

**GRATON FIRE
PROTECTION DISTRICT**

Financial Statements
and
Independent Auditor's Report

For the Years Ended
June 30, 2023 and 2022

GRATON FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Graton Fire Protection District
Graton, California

Opinions

We have audited the accompanying financial statements of the and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Graton 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 Graton 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 years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special District. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Graton 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 Graton 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 Graton 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 Graton Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison (pages 4 - 8), statement of revenue and expenditures – compared to budget (pages 16-17), and information 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.
Stockton, CA

February 16, 2024

GRATON FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

As management of the Graton 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 (pages 9-17) and the accompanying notes to the basic financial statements (pages 18-26).

Financial Highlights

- The assets of the District exceeded its liabilities at the close of fiscal years June 30, 2023, and 2022, by \$8,673,109 and \$7,776,021, (net position), respectively. Of the June 30, 2023, and 2022 net position amounts of \$1,951,931 and \$1,864,381, respectively, are unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- At fiscal years ended June 30, 2023, and 2022, the District's total net position increased by \$897,088 and \$677,052, respectively. An increase in FY23 net position is due to an increase in tax revenue and a decrease in wages and fringe expenses due to a pension-related adjustment. An increase in FY22 net position is due to an increase in tax revenue and a decrease in program expenses
- At fiscal years ending June 30, 2023, and 2022, the District's general fund reported an ending fund balance of \$1,704,342 and \$1,864,381, respectively. In FY2023, the general fund decreased by \$160,039, primarily due to debt principal payment and capital assets acquisition. In FY2022, the general fund decreased by \$1,307,095, primarily due to debt principal payment and capital assets acquisition expenses. The unassigned fund balance is available for spending at the District's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,278,425, or 49% of the total general fund expenditure of \$2,599,290. At the fiscal year ending June 30, 2022, the unassigned fund balance for the general fund was \$1,438,464, or 38% of the total general fund expenditure of \$3,761,952.
- At the end of the fiscal year June 30, 2023, the District's long-term liability decreased by \$157,540, or 15.26%, primarily due to additional note principal payment. At the end of the fiscal year June 30, 2022, the District's long-term liability decreased by \$1,409,069.

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.

GRATON FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

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

similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal years. 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).

The government-wide financial statements can be found on pages (9-11) of this report.

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.

GRATON FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

Governmental Funds (Continued)

The basic governmental financial statements can be found on pages (12-17) of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8,673,109 and \$7,776,021 at the close of the most recent fiscal years ended June 30, 2023, and 2022, respectively.

A large portion of the District's net assets (77 and 76 percent for 2023 and 2022, respectively) reflect its investment in capital assets (e.g., buildings and improvements, and equipment). 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	\$ 1,766,670	\$ 1,951,425	\$ 3,409,310	\$ (184,755)	-9.47%	\$ (1,457,885)	-42.76%
Capital Assets - Net	7,702,057	7,041,026	6,369,000	661,031	9.39%	672,026	10.55%
Deferred Outflows	295,252	149,666	-	145,586	97.27%	149,666	100.00%
Total Assets	9,763,979	9,142,117	9,778,310	621,862	6.80%	(636,193)	-6.51%
Liabilities							
Current liabilities	215,460	231,143	237,834	(15,683)	-6.78%	(6,691)	-2.81%
Non-current liabilities	874,898	1,032,438	2,441,507	(157,540)	-15.26%	(1,409,069)	-57.71%
Deferred Outflows	512	102,515	-	(102,003)	-99.50%	102,515	100.00%
Total Liabilities	1,090,870	1,366,096	2,679,341	(275,226)	-20.15%	5,213,434	48.55%
Net Position							
Invested in Capital Assets, net of related debt	6,721,178	5,911,640	5,727,182	809,538	13.69%	184,458	3.22%
Unrestricted (Deficit)	1,951,931	1,864,381	1,371,787	87,550	4.70%	492,594	35.91%
Total Net Position	\$ 8,673,109	\$ 7,776,021	\$ 7,098,969	\$ 897,088	11.54%	\$ 677,052	9.54%

GRATON FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

Government-Wide Financial Analysis

The balance at fiscal years ended June 30, 2023, and 2022, of unrestricted net positions of \$1,951,931 and \$1,864,381 respectively, may be used to meet the District's ongoing obligations to citizens and vendors.

At the end of the current fiscal year, the District can report positive balances in all categories of net position.

