

**NORTH SONOMA COAST
FIRE PROTECTION DISTRICT**

FINANCIAL STATEMENTS

and

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED

JUNE 30, 2023 and 2022

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
North Sonoma Coast Fire Protection District
The Sea Ranch, California

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Sonoma Coast Fire Protection District, as of June 30, 2023 and 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13 and budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Blomberg & Griffin A.C.
Stockton, CA

September 25, 2023

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

As management of the North Sonoma Coast Fire Protection District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements (pages 14-21) and the accompanying notes to the basic financial statements (pages 22-31).

Financial Highlights

- The year ended June 30, 2023 is the seventh fiscal period of the District.
- The assets of the District exceeded its liabilities at the close of the year ended June 30, 2023 by \$2,900,864 (net position). Of this amount, \$2,163,327 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The assets of the District exceeded its liabilities at the close of the year ended June 30, 2022 by \$2,529,477 (net position). Of this amount, \$1,734,126 (unrestricted net position) could be used to meet the government's ongoing obligations to citizens and creditors. Further detail can be found on page 14.
- As of the close of the years ended June 30, 2023 and 2022, the District's governmental funds reported an ending fund balance of \$2,163,327, and \$1,734,126, respectively. Further detail can be found on page 17.

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 basic financial statements are comprised of three components: 1) government- wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private- sector business.

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and unpaid vendor invoices for services previously provided). The government-wide financial statements can be found on pages 14-16 of this report.

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

Overview of the Financial Statements (continued)

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 as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 District's near-term financing requirements. Noncurrent assets, capital assets and long-term liabilities are not included in governmental funds.

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 District's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements 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 budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-21 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. The notes to the basic financial statements can be found on pages 22-31 of this report.

Government-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,900,864 and \$2,529,477 on June 30, 2023 and 2022, respectively. Further details can be found below and on page 14.

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

Government-wide Financial Analysis: (continued)

A large portion of the District's net position (25 percent for 2023 and 31 percent for 2022) reflects 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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 2,516,368	\$ 1,745,724	\$ 770,644	44.14%
Capital Assets - Net	<u>834,642</u>	<u>909,964</u>	<u>(75,322)</u>	<u>-8.28%</u>
Total Assets	<u>3,351,010</u>	<u>2,655,688</u>	<u>695,322</u>	<u>26.18%</u>
Liabilities				
Current Liabilities	371,154	29,098	342,056	1175.53%
Long-Term Liabilities	<u>78,992</u>	<u>97,113</u>	<u>(18,121)</u>	<u>-18.66%</u>
Total Liabilities	<u>450,146</u>	<u>126,211</u>	<u>323,935</u>	<u>256.66%</u>
Net Position				
Invested in Capital Assets, net of related debt	737,537	795,351	(57,814)	-7.27%
Unrestricted	<u>2,163,327</u>	<u>1,734,126</u>	<u>429,201</u>	<u>24.75%</u>
Total Net Position	<u>\$ 2,900,864</u>	<u>\$ 2,529,477</u>	<u>\$ 371,387</u>	<u>14.68%</u>

The balance of the unrestricted net position (\$2,163,327 and \$1,734,126 for June 30, 2023 and 2022, respectively) may be used to meet the District's ongoing obligations to citizens and vendors. Further details can be found on page 14.

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

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

Government-wide activities:

Government-wide activities increased the District's net position by \$371,387 and \$388,636 for the years ended June 30, 2023 and 2022, respectively. This increase is a result of net income in the governmental activities. Further information can be found below and on page 15.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program Revenues:				
Public safety -				
Fire Protection	\$ 143,762	\$ 185,074	\$ (41,312)	-22.32%
General Revenues:				
Taxes	1,729,259	1,550,634	178,625	11.52%
Investment Earnings	81,137	3,038	78,099	2570.74%
Interest expense on Note	(3,950)	(11,910)	7,960	-66.83%
Total Revenues	<u>1,950,208</u>	<u>1,726,836</u>	<u>223,372</u>	<u>12.94%</u>
Program Expenses				
Public Safety	<u>1,563,196</u>	<u>1,338,200</u>	<u>224,996</u>	<u>16.81%</u>
Total Expenses	<u>1,563,196</u>	<u>1,338,200</u>	<u>224,996</u>	<u>16.81%</u>
Prior Period Adjustment	<u>(15,625)</u>	<u>-</u>	<u>(15,625)</u>	<u>-100.00%</u>
Change in Net Position	<u>371,387</u>	<u>388,636</u>	<u>(17,249)</u>	<u>-4.44%</u>
Beginning Net Position	<u>2,529,477</u>	<u>2,140,841</u>	<u>388,636</u>	<u>18.15%</u>
Ending Net Postion	<u>\$ 2,900,864</u>	<u>\$ 2,529,477</u>	<u>\$ 371,387</u>	<u>14.68%</u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the years ended June 30, 2023 and 2022, the District's governmental funds reported ending fund balances of \$2,163,327 and \$1,734,126, respectively.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balances to total fund expenditures. Unassigned fund balance represents 138 percent for 2023 and 115 percent for 2022 of total government fund expenditures which were \$1,524,957 and \$1,504,514 for June 30, 2023 and 2022, respectively. See page 19 for further detail.

