

**CORDELIA FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CORDELIA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cordelia Fire Protection District
Fairfield, California

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cordelia Fire Protection District as of June 30, 2023, and the changes in financial position of those activities and funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Cordelia 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 opinion.

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 Cordelia Fire Protection District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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, including omissions, 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:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 Cordelia 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 Cordelia Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

The Cordelia Fire Protection District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison schedule for the General fund on page 20, the District's Employees' Retirement System Schedule of the District's Proportionate Share of the Net Pension Liability and the Retirement System Schedule of the District's Contributions on pages 21 and 22, is 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 (GASB), 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.

Larry Bain, CPA
An Accounting Corporation
February 21, 2024

CORDELIA FIRE PROTECTION DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 659,436
Accounts receivable	-
Due from other governments	156,563
Capital assets:	
Non-depreciable	42,772
Depreciable capital assets-net	632,982
Total assets	<u>1,491,753</u>
Deferred Outflows of Resources	
Deferred outflows-pensions	<u>399,926</u>
Liabilities	
Current liabilities:	
Accounts payable	155,171
Total current liabilities	<u>155,171</u>
Noncurrent liabilities:	
Net pension liability	989,265
Total noncurrent liabilities	<u>989,265</u>
Total liabilities	<u>1,144,436</u>
Deferred Inflows of Resources	
Deferred inflows-pensions	<u>237,980</u>
Net Position (Deficit)	
Net investment in capital assets	675,754
Unrestricted net position (deficit)	<u>(166,491)</u>
Total net position	<u>\$ 509,263</u>

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

CORDELIA FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Program Revenues				
	Expenses	Charges for Services	Capital Grants And Contributions	Operating Grants And Contributions	Total
Governmental Activities:					
Fire protection services	\$ 1,180,317	\$ 479,642	\$ 219,807	\$ 461,484	\$ (19,384)
Total governmental activities	\$ 1,180,317	\$ 479,642	\$ 219,807	\$ 461,484	(19,384)

General Revenues:

 Taxes:

 Property tax, levied for general purposes 371,791

 Investment income 14,091

 Sale of assets 48,100

 Other 25,223

 Total general revenues 459,205

Change in net position 439,821

Net position (deficit) - beginning 69,442

Net position - ending \$ 509,263

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

CORDELIA FIRE PROTECTION DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023**

	<u>General Fund</u>
Assets	
Cash and investments	\$ 634,436
Restricted cash and investments	25,000
Due from other governments	156,563
Total assets	\$ <u><u>815,999</u></u>
Liabilities and Fund Balance	
Liabilities	
Claims payable	\$ 155,171
Deferred revenue	155,307
Total liabilities	<u><u>310,478</u></u>
Fund Balance	
Restricted	25,000
Unassigned	480,521
Total fund balance	<u><u>505,521</u></u>
Total liabilities and fund balance	\$ <u><u>815,999</u></u>

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

CORDELIA FIRE PROTECTION DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund balance	\$	505,521
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.		675,754
Deferred revenue is not earned in the current period and therefore is not reported in the funds.		155,307
Net pension liability and deferred inflows/outflows are not current liabilities and therefore are not reported in the funds.		<u>(827,319)</u>
Net position of governmental activities	\$	<u><u>509,263</u></u>

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

CORDELIA FIRE PROTECTION DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
Revenues	
Property taxes	\$ 369,836
Special assessments	438,536
Intergovernmental revenues	527,939
Fire impact fees	32,866
Charges for current services	8,240
Use of money and property	14,091
Contributions and other	25,223
Total revenues	<u>1,416,731</u>
Expenditures	
Public Protection:	
Salaries and benefits	338,986
Services and supplies	797,677
Capital outlay	286,602
Total expenditures	<u>1,423,265</u>
Total revenues over (under) expenditures before other financing sources (uses)	<u>(6,534)</u>
Other Financing Sources (Uses)	
Sale of assets	<u>48,100</u>
Total other financing sources (uses)	<u>48,100</u>
Net change in fund balance	<u>41,566</u>
Fund balance - beginning of year	<u>463,955</u>
Fund balance - end of year	<u>\$ 505,521</u>

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

CORDELIA FIRE PROTECTION DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net change in fund balance - total governmental funds.	\$ 41,566
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures and changes in fund balance because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	286,602
Depreciation expense	(61,170)
Net pension liabilities reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	1,921
Deferred revenue reported in the fund financial statements balance sheet is recognized as revenue in the statement of activities.	155,307
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	<u>15,595</u>
Change in net position of governmental activities	<u>\$ 439,821</u>

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

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements June 30, 2023

Note 1: Summary of Significant Accounting Policies

The District was organized in 1910 and currently provides fire and emergency medical services to the communities of Green Valley, Rockville, Cordelia, and Lower Suisun Valley. It is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. Although the District is independent from the Solano County Board of Supervisors, its financial activities are processed through the County Auditor-Controller's Office.