Governmental Activities: During the fiscal years ended June 30, 2023, and 2022, the governmental activities increased the District's net position by \$897,088 and \$677,052, respectively. This increase is a result of net change in governmental activities.

TABLE 2: CHANGES IN NET POSITION

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Revenues							
Operating Revenues	\$ 367,368	\$ 383,329	\$ 926,692	\$ (15,961)	-4.16%	\$ (543,363)	-58.63%
Non-Operating Revenues	2,071,882	2,071,528	1,938,456	354	0.02%	133,072	6.86%
Total Revenues	<u>2,439,250</u>	<u>2,454,857</u>	<u>2,865,148</u>	<u>(15,607)</u>	<u>-0.64%</u>	<u>(410,291)</u>	<u>-14.32%</u>
Expenses							
Salaries and Benefits	787,686	955,092	935,436	(167,406)	-17.53%	19,656	2.10%
Supplies and Services	559,573	576,057	554,355	(16,484)	-2.86%	21,702	3.91%
Interest expense	32,303	52,996	119,877	(20,693)	-39.05%	(66,881)	-55.79%
Depreciation	162,600	193,660	192,180	(31,060)	-16.04%	1,480	0.77%
Total Expenses	<u>1,542,162</u>	<u>1,777,805</u>	<u>1,801,848</u>	<u>(235,643)</u>	<u>-13.25%</u>	<u>(24,043)</u>	<u>-1.33%</u>
Changes in Net Position	<u>\$ 897,088</u>	<u>\$ 677,052</u>	<u>\$ 1,063,300</u>	<u>\$ 220,036</u>	<u>32.50%</u>	<u>\$ (386,248)</u>	<u>-36.33%</u>

Financial Analysis of the Government's Funds

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

Governmental Funds: The focus of the District's governmental 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. In particular, 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, and 2022, the District's general fund reported ending fund balances of \$1,704,342 and \$1,864,381, respectively. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. An unreserved fund balance represents 49% and 38% of total general fund expenditures in fiscal years ended June 30, 2023, and 2022, respectively.

GRATON FIRE PROTECTION DISTRICT

Management Discussion and Analysis

June 30, 2023 and 2022

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets, as of June 30, 2023, and 2022, amounts to \$7,702,057 and \$7,041,026 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements, and equipment. The total change in the District's investment in capital assets for the fiscal years ended June 30, 2023, and 2022 was \$661,031 and \$672,026 respectively, and is explained by the following events:

TABLE 3: CAPITAL ASSETS

	June 30, 2023	June 30, 2022	June 30, 2021	2023 vs. 2022		2022 vs. 2021	
				\$	%	\$	%
Capital Assets							
Land	\$ 1,269,025	\$ 1,269,025	\$ 1,269,025	\$ -	0.00%	\$ -	0.00%
Building and Improvements	4,668,426	4,668,426	4,668,421	-	0.00%	5	0.00%
Equipment and Vehicles	3,945,182	3,121,552	2,286,871	823,630	26.39%	834,681	36.50%
Accumulated Depreciation	<u>(2,180,576)</u>	<u>(2,017,977)</u>	<u>(1,855,317)</u>	<u>(162,599)</u>	<u>8.06%</u>	<u>(162,660)</u>	<u>8.77%</u>
Total Capital Assets - Net	<u>\$ 7,702,057</u>	<u>\$ 7,041,026</u>	<u>\$ 6,369,000</u>	<u>\$ 661,031</u>	<u>9.39%</u>	<u>\$ 672,026</u>	<u>10.55%</u>

Debt Administration

At the end of the fiscal year, the District had note payable obligations for \$980,879 and \$1,129,386. The note payable is for the building construction.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the fiscal year ending June 30, 2024.

- Property tax revenues- The District expects to add about \$50,000 in property tax revenue for the fiscal year June 30, 2023. The budget is adjusted accordingly.
- Amount of intergovernmental revenue anticipated based on contracts.
- Equipment purchases planned for the fiscal year.

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 Graton Fire Protection District, Post Office Box A, Graton, California, 95444.