General Fund Budgetary Highlights

Material differences between the original budget and the actual results can be briefly summarized as follows:

- The actual District tax revenue for 2022-2023 went up 11.5 percent over the prior year.
- This is the District's seventh operating period, which allowed budgeting to be somewhat more precise based on the previous fiscal year experience.

Capital Assets

The District's investment in capital assets, as of June 30, 2023 and 2022, amounts to \$834,642 and \$909,964 (net of accumulated depreciation), respectively. This investment in capital assets is principally fire fighting vehicles and equipment.

Additional information on the District's capital assets can be found in Note 1 on page 25 and Note 5 on page 29 of this report.

Debt Administration

As of June 30, 2023, the District has a note payable to West America bank. The loan amount was \$178,911 with an interest rate of 3.5 percent and matures in July 2027. See Note 6 on page 30 for further detail.

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

Economic Factors and Budgeting

Our fifth budget, FY 2020-2021:

The District added \$351,321 to the reserve.

Our sixth budget, FY 2021-2022:

The District added \$234,232 to the reserve.

Our seventh budget, FY 2022-2023:

This fiscal year is the subject of this audit.

We continued to budget conservatively. We projected a slight reduction in cash assets in FY2023-2024 due to planned cash expenditures for apparatus purchases that were originally planned for FY2022-2023.

For fiscal year 2022-2023, we were able to put a somewhat larger amount into our reserves than what was budgeted as the end of year fund balance. This increase was due mainly to an increase in tax revenues, a small grant, larger than expected revenues from donations, and delays in the delivery schedule of a new piece of apparatus.

The effect of conservative budgeting of revenue is that we must be cautious in our funding beyond strictly operational expenses (insurance, minor equipment, CAL FIRE contract, etc.). We do, however, need to look somewhat beyond operational expenses in our budgeting and consider the major funding requirement for capital equipment, essentially the continued replacement of our fleet of vehicles.

It should be noted here that the contract with CAL FIRE is about 81 percent of our budget and is considered absolutely critical to the effectiveness of our fire department. See further comments on this in the District Operations section of this report.

In the course of this last fiscal year, we have continued to update our vehicle replacement plan. The plan provides for the regular and constant replacement of the three main fire engines over time. This appears to be manageable within the bounds of our current tax revenue. The rest of the vehicles are prioritized in order of replacement and will be dealt with "opportunistically" as needed and as possible revenue becomes available. Much of the opportunistic replacement will be dealt with year by year as we see how well we do in receiving non-tax revenues such as donations and vehicle rental income.

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

Economic Factors and Budgeting, (continued)

As an example of the above approach, in 2017 we acquired a new emergency rescue vehicle on a ten-year payoff. The Volunteer Firefighters Association has continued to contribute funds to pay all loan payments for the vehicle. Further, in 2017 and 2018, we "opportunistically" acquired a "new " used "tactical water tender" and a "new" used Type 6 small firefighting engine. As part of our long-term apparatus replacement plan, we purchased a new, custom-built "Type 1" engine in 2020 on a seven-year loan which we were able to pay off early. In FY 20-21 we purchased a second water tender for \$124,036. Because of the much greater than expected revenue from apparatus rental during the 2020 fire season we paid for this vehicle with cash.

Improving and maintaining our apparatus fleet and especially improving our ability to respond to fires in the Annapolis area has been a key operational objective. We have been able to seize some opportunities because of the non-tax revenues. We could not budget for them, but when extra funding became available, we could then act.