The District's revenue is generated by levying taxes upon all taxable property within its boundaries for general purposes. The assessed valuation of the District is determined by the assessor of Solano County and the assessments are collected by the tax collector of the County. The District also collects a benefit assessment from properties within its boundaries.

The accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based upon the aforementioned oversight criteria, the District will report no component units.

B. Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following is the District's governmental fund:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Compensated Absences

As of June 30, 2023 the District no longer had employees accruing compensated absence benefits.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 for Equipment, and \$25,000 for buildings and improvements. All land is capitalized regardless of historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line bases over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings and improvements	40 years
Equipment	5 to 22 years

I. Property Tax

The District receives property taxes from Solano County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two instalments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on delinquent taxes. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

In November 2002, the Board of Directors introduced Measure I Proposition to the District voters. Under the terms of that proposal, owners of real property located within the boundaries of the District were to be taxed a special assessment in addition to the property tax assessments under Article XIII A. Measure I was passed by the District voters and became effective during the year ended June 30, 2004. The special assessment is subject to the Gann Spending Limit.

Note 2: Cash and Investments

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

Cash and investment-County Treasurer	\$ 634,436
Restricted cash and investments-County Treasurer	<u>25,000</u>
Total cash and investments	<u><u>\$ 659,436</u></u>

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 2: Cash and Investments (continued)

The District maintains all of its cash and investments with the Solano County Treasurer in an investment pool. The District's funds are managed in accordance with the investment policy of the County Treasury. On a quarterly basis the Treasurer allocates interest to participants based upon their average daily balances. Required disclosure information regarding the categorization of investments and investment risk can be found in the County's financial statements. The Solano County's financial statements may be obtained by contacting the County of Solano Auditor-Controller's office at 675 Texas Street, Suite 2800, Fairfield, California 94533.

Restricted cash is for funds donated during the 2022/23 fiscal year by the Firefighters Association to be used for the museum.

Required disclosures for the District's investment in the Solano County Investment Pool at June 30, 2023 are as follows:

Credit risk	Not rated
Custodial risk	Not applicable
Concentration of credit risk	Not applicable
Interest rate risk	Not available

Investment in Government Pool

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investment in the Solano County investment pool at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Property, Plant and Equipment

Activity for general fixed assets capitalized by the District for the year ended June 30, 2023 is summarized below:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Retirement/ Adjustments</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated				
Land	\$ 42,772	\$ -	\$ -	\$ 42,772
Capital assets, being depreciated:				
Buildings and improvements	382,928			382,928
Equipment	1,837,167	286,602	(207,677)	1,916,092
Total capital assets, being depreciated	2,220,095	286,602	(207,677)	2,299,020
Less accumulated depreciation	(1,812,545)	(61,170)	207,677	(1,666,038)
Governmental activities, capital assets, net	<u>\$ 450,322</u>	<u>\$ 225,432</u>	<u>\$ -</u>	<u>\$ 675,754</u>

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

Note 4: Long-Term Liabilities

A summary of the changes in the District's long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Compensated absences	\$ 15,595	\$ 4,489	\$ (20,084)	\$ -
Net pension liability	812,289	176,976		989,265
Totals	\$ 827,884	\$ 181,465	\$ (20,084)	\$ 989,265

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover the risk of loss. The District pays an annual premium for its general insurance coverage.

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District's Safety Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic safety members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits and new employees are eligible to retire at age 57. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Safety Fire 1st Tier Plan</u>	<u>PEPRA Safety Fire Plan</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	45+	50-57
Monthly benefits , as a % of eligible compensation	1.426%-2%	1.426%-2%
Required employee contribution %	7.00%	10.00%
Required employer contribution %	14.74%	10.80%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

Miscellaneous contributions-employer	\$	5,724
Safety contributions-employer	\$	107,877

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension liability	
Miscellaneous Plan	\$	52,845
Safety Plan	\$	936,420

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

The District's proportionate share of the net pension liability as of June 30, 2022 and 2023 were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2022	0.00151%	0.02233%
Proportion - June 30, 2023	0.00113%	0.01363%
Change - Increase (Decrease)	-0.00038%	-0.00870%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$163,732. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,936	\$ -
Changes of assumptions	99,835	
Net difference between projected and actual earnings on pension plan investments	157,554	
Changes in proportions		(99,988)
Difference between actual and proportionate contributions		(137,991)
District contributions subsequent to the measurement date	113,601	
Total	<u>\$ 399,926</u>	<u>\$ (237,979)</u>