GRATON FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 1,572,641	\$ 1,819,657
Accounts receivable	176,549	101,768
Prepaid expenses	17,480	30,000
Total Current Assets	1,766,670	1,951,425
Capital assets (net of accumulated depreciation)		
Land	1,269,025	1,269,025
Building and improvements	3,587,714	3,685,881
Equipment and Vehicles	2,845,318	2,086,120
Total Capital Assets	7,702,057	7,041,026
Total Assets	9,468,727	8,992,451
Deferred Outflows Pension	295,252	149,666
Total Assets And Deferred Outflows	\$9,763,979	\$9,142,117
Liabilities		
Current liabilities		
Accounts payable & accrued expenses	\$ 62,328	\$ 87,044
Current Portion of note payable	153,132	144,099
Total Current liabilities	215,460	231,143
Non-current liabilities		
Note Payable	827,747	985,287
Net Pension Liability	47,151	47,151
Total Non-current liabilities	874,898	1,032,438
Total Liabilities	1,090,358	1,263,581
Deferred Intflows - Pension	512	102,515
Total Liabilities and Deferred Inflows	1,090,870	1,366,096
Net Position		
Net investment in capital assets	6,721,178	5,911,640
Unrestricted	1,951,931	1,864,381
Total Net Position	\$ 8,673,109	\$ 7,776,021

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

GRATON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

Governmental Activities	<u>2023</u>	<u>2022</u>
Program Expenses		
Public safety - fire protection		
Salaries and employee benefits	\$ 787,686	\$ 955,092
Services and supplies	559,573	576,057
Depreciation	162,600	193,660
	<u>1,509,859</u>	<u>1,724,809</u>
 Program Revenues		
Intergovernmental revenue	<u>367,368</u>	<u>383,329</u>
	<u>367,368</u>	<u>383,329</u>
 Net Program Revenues (Expenses)	<u>(1,142,491)</u>	<u>(1,341,480)</u>
 General Revenues		
Property taxes	1,892,506	1,831,485
Miscellaneous revenues	168,917	239,529
Interest expense	(32,303)	(52,996)
Investment earnings	10,459	514
	<u>2,039,579</u>	<u>2,018,532</u>
 Change in net position	897,088	677,052
 Net Position - Beginning of Year	<u>7,776,021</u>	<u>7,098,969</u>
 Net Position - End of Year	<u><u>\$ 8,673,109</u></u>	<u><u>\$ 7,776,021</u></u>

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

GRATON FIRE PROTECTION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Receipts From Program Revenues	\$ 292,587	\$ 599,385
Cash paid for Employees Salaries & Benefits	(1,035,275)	(955,092)
Cash paid for Services and Supplies	(571,769)	(463,293)
Net Cash Provided By (Used In) - Operating Activities	(1,314,457)	(819,000)
Cash Flows From Non- Capital Financing Activities		
Cash Received from Property Taxes	1,892,506	1,831,485
Miscellaneous Income	168,917	243,530
Net Cash Provided by (Used In) Non-Capital - Financing Activities	2,061,423	2,075,015
Cash Flows From Capital And Related - Financing Activities		
Principal payments on note payable	(148,507)	(1,452,898)
Interest payments on note payable	(32,303)	(52,996)
Acquisition of Capital Asset	(823,631)	(869,686)
Net Cash Provided by (Used In) Capital - And Related Financing Activities	(1,004,441)	(2,375,580)
Cash Flows From Investing Activities		
Investment Earnings	10,459	514
Net Cash Provided by (Used In) Investing Activities	10,459	514
Net Increase (Decrease) In Cash	(247,016)	(1,119,051)
Cash and Investments - Beginning	1,819,657	2,938,708
Cash and Investments - Ending	\$ 1,572,641	\$ 1,819,657
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Change in Net Position / Net Program Revenue	\$ (1,142,491)	\$ (1,341,480)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	162,600	193,660
Change in Assets and Liabilities		
Accounts Receivable	(74,781)	216,056
Deferred Outflows of Resources	(145,586)	(149,666)
Accounts Payable & Accrued Expenses	(24,716)	(10,013)
Prepaid	12,520	122,777
Net Pension Liability	-	47,151
Deferred Inflows of Resources	(102,003)	102,515
Net Cash Provided by (used for) Operating Activities	\$ (1,314,457)	\$ (819,000)

See accompanying notes to basic financial statements.