Our current level of tax revenue now allows us to fund basic operational needs and mostly cover the costs of replacing our three main engines. The non-tax revenues are allowing us to opportunistically replace other vehicles in our fleet on a year-to-year basis. In FY22 the District committed to the purchase of a Type 6 "mini pumper", to replace an aging 2001 rescue truck. That vehicle was expected to arrive in the summer of 2023 but now is delayed until the spring of 2024 at the earliest. The cost of the new Type 6 will be \$355,451. In addition to that the District expects to replace its oldest "large" engine in the fall of 2024 with a Type 3 engine of the same model and manufactured as CAL FIRE's wildland engines.

What our current funding levels do not cover is the buildup of significant reserves to deal with major new needs such as enlarging the north fire station, increasing the CAL FIRE coverage, or funding for paid administrative staff.

Because of the above, the District pursued litigation with Sonoma County to get a reduction in our ERAF (Educational Revenue Augmentation Fund) shift of funds by the state from our fire protection taxes to education. The District loses about 46 percent of potential tax revenue to this shift. In turn, the money shifted from NSCFPD to education is about 46 percent of the entire ERAF shift for all of the county's Fire Districts. This is clearly a disproportionate and unfair burden for one small fire District. The litigation was pursued until a negative Appellate Court decision was rendered. The District has also considered pursuing a reduction of the ERAF shift with state legislation but has not yet been able to find legislative sponsors for this approach.

It is also clear that a reduction in this shift of our tax revenues would significantly improve our capacity to provide long-term major funding for future needs.

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

Economic Factors and Budgeting, (continued)

Budget for FY 2023-2024:

The budget for the current fiscal year, FY 2023-2024, is, of necessity, another conservative budget. Equipment rental income (non-tax revenue) was unknown at the time the budget was adopted so we cannot budget to spend any additional probable revenue. We are projecting a small decrease to reserves based on known revenue and the planned purchase of the next replacement vehicle. In FY2023-2024, the District defined two new committed funds, the "Operating Reserve Fund" and "Apparatus Fund", to better clarify intended uses of reserves and the remaining amount of uncommitted funds.

The actual reserve contribution for FY 2023/2024 may go up or vary downward depending on how the year progresses and whether the anticipated new mini-pumper vehicle is actually delivered in that year.

This pattern is likely to continue for the next several years due to the increasing fire season needs statewide. Because of this we are being careful to spec our engines to meet CAL FIRE standards for vehicle rental. This gives us appropriate engines for our District and for mutual support assistance in current and future fire seasons and may help us with continued non-property tax revenue in the form of vehicle rental income.

With regard to our reserves:

By board policy we designate a dollar amount equal to one-half of our year's budget as set aside for operational / budget contingencies that might arise due to a severe economic downturn or some other expensive event. We have institutionalized this amount in the "Operating Reserve" fund as of FY 2023-2024.

The balance of our reserves (somewhat more than half of total reserves) is designated as contingency money for covering payments on vehicles being purchased over 7 or 10 years or being purchased outright. The intent is to be able to cover three or more years of such payments in the event of a major economic downturn. We have institutionalized this amount in the "Apparatus Fund" as of FY 2023-2024.

These designated reserves are not legally restricted reserves but are set aside by policy to provide prudent contingency reserves. Changes to these reserves or alternative uses of these reserves can only be affected by a vote of approval by the NSCFPD board of directors.

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

With regard to our reserves: (Continued)

An additional item of value available to NSCFPD is the use of the North Fire Station. The District's associated 501(c)(3), the North Sonoma Coast Volunteer Firefighter Association, owns and maintains the station and makes it available to the District. There is no direct monetary exchange or rent involved in this transaction. The two entities have signed a Memorandum of Understanding regarding the use of the building.

In return for the use of the building, the District pays for insurance and utilities at the station. While it is difficult to fix an actual dollar value on this asset, it is estimated that rental on an equivalent building in the area would cost \$6,000 to \$6,200 a month.

District Operations

The District covers 172 square miles in the northwest corner of Sonoma County. Emergency services are provided by North Sonoma Coast Volunteer Firefighters, with the continued support of CAL FIRE. Services provided by CAL FIRE, in addition to responding to emergency calls, are administration, training, and management of day-to-day operations, maintenance and service for all District vehicles, business life & safety inspections, vehicle fuel, community education, and fire investigations. The CAL FIRE contract provides a minimum of two permanent staff 24 hours a day, 7 days a week. In addition, while not part of the District's contract for permanent staff, CAL FIRE staffs one wildland firefighting engine with 3 or 4 personnel during fire season. CAL FIRE staff and District volunteers respond together as one department, North Sonoma Coast Fire (NSC Fire).

