employee Benefits	1,683,470	2,023,372	1,909,062	114,310
Services and Supplies	351,395	548,327	593,098	(44,771)
Capital Outlay	-	-	-	-
Total Expenditures	2,034,865	2,571,699	2,502,160	69,539
Excess of Revenues Over Expenditures	-	-	200,049	121,242
OTHER FINANCIAL SOURCES (USES):				
Operating Transfers from Reserves	-	-	-	-
Operating Transfers to Reserves	-	-	-	-
Total Other Financial (Uses) Sources	-	-	-	-
Net Change in Fund Balance			200,049	
Fund Balance-Beginning of Year			2,056,095	
Fund Balance-End of Year			<u>\$ 2,256,144</u>	

NORTHERN SONOMA COUNTY 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.