GRATON FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 1,572,641	\$ 1,819,657
Accounts receivable	176,549	101,768
Prepaid Expenses	17,480	30,000
Total Assets	\$ 1,766,670	\$ 1,951,425
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and accrued expenses	\$ 62,328	\$ 87,044
Total liabilities	62,328	87,044
Fund balance:		
Assigned	425,917	425,917
Unassigned	1,278,425	1,438,464
Total Fund Balance	\$ 1,704,342	\$ 1,864,381

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

GRATON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2023 and 2022

	2023	2022
Fund balances - total government funds	\$ 1,704,342	\$ 1,864,381
Amount reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,702,057	7,041,026
Deferred Outflows of Resources	295,252	149,666
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Note Payable	(980,879)	(1,129,386)
Net Pension Liability	(47,151)	(47,151)
Deferred Inflows of Resources	(512)	(102,515)
Net Position of Governmental Activities	\$ 8,673,109	\$ 7,776,021

GRATON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 and 2022

	2023	2022
Revenues		
Property taxes	\$ 1,892,506	\$ 1,831,485
Investment earnings	10,459	514
Intergovernmental revenue	244,343	112,799
Grant Income	123,026	270,530
Miscellaneous income	168,917	239,529
Total Revenues	2,439,251	2,454,857
 Expenditures		
Current:		
Salaries and employee benefits	1,035,276	955,092
Services and supplies	559,573	576,057
Debt Service:		
Principal	148,507	1,308,121
Interest	32,303	52,996
Capital asset acquisitions	823,631	869,686
Total Expenditures	2,599,290	3,761,952
Excess of revenues over expenditures	(160,039)	(1,307,095)
Net change in fund balance	(160,039)	(1,307,095)
 Fund Balance - Beginning of Year	 1,864,381	 3,171,476
 Fund Balance - End of Year	 \$ 1,704,342	 \$ 1,864,381

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

GRATON 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
Amount reported for governmental activities in the statement of activities (page 9) is different because :		
Net change in fund balance - governmental funds	\$ (160,039)	\$ (1,307,095)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Current year depreciation	(162,600)	(193,660)
Capital outlay	823,631	869,686
Issuance of Long-term debt provides current financial resources to governmental funds. Repayment of principal is an expenditure in the governmental funds, but therepayment reduces long term liability in the statement of net position		
	148,507	1,308,121
Change in pension obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds		
	247,589	-
Change in Net Position of Governmental Activities	\$ 897,088	\$ 677,052

GRATON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,821,300	\$ 1,899,598	\$ 1,892,506	\$ (7,092)
Investment earnings	550	550	10,459	9,909
Intergovernmental revenue	153,000	117,100	244,343	127,243
Refunds and grant revenues	20,000	909,000	123,026	(785,974)
Miscellaneous income	139,000	139,000	168,917	29,917
Total Revenues	<u>2,133,850</u>	<u>3,065,248</u>	<u>2,439,251</u>	<u>(625,997)</u>
EXPENDITURES				
Salaries and employee benefits	1,154,985	1,134,485	1,035,276	99,209
Services and supplies	641,361	612,857	559,573	53,284
Capital Outlay	100,000	1,035,000	823,631	211,369
Debt services	182,863	211,867	180,810	31,057
Total Expenditures	<u>2,079,209</u>	<u>2,994,209</u>	<u>2,599,290</u>	<u>394,919</u>
Net change in fund balance			(160,039)	
Fund Balance - Beginning of Year			<u>1,864,381</u>	
Fund Balance - End of Year			<u><u>\$ 1,704,342</u></u>	

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

GRATON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,674,500	\$ 1,674,500	\$ 1,831,485	\$ 156,985
Investment earnings	1,000	1,000	514	(486)
Intergovernmental revenue	470,277	470,277	112,799	(357,478)
Donations	-	-	270,530	270,530
Miscellaneous income	107,000	107,000	239,529	132,529
Total Revenues	<u>2,252,777</u>	<u>2,252,777</u>	<u>2,454,857</u>	<u>202,080</u>
EXPENDITURES				
Salaries and employee benefits	1,065,712	1,065,712	955,092	110,620
Services and supplies	602,500	602,500	576,057	26,443
Capital Outlay	-	-	869,686	(869,686)
Debt Services	412,369	412,369	1,361,117	(948,748)
Total Expenditures	<u>2,080,581</u>	<u>2,080,581</u>	<u>3,761,952</u>	<u>(1,681,371)</u>
Net change in fund balance			(1,307,095)	
Fund Balance - Beginning of Year			<u>3,171,476</u>	
Fund Balance - End of Year			<u>\$ 1,864,381</u>	

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

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Graton Fire Protection District (District) was officially created in 1958 by the State of California and the Local Agency Formation Commission (LAFCO) as a Fire Protection District under and according 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 Graton and unincorporated parts of Northern Sebastopol and Western Santa Rosa. The District responds to fire and medical calls over 27 square miles. The boundaries are set by LAFCO. The District's governmental power is exercised through the Board of Directors.