All CAL FIRE personnel are quartered at the Sea Ranch CAL FIRE station on Annapolis Road. Several of the NSC vehicles are also at the Sea Ranch CAL FIRE station and are used by both CAL FIRE contracted staff and NSC Fire volunteers to respond to incidents.

NSC Fire uses three other locations which are unstaffed but which house District vehicles and equipment. The Sea Ranch North Fire Station (NFS) on Highway 1 is owned by the North Sonoma Coast Volunteer Firefighter Association (NSCVFA), a 501(c)(3) fundraising arm, and is maintained for the use of NSC Fire.

The "Annapolis Station", on Annapolis Road is owned by Sonoma County but is provided, by license, for use by the NSC Fire. A metal shed on the grounds of Horicon School in Annapolis is also used to house one piece of firefighting equipment.

The NSC Volunteer firefighting crew currently consists of 16 active firefighters, and/or EMTs, including one Fire Chief, one Assistant Fire Chief, and two Fire Captains. In addition, there are 5 support members. Volunteers attend one scheduled training every two weeks, with occasional additional training events added in as needed. Volunteer firefighters receive no salary or hourly pay. Volunteers do receive a modest stipend of \$10 per call for

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

District Operations (continued)

responding to emergency calls and for performing some station or apparatus maintenance tasks. In addition, if personnel revenue is received from other sources when our firefighters participate in larger mutual-aid incidents, pre-positioning/upstaffing during high fire danger periods, or "wet-hires" to CAL FIRE, any compensation for the engine crew is simply passed on to the crew without modification. The average age of volunteer firefighters is 59.

The apparatus fleet of NSC Fire consists of four fire engines, four rescue trucks, one pickup truck, one chief's vehicle, and two water tenders.

In addition to routine tasks associated with responding to calls, training, and running day-to-day operations, volunteer staff continue to work on additional projects related to administration of the District to insure continued support for future firefighters and District boards. These projects include long- term replacement plans for apparatus and capital equipment, maintenance of robust policy and procedure documents using the "Lexipol" system, applications for state and local grant funds, and documentation of the District's operations. NSC Fire also works on public outreach and information programs in order to keep the community informed and educated about the District and fire safety. Information is made available by occasional articles in local newspapers, one or two public meetings each year, participating in a biennial community safety fair, information in an annual holiday news and fundraising mailer, and publication of a website, <http://nscfpd.org>.

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

District Operations, (continued)

The charts below show the call types and locations for calendar year 2022:

Totals by Month and Call Type													
	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
Fire	1	6	0	1	2	1	2	4	1	5	2	1	26
Medical Aid	18	13	20	24	19	15	17	27	15	14	11	14	207
Vehicle Accident	2	1	3	2	1	2	1	0	3	6	1	2	24
Rescue	1	0	0	1	1	1	0	1	0	1	0	0	6
Public Assist	0	2	0	1	1	2	3	4	2	5	1	3	24
Agency Assist	0	0	0	0	1	0	0	0	0	0	0	2	3
Alarm Sounding	5	2	1	2	0	1	1	1	1	2	1	2	19
Smoke Check	0	1	2	0	3	2	0	0	0	0	3	1	12
Haz-Conditions	1	0	2	5	3	0	2	0	5	2	1	7	28
Haz-Mat	0	0	0	0	0	0	0	0	0	0	0	0	0
Search and Rescue	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	1	1	0	2
Total	28	25	28	36	31	24	26	37	27	36	21	32	351

Totals by Month and Location													
	January	February	March	April	May	June	July	August	September	October	November	December	Grand Total
The Sea Ranch	24	16	20	28	23	14	17	26	19	24	6	21	238
Annapolis	2	6	6	5	2	6	4	3	3	6	6	1	50
Timber Cove	1	1	0	2	2	2	3	4	1	3	5	7	31
Mendocino County	0	2	0	1	0	1	0	0	2	1	2	0	9
Kasha-Ya	1	0	2	0	2	1	1	4	2	2	2	2	19
Other	0	0	0	0	2	0	1	0	0	0	0	1	4
Total	28	25	28	36	31	24	26	37	27	36	21	32	351