\$113,601 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:		
2024	\$	(24,303)
2025	\$	(2,395)
2026	\$	74,478
2027	\$	(96,126)

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plan and Safety Plan</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)(2)</u>
Global equity-cap weighted	30.0%	4.45%
Global equity non-cap weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	27.00%
Mortgage backed securities	5.0%	50.00%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management study.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 6: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Misc Plan	\$ 115,047	\$ 52,845	\$ (34,401)
Safety Plan	\$ 1,464,787	\$ 936,420	\$ 504,594

Note 7: Net Position/Fund Balances

Net Position

The government-wide activities fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Net investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Unrestricted Net Position (Deficit)* – This category represents net position (Deficit) of the District, not restricted for any project or other purpose.

Fund Balances

GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on governmental fund-type, fund balances are as follows:

The \$25,000 restricted fund balance includes the donation made by the Firefighters Association restricted for the Museum.

Note 8: Fire Protection Service Agreement

As of January 4, 2023, the Cordelia Fire Protection District will no longer employ firefighters or volunteers and will no longer directly respond to firefighting calls. Based on a memorandum of understanding dated August 1, 2022 the area previously covered by the District will now be served by the Fairfield Fire Department. Under the agreement no assets or personnel will transfer to the City of Fairfield Fire Department, the City will respond to all calls previously handled by Cordelia Fire Protection District (estimated at 50 per month) and the District will reimburse the City of Fairfield Fire Department \$475 per call. The agreement goes through June 30, 2023 with a 6 month extension, however a long-term agreement is expected.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2023

Note 9: Stewardship, Compliance and Accountability

Accumulated Deficit

As of June 30, 2023 unrestricted net position had a deficit balance of \$166,491. The accumulated deficit is a result of the net pension liability and associated activity for Governmental Accounting Standards Board Statement No. 68 (GASB 68) that went into effect the fiscal year ending June 30, 2015. Many local governments with defined benefit pension plans saw significant reductions in net position starting with fiscal year ended June 30, 2015 as a result of the implementation of the GASB 68. At June 30, 2023 GASB 68 activity resulted in a reduction to net position in the amount of \$827,319.

Note 10: Gann Limit

Total subject revenue 2022-23	\$ 824,400
Amount of limit for 2022-23	1,181,245
Amount (under)/over limit	<u>\$ (356,845)</u>

Note 11: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 12: Commitments and Contingencies

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

Equipment Contingency

The District purchased for \$181,269 a 2022 Caterpillar excavator, and purchased a 2023 Bombardier Can Am ATV and trailer for \$38,889 using Cal Fire grant funds. The equipment must be used by the District for the fuel break project for which it was acquired. The State retains a vested interest in the equipment for the useful life of the equipment, even after completion of the grant project. The District must provide written disposition of the equipment upon completion of the grant and upon any changes to the disposition of the equipment. Such disposition must be approved in advance by the State. The equipment purchased using the grant funds cannot be used as collateral, financed, or sold without prior written approval from the State.

Contract Commitment

The District entered into a \$582,292 contract with Potentiate LLC with a term from July 1, 2022 to June 30, 2024 for assistance with the administration of the Cal Fire Fuels Reduction grant project. The remaining amount of the contract at June 30, 2023 was \$234,860. The contract expense is being reimbursed with the Cal Fire grant.

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Financial Statements
June 30, 2023

Note 13: Subsequent Event

Subsequent events were evaluated through February 21, 2024, the date which these financial statements were available for distribution.

CORDELIA FIRE PROTECTION DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Property taxes	\$ 356,387	\$ 356,387	\$ 369,836	\$ 13,449
Special assessments	442,996	442,996	438,536	(4,460)
Intergovernmental revenues	82,625	1,032,624	527,939	(504,685)
Fire impact fees	10,000	10,000	32,866	22,866
Charges for current services	20,000	20,000	8,240	(11,760)
Use of money and property	2,500	2,500	14,091	11,591
Other revenues	25,001	25,001	25,223	222
Total revenues	<u>939,509</u>	<u>1,889,508</u>	<u>1,416,731</u>	<u>(472,777)</u>
Expenditures				
Salaries and benefits	476,464	476,464	338,986	137,478
Services and supplies	414,151	1,113,750	797,677	316,073
Capital outlay	30,000	328,400	286,602	41,798
Total expenditures	<u>920,615</u>	<u>1,918,614</u>	<u>1,423,265</u>	<u>495,349</u>
Total revenues over (under) expenditures before other financing sources (uses)	<u>18,894</u>	<u>(29,106)</u>	<u>(6,534)</u>	<u>(968,126)</u>
Other Financing Sources (Uses)				
Sale of assets			48,100	48,100
Total other financing sources (uses)			<u>48,100</u>	<u>48,100</u>
Net change in fund balance	\$ <u>18,894</u>	\$ <u>(29,106)</u>	<u>41,566</u>	\$ <u>70,672</u>
Fund balance - beginning of year			<u>463,955</u>	
Fund balance - end of year			\$ <u><u>505,521</u></u>	