Introduction

The District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for State and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Government-Wide and Fund 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 section 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.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

GRATON FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
June 30, 2023 and 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Reimbursements, interest, and charges for services are accrued when all eligibility requirements are met, and or receipt is expected to occur within 365 days of the end of the accounting period to be both measurable and available. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until received. Property taxes are considered to be available when their receipt occurs within sixty days of the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments are recorded only when payment is due.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions restricted to acquire or construct capital assets. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

Assets, Liabilities, and Net Assets

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

Receivables and Payables

Flat Charges Receivable. Flat charges collected are apportioned to the District to supplement property taxes collected for operating costs. Not all of the assessments are collected as of June 30, 2023; therefore, the remainder of the uncollected assessments are considered flat charges receivable.

Property Taxes. The County of Sonoma is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Liens on real property are established on January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County of Sonoma.

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes (Continued)

Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10, and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with the fiscal years 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 30, 1993, the Board of Supervisors adopted the "Teeter" Method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In consideration, the District gives the County of Sonoma its rights to the penalties and interest on delinquent taxes receivable and actual proceeds collected. The penalties and interest are used to pay the interest cost of borrowing the cash used for the advances.

Capital Assets

Capital assets, which include land, buildings and building 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 five (5) 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 assets' life are not capitalized.

Buildings and improvements and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5-50
Fire Apparatus	20
Truck/Automobile	5
Operating Equipment	10-20

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

- Net investment in capital assets — This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and net of related debt.
- Restricted net position – This component of net position consists of net position with limits on its use that are imposed by outside parties.
- Unrestricted net position – This component of net position consists of net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

Fund Balance Position

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications did not affect the reported results of operations.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The budget of the District is a detailed annual operating plan that identifies estimated costs (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

Use of Estimates

The basic revenue estimates represent original estimates modified for any authorized adjustments that were contingent upon new or additional revenue resources, Budgetary expenditure amounts represent original appropriations adjusted by budget transfers and authorized appropriation adjustments made during the year. All budgets are adopted on a non-GAAP basis.

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 3. CASH AND INVESTMENTS

The District follows the County’s practice of pooling cash and investments. Also, the District holds funds in an Insured Cash Seep account and other funds that are all federally insured, except for a cash fund at local financial institutions.

The amount of cash at June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Cash in County	\$ 113,044	\$ -
Cash in Commercial Bank	<u>1,459,597</u>	<u>1,819,657</u>
Total	<u>\$ 1,572,641</u>	<u>\$ 1,819,657</u>

NOTE 4. ACCOUNTS RECEIVABLE

Accounts Receivable represents the outstanding balance for flat charges collected that are apportioned to the District to supplement property taxes collected for operating costs. The accounts receivable represents outstanding balances of grants, reimbursements, and other service revenues collected after the reporting period.

Management believes that the accounts receivable as of June 30, 2023, and 2022 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. The balance of accounts receivable on June 30, 2023, is \$176,549, and on June 30, 2022, \$101,768.

NOTE 5. PREPAID EXPENSES

A prepaid expense is an expense that has been paid for in advance but not yet incurred. The District’s prepaid balance as of June 30, 2023, and June 30, 2022, is \$17,480, and \$30,000, respectively.

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions/ Transfer	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,269,025	\$ -	\$ -	\$ 1,269,025
Total capital assets, not being depreciated	<u>1,269,025</u>	<u>-</u>	<u>-</u>	<u>1,269,025</u>
Capital assets, being depreciated:				
Buildings and improvements	4,668,426	-	-	4,668,426
Fire engines	3,022,093	-	-	3,022,093
Equipment	99,459	823,631	-	923,090
Total capital assets, being depreciated	<u>-</u>	<u>823,631</u>	<u>-</u>	<u>8,613,609</u>
Less accumulated depreciation for:				
Buildings and improvements	(982,545)	(98,167)	-	(1,080,712)
Fire engines	(995,436)	(49,403)	-	(1,044,839)
Equipment	(39,996)	(15,030)	-	(55,026)
Total accumulated depreciation	<u>(2,017,977)</u>	<u>(162,600)</u>	<u>-</u>	<u>(2,180,577)</u>
Total capital assets, being depreciated, net	<u>5,772,001</u>	<u>661,031</u>	<u>-</u>	<u>6,433,032</u>
Capital assets, net	<u>\$ 7,041,026</u>	<u>\$ 661,031</u>	<u>\$ -</u>	<u>\$ 7,702,057</u>