Request for Information

The 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 North Sonoma Coast Fire Protection District, Post Office Box 386, The Sea Ranch, California 95497.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash and Investments	\$ 2,341,388	\$ 1,627,980
Account Receivable	113,851	117,744
Prepaid Expense	61,129	-
Total Current Assets	<u>2,516,368</u>	<u>1,745,724</u>
Capital Assets		
Equipment	1,291,366	1,281,353
Accumulated Depreciation	<u>(456,724)</u>	<u>(371,389)</u>
Total Capital Assets	<u>834,642</u>	<u>909,964</u>
Total Assets	<u>\$ 3,351,010</u>	<u>\$ 2,655,688</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 347,879	\$ 6,381
Accrued Expenses	5,162	5,217
Current portion of Note Payable	<u>18,113</u>	<u>17,500</u>
Total Current Liabilities	<u>371,154</u>	<u>29,098</u>
Non-Current Liabilities		
Note Payable	<u>78,992</u>	<u>97,113</u>
Total Non-Current Liabilities	<u>78,992</u>	<u>97,113</u>
Total Liabilities	<u>450,146</u>	<u>126,211</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	737,537	795,351
Unrestricted	<u>2,163,327</u>	<u>1,734,126</u>
Total Net Position	<u>2,900,864</u>	<u>2,529,477</u>
Total Liabilities and Net Position	<u>\$ 3,351,010</u>	<u>\$ 2,655,688</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statement of Activities

For Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Program Expenses		
Fire Protection:		
Services and Supplies	\$ 1,468,486	\$ 1,247,993
Depreciation	94,710	90,207
	<u>1,563,196</u>	<u>1,338,200</u>
Program Revenues		
Rental Income	208	166,348
Operating Grants and Donations	143,554	18,676
Miscellaneous Income	-	50
	<u>143,762</u>	<u>185,074</u>
Net Program Expenses	<u>1,419,434</u>	<u>1,153,126</u>
General Revenues		
Property Taxes	1,729,259	1,550,634
Investment Income	81,137	3,038
Interest Expense	(3,950)	(11,910)
	<u>1,806,446</u>	<u>1,541,762</u>
Change in Net Position	387,012	388,636
Net Position-Beginning of Year	<u>2,529,477</u>	<u>2,140,841</u>
Prior Period Adjustment - Note 8	<u>(15,625)</u>	<u>-</u>
Net Position-End of Year	<u><u>\$ 2,900,864</u></u>	<u><u>\$ 2,529,477</u></u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Statements of Cash Flows

For The Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flow From Operating Activities:		
Cash received from Program Revenue	\$ 147,655	\$ 147,892
Cash paid to Vendors	<u>(1,188,172)</u>	<u>(1,262,570)</u>
Net cash Provided by (Used for) Operations	<u>(1,040,517)</u>	<u>(1,114,678)</u>
Cash Flow From Non-Capital Financing Activities		
Property Tax Received	1,729,259	1,550,634
Cash Flows From Investing Activities:		
Interest Income	81,137	3,038
Acquisition of Equipment	<u>(35,013)</u>	<u>(7,387)</u>
Cash Flows From Financing Activities:		
Principal Funding of Note payable	<u>(17,508)</u>	<u>(237,224)</u>
Interest Payment	<u>(3,950)</u>	<u>(11,910)</u>
Net Change in Cash:	713,408	182,473
Cash, Beginning of Period	<u>1,627,980</u>	<u>1,445,507</u>
Cash, End of Period	<u><u>\$ 2,341,388</u></u>	<u><u>\$ 1,627,980</u></u>
Reconciliation Of Operating Income To Net Cash Provided by (Used for) Operating Activities:		
Operating Loss (Net Program Expenses)	\$ (1,419,434)	\$ (1,153,126)
Adjustment to Reconcile Change in Net Position to Cash from Operations		
Depreciation and Amortization	94,710	90,207
(Increase) Decrease in:		
Receivables	3,893	(37,182)
Prepaid Expenses	<u>(61,129)</u>	<u>21,512</u>
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>341,443</u>	<u>(36,089)</u>
Total Cash Provided by (Used for) Operations	<u><u>\$ (1,040,517)</u></u>	<u><u>\$ (1,114,678)</u></u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023 and 2022