CORDELIA FIRE PROTECTION DISTRICT

**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Reporting date</u>	<u>District's proportion of the net pension liability (asset)</u>	<u>District's proportionate share of the net pension liability (asset)</u>	<u>District's covered-employee payroll</u>	<u>District's proportionate share of the net pension liability as a percentage of It's covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
<u>Miscellaneous Plan</u>					
6/30/2015	0.00104%	\$25,669	\$0	0%	82.28%
6/30/2016	0.00120%	\$32,802	\$0	0%	79.34%
6/30/2017	0.00117%	\$40,526	\$0	0%	75.87%
6/30/2018	0.00120%	\$47,338	\$0	0%	70.81%
6/30/2019	0.00120%	\$45,375	\$0	0%	72.38%
6/30/2020	0.00121%	\$48,581	\$0	0%	72.12%
6/30/2021	0.00119%	\$50,071	\$0	0%	73.10%
6/30/2022	0.00151%	\$28,731	\$0	0%	72.01%
6/30/2023	0.00113%	\$52,845	\$0	0%	81.97%
<u>Safety Plan</u>					
6/30/2015	0.02272%	\$852,240	\$186,474	457.03%	45.52%
6/30/2016	0.01927%	\$793,978	\$191,897	413.75%	52.36%
6/30/2017	0.01649%	\$853,939	\$208,803	408.97%	52.98%
6/30/2018	0.01541%	\$921,029	\$197,838	465.55%	51.57%
6/30/2019	0.01531%	\$898,526	\$219,874	408.65%	54.18%
6/30/2020	0.01486%	\$927,349	\$164,409	564.05%	48.16%
6/30/2021	0.01420%	\$945,738	\$270,196	350.02%	48.66%
6/30/2022	0.02233%	\$783,558	\$207,836	377.01%	50.23%
6/30/2023	0.01363%	\$936,420	\$192,182	487.26%	61.73%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented

CORDELIA FIRE PROTECTION DISTRICT

**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Reporting date</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee payroll</u>	<u>Contribution as a percentage of covered employee payroll</u>
<u>Miscellaneous Plan</u>					
6/30/2015	\$2,127	-\$2,127	\$0	\$0	NA
6/30/2016	\$1,191	-\$1,191	\$0	\$0	NA
6/30/2017	\$1,905	-\$1,905	\$0	\$0	NA
6/30/2018	\$3,360	-\$3,360	\$0	\$0	NA
6/30/2019	\$4,458	-\$4,458	\$0	\$0	NA
6/30/2020	\$4,238	-\$4,238	\$0	\$0	NA
6/30/2021	\$4,902	-\$4,902	\$0	\$0	NA
6/30/2022	\$5,586	-\$5,586	\$0	\$0	NA
6/30/2023	\$5,724	-\$5,724	\$0	\$0	NA
<u>Safety Plan</u>					
6/30/2015	\$73,798	-\$73,798	\$0	\$186,474	39.58%
6/30/2016	\$80,609	-\$80,609	\$0	\$191,897	42.01%
6/30/2017	\$85,095	-\$85,095	\$0	\$208,803	40.75%
6/30/2018	\$87,694	-\$87,694	\$0	\$197,838	44.33%
6/30/2019	\$95,160	-\$95,160	\$0	\$219,874	43.28%
6/30/2020	\$100,244	-\$100,244	\$0	\$164,409	60.97%
6/30/2021	\$116,539	-\$116,539	\$0	\$270,196	43.13%
6/30/2022	\$121,440	-\$121,440	\$0	\$207,836	58.43%
6/30/2023	\$107,877	-\$107,877	\$0	\$192,182	56.13%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years which information is available is presented

CORDELIA FIRE PROTECTION DISTRICT

Notes to the Required Supplementary Information June 30, 2023

Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general funds is the only legally adopted budget.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Board of Directors.