For the fiscal year ending June 30, 2023, the Depreciation expense was charged to functions and programs of the District as follows:

Governmental activities:	
Public safety - fire protection	\$162,600

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 6. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions/ Transfer	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,269,025	\$ -	\$ -	\$ 1,269,025
Total capital assets, not being depreciated	<u>1,269,025</u>	<u>-</u>	<u>-</u>	<u>1,269,025</u>
Capital assets, being depreciated:				
Buildings and improvements	4,668,421	5	-	4,668,426
Fire engines	2,187,412	869,681	35,000	3,022,093
Equipment	99,459	-	-	99,459
Total capital assets, being depreciated	<u>-</u>	<u>869,686</u>	<u>35,000</u>	<u>7,789,978</u>
Less accumulated depreciation for:				
Buildings and improvements	(883,972)	(98,573)	-	(982,545)
Fire engines	(940,623)	(85,813)	(31,000)	(995,436)
Equipment	(30,722)	(9,274)	-	(39,996)
Total accumulated depreciation	<u>(1,855,317)</u>	<u>(193,660)</u>	<u>(31,000)</u>	<u>(2,017,977)</u>
Total capital assets, being depreciated, net	<u>5,099,975</u>	<u>676,026</u>	<u>4,000</u>	<u>5,772,001</u>
Capital assets, net	<u>\$ 6,369,000</u>	<u>\$ 676,026</u>	<u>\$ 4,000</u>	<u>\$ 7,041,026</u>

For the fiscal year ending June 30, 2022, the Depreciation expense was charged to functions and programs of the District as follows:

Governmental activities:	
Public safety - fire protection	\$193,660

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 7. LONG-TERM LIABILITIES

Changes in long-term liabilities

Long-term liability activity for the years ended June 30, 2023, and 2022, were as follows:

	2023				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Note Payable	\$ 1,129,386	\$ -	\$ 148,507	\$ 980,879	\$ 153,132
Net Pension Liability	47,151	-	-	47,151	-
Total long-term liabilities	\$ 1,176,537	\$ -	\$ 148,507	\$ 1,028,030	\$ 153,132

	2022				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Note Payable	\$ 2,441,507	\$ -	\$ 1,312,121	\$ 1,129,386	\$ 144,099
Net Pension Liability	-	47,151	-	47,151	-
Total long-term liabilities	\$ 2,441,507	\$ 47,151	\$ 1,312,121	\$ 1,176,537	\$ 144,099

The District has a note payable that was started in July 2011 and originally matured in July 2040. This was refinanced and funded in July 2020 and mature in July 2035. Interest is 2.85 percent. The balance on June 30, 2023, is \$980,879. Future minimum payments are as follows:

2024	\$153,132
2025	157,198
2026	161,471
2027	165,697
Thereafter	<u>343,381</u>
Total	<u>\$980,879</u>

GRATON FIRE PROTECTION DISTRICT

Notes to Basic Financial Statements

June 30, 2023 and 2022

NOTE 8. RISK MANAGEMENT

The District receives automobile and general liability coverage Northwest Insurance Agency. The District is also member of the Districts Association of California Fire Association Self Insurance System (FDA-FASIS) through which it receives worker's compensation coverage.

As a member of a public entity risk pool, the District is responsible for appointment 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 implementations, providing claims adjusting and defense of any civil action brought against an officer of the system.

NOTE 9. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 16, 2024, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to June 30, 2023 that would have a material impact on the District's results of operations or financial positions.

SUPPLEMENTARY INFORMATION

GRATON FIRE PROTECTION DISTRICT
Roster of Board Members

Directors:

Term:

Bob Maddocks,	President	December 1, 2026
Scott Fisher	Vice President	December 1, 2024
Carla Peterson	Secretary	December 1, 2024
Jonathan Hebel	Treasurer	December 1, 2026
Jason Nunes	Member	December 1, 2024

Regular Meetings:

The regular meeting of the Board of Directors is held at 7:00 P.M. on the second Tuesday of each month. At the Graton Fire Station, 3750 Gravenstein Highway N, Sebastopol, CA 95472.