Assets	2023 Total Governmental Funds	2022 Total Governmental Funds
	<hr/>	<hr/>
Cash and Investments	\$ 2,341,388	\$ 1,627,980
Accounts Receivable	113,851	117,744
Prepaid Expenses	61,129	-
	<hr/>	<hr/>
Total Assets	<u>\$ 2,516,368</u>	<u>\$ 1,745,724</u>
 Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 353,041	\$ 11,598
	<hr/>	<hr/>
Total Liabilities	353,041	11,598
	<hr/>	<hr/>
 Fund Balance		
Nonspendable	61,129	-
Unassigned	2,102,198	1,734,126
	<hr/>	<hr/>
Total Fund Balance	2,163,327	1,734,126
	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 2,516,368</u>	<u>\$ 1,745,724</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
 Reconciliation of The Governmental Funds Balance Sheet
 To The Statements of Net Position
 June 30, 2023 and 2022

	2023	2022
Total Fund Balances - Governmental Funds	\$ 2,163,327	\$ 1,734,126
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds	834,642	909,964
Notes payable are not reported in government funds	(97,105)	(114,613)
 Net Position of Governmental Activities	 \$ 2,900,864	 \$ 2,529,477

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
For The Years Ended June 30, 2023 and 2022

	2023	2022
	Total	Total
General Revenues	Governmental	Governmental
	Funds	Funds
	<u> </u>	<u> </u>
Property Taxes	\$ 1,729,259	\$ 1,550,634
Intergovernmental	208	166,348
Interest and Investment Earnings	81,137	3,038
Operating Grants and Donations	143,554	18,676
Misc Income	-	50
	<u> </u>	<u> </u>
Total Revenues	<u>1,954,158</u>	<u>1,738,746</u>
 Expenditures		
Expenditures:		
Materials, Supplies, and Services	1,468,486	1,247,993
Loan Principal and Interest Payment	21,458	249,134
Capital Outlay	35,013	7,387
	<u> </u>	<u> </u>
Total Expenditures	<u>1,524,957</u>	<u>1,504,514</u>
Excess (deficiency) of Revenues Over Expenditures	<u>429,201</u>	<u>234,232</u>
Net Change in Fund Balances	429,201	234,232
Fund Balances-Beginning of Year	<u>1,734,126</u>	<u>1,499,894</u>
Fund Balances-End of Year	<u>\$ 2,163,327</u>	<u>\$ 1,734,126</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT

Reconciliations of Statements of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to
Statement of Activities

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Net Change in Fund Balances - Governmental Funds	\$ 429,201	\$ 234,232
Amounts reported for governmental activities in the statement of net position are different because:		
Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, a portion of the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current year depreciation	(94,710)	(90,207)
Capital asset expenditures	35,013	7,387
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Payment to a loan	<u>17,508</u>	<u>237,224</u>
Change in Net Position of Governmental Funds	<u>\$ 387,012</u>	<u>\$ 388,636</u>

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
Statement of Revenue, Expenditure and Changes in Fund Balance
Budget to Actual - Governmental Fund
For the Years Ended June 30, 2023 and 2022

REVENUES:	2023		Actual Amount	Variance Positive (Negative)
	Budgeted Amount			
	Original	Final		
Property Taxes	\$ 1,597,154	\$ 1,597,154	\$ 1,729,259	\$ 132,105
Interest income	34,900	34,900	81,137	46,237
Rental income	-	-	208	208
Donations	41,512	41,512	78,811	37,299
Operating Grants & Miscellaneous Revenue	4,855	4,855	64,743	59,888
Total Revenues	1,678,421	1,678,421	1,954,158	275,737
EXPENDITURES:				
Current				
Services and Supplies	1,537,086	1,537,086	1,468,486	68,600
Loan Principal and Interest Payment	21,512	21,512	21,458	54
Capital Expenses	82,000	82,000	35,013	46,987
Total Expenditures	1,640,598	1,640,598	1,524,957	115,641
Excess of Revenues Over Expenditures	37,823	37,823	429,201	391,378
Net Change in Fund Balance	37,823	37,823	429,201	391,378
Fund Balance-Beginning of Year			1,734,126	
Fund Balance-End of Year			\$ 2,163,327	

REVENUES:	2022		Actual Amount	Variance Positive (Negative)
	Budgeted Amount			
	Original	Final		
Property Taxes	\$ 1,512,659	\$ 1,512,659	\$ 1,550,634	\$ 37,975
Interest income	667	667	3,038	2,371
Intergovernmental revenue	166,211	166,211	166,348	137
Donations	21,512	21,512	-	(21,512)
Operating Grants & Miscellaneous Revenue	16,227	16,227	18,676	2,449
	-	-	50	50
Total Revenues	1,717,276	1,717,276	1,738,746	21,470
EXPENDITURES:				
Current				
Services and Supplies	1,469,407	1,469,407	1,247,993	221,414
Loan Principal and Interest Payment	253,605	253,605	249,134	4,471
Capital Expenses	100,000	100,000	7,387	92,613
Total Expenditures	1,823,012	1,823,012	1,504,514	318,498
Excess of Revenues Over Expenditures	(105,736)	(105,736)	234,232	339,968
Net Change in Fund Balance	(105,736)	(105,736)	234,232	339,968
Fund Balance-Beginning of Year			1,499,894	
Fund Balance-End of Year			\$ 1,734,126	

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North Sonoma Coast Fire Protection District (the District or NSCFPD) became a special District on April 1, 2016, with its own publicly elected governing board. NSCFPD serves the area previously served by the Annapolis and Sea Ranch Volunteer Fire Companies, which were funded through Sonoma County Service Area #40. The creation of the District shifted control of all of the property tax funds allocated for fire protection in the District's boundaries into local hands.

B. Basis of Presentation

Government-Wide Financial Statements:

The District is a legally separate and independent entity that is not a component unit of the County of Sonoma. Further, the District has no component unit organization under its control. Therefore, this comprehensive annual financial report and the financial statements contained within represent solely the activities, transactions, and status of the District.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statement but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide-statements and the statements for the governmental funds.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first for designated purposes, then unrestricted resources as they are needed.

Fund Financial Statements:

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

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

D. Fund Accounting

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

Major Governmental Funds:

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

E. Budgets and Budgetary Accounting

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

F. Cash and Investments

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets, which include land, buildings and improvements (none at this time), and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as an asset with an initial, individual cost of more than \$5,000 and an estimated useful life of at least five years. Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized but are expensed as incurred.

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

Equipment	5 - 20 years
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H. Notes Payable

The District has a note from Westamerica Bank, started in April 2017. Note 6 on page 30 provides additional information about long-term liabilities.

I. Net Position

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance Classifications

The District has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

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

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

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

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

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

Changes in reserve use or a new use of reserve requires board approval.

K. Use of Estimates

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

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

2. PROPERTY TAX REVENUE

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

Since the passage of California's Proposition 13, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value, or on 1% of the sales price of the property on sales transactions, and construction after 1975/1976 valuation. Taxable values on properties (excluding increases related to sales, transfers, and construction) can increase at a maximum rate of 2% per year.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the County advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with the County and is used to pay the interest cost of borrowing the cash used for the advances.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

3. CASH AND CASH INVESTMENTS

The District holds the majority of reserve funds in investment accounts approved for use by public agencies.

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

	2023	2022
Cash and cash equivalents	\$ 2,341,388	\$ 1,627,980
Total Cash and Investments	\$ 2,341,388	\$ 1,627,980

4. ACCOUNTS RECEIVABLE

Accounts Receivable represents amount due from Sonoma County and other governmental units for balances collected on behalf of the District, principally property tax revenue. Management believes receivables on June 30, 2023 and 2022 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded.

Accounts Receivable consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Accounts Receivable	\$ 113,851	\$ 117,744
Total Accounts Receivable	\$ 113,851	\$ 117,744

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

5. CAPITAL ASSETS

An analysis of capital asset balances as of June 30, 2023 and 2022 are as follows:

<u>June 30, 2023</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Balance June 30, 2023</u>
Capital assets, being depreciated				
Equipment	\$ 1,281,352	\$ 35,014	\$ 25,000	\$ 1,291,366
 Total capital assets, being depreciated	<u>1,281,352</u>	<u>35,014</u>	<u>25,000</u>	<u>1,291,366</u>
Less Accumulated Depreciation for:				
Equipment	(371,389)	(94,710)	(9,375)	(456,724)
Total capital assets, being depreciated, net	<u>(371,389)</u>	<u>(94,710)</u>	<u>(9,375)</u>	<u>(456,724)</u>
 Capital assets, net	<u>\$ 909,963</u>	<u>\$ (59,696)</u>	<u>\$ 15,625</u>	<u>\$ 834,642</u>
<u>June 30, 2022</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets, being depreciated				
Equipment	\$ 1,273,966	\$ 7,386	\$ -	\$ 1,281,352
 Total capital assets, being depreciated	<u>1,273,966</u>	<u>7,386</u>	<u>-</u>	<u>1,281,352</u>
Less Accumulated Depreciation for:				
Equipment	(281,182)	(90,207)	-	(371,389)
Total capital assets, being depreciated, net	<u>(281,182)</u>	<u>(90,207)</u>	<u>-</u>	<u>(371,389)</u>
 Capital assets, net	<u>\$ 992,784</u>	<u>\$ (82,821)</u>	<u>\$ -</u>	<u>\$ 909,963</u>

Depreciation expense for the fiscal years ended June 30, 2023 and 2022 was \$94,710 and \$90,207, respectively.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. LONG-TERM LIABILITIES

Long-term liabilities for the years ended June 30, 2023 and 2022 are as follows:

	2023				Due within One year
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	
Notes payable- Westamerica	\$ 114,613	\$ -	\$ 17,508	\$ 97,105	\$ 18,113
Total long-term Liabilities	<u>\$ 114,613</u>	<u>\$ -</u>	<u>\$ 17,508</u>	<u>\$ 97,105</u>	<u>\$ 18,113</u>
	2022				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	Due within One year
Notes payable- Westamerica	\$ 131,522	\$ -	\$ 16,909	\$ 114,613	\$ 17,500
Notes payable - Westamerica R-4483	220,352	-	220,352	-	-
Total long-term Liabilities	<u>\$ 351,874</u>	<u>\$ -</u>	<u>\$ 237,261</u>	<u>\$ 114,613</u>	<u>\$ 17,500</u>

Note Payable- WestAmerica

The District has a note payable dated April 2017 and funded July 2017. The loan is for \$178,911, has an interest rate of 3.5 percent and matures July 2027. The balance due on June 30, 2023 is \$97,105. Payments on June 30 are as follows:

<u>FY</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 18,113	\$ 3,399
2025	18,747	2,766
2026-2028	<u>30,245</u>	<u>4,267</u>
Total	<u>\$67,105</u>	<u>\$10,432</u>

Note Payable- WestAmerica

The District had a note payable November 2018. The loan was for \$297,878, had an interest rate of 3.7 percent and matures November 2025. As of June 30, 2022, the loan is fully paid off.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

7. LEASES

The District occupies four stations. One station is owned by Sonoma County and licensed for use by the District. There is no rent payment. A second station that is owned by The Sea Ranch Volunteer Fire Department, Inc (a 501(c)(3) corporation) is used by the District under the terms of a Memorandum of Understanding; no rent is paid. The third station is owned by CAL FIRE and is where the full-time CAL FIRE staff are housed, as well as some District apparatus. The District does pay rent on this station, but the rent is embedded in the CAL FIRE contract and is not paid separately. The fourth station is a storage shed on the grounds of Horicon School, which houses one piece of fire apparatus. The District has an MOU with the Horicon School District for this facility. There is no rent charged. The District owns the shed.

8. PRIOR PERIOD ADJUSTMENT

The District prior period adjustment in the amount of \$15,625 was due to not recording sale of net assets in previous year.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; and errors and omissions and natural disasters for which the government provides coverage through its participations with other Fire Districts in the Fire Agencies Insurance Risk Authority (FAIRA) system. As a member of a public entity risk pool, the District and FAIRA, implementing all policies of FAIRA, promptly paying all contributions, and cooperating with FAIRA and any insurer of FAIRA. FAIRA is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of FAIRA.

The District also is a member of the Fire District Association of California/Fire Risk Management System (FDAC/FRMS) for workers' compensation coverage.

10. CONTINGENCIES

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

11. SUBSEQUENT EVENTS

The District has evaluated subsequent to June 30, 2023, to assess the need for potential recognition or disclosures in the financial statements. Such events were evaluated through September 25, 2023, the date these financial statements were available to be issued. Based upon this evaluation, it was determined that, no subsequent events occurred that require recognition or additional disclosures in the financial statements.

NORTH SONOMA COAST FIRE PROTECTION DISTRICT
ROSTER OF BOARD MEMBERS
JUNE 30, 2023

Directors:

Marti Campbell	Chair
Jim Nybakken	Vice Chair
Jackie Gardener	Member
Leslie Tittle	Member

Clerk of the Board:

Tristan Colson	Secretary
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Treasurer of the District:

Bonnie Plakos (Fire Chief)