

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting November 8, 2023

To: Board of Directors

From: Dan Mahoney, Interim Fire Chief
Jeff Zuba, Finance Director

Subject: Annual Independent Audit Report for Fiscal Year Ending June 30, 2023

RECOMMENDATION

That the Fire Board consider accepting the Annual Financial Report for the fiscal year ending June 30, 2023, prepared by Badawi & Associates.

BACKGROUND

Badawi & Associates have prepared the annual independent auditor's report and basic financial statements for the fiscal year ending June 30, 2023. Based on their examination of Fire Department records and procedures, they have issued an "unmodified" opinion. Copies of the documents are included in the Fire Board packet. They are also included as part of the agenda packet available for public viewing on the Fire Department's website. Ahmed Badawi of Badawi & Associates will present the report to the Fire Board on November 8, 2023. Following action by the Fire Board, the document will be available for public viewing in the Fire Department lobby for a period of 30 days and will be posted on the Fire Board's website.

BASIC FINANCIAL STATEMENTS

The basic financial statements include a balance sheet and statement of revenues and expenditures to the Fire Department, and notes on a number of items designated by the auditor. This section also includes government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement #34. This information regarding the Fire Department's financial position includes such items as the valuation of the Fire Department's fixed assets, capitalization and depreciation of those assets, indebtedness related to those assets, and information on the debt service and employee benefit accruals.

Fiscal year 2022-2023 marks the eighth year of implementation of the pension accounting standard issued by the Governmental Accounting Standard Board (GASB) known as GASB 68 and the fifth

year of the implementation of the new Other Postemployment Benefits (OPEB) accounting standard issued by the Governmental Accounting Standard Board (GASB) known as GASB 75. These requirements, which affect all public agencies with defined benefit retirements plan, are designed to enhance the comparability of financial statements by requiring the measurement of pension/OPEB related assets and liabilities at fair value, using a consistent and detailed definition of fair value and accepted valuation techniques. The net impact of reporting under GASB 68 lowers the Department's net position as of June 30, 2023, by \$11,365,489 from a reporting perspective. The net pension liability as of this date was measured to be \$18,016,209. The net impact of reporting under GASB 75 lowers the Department's net position as of June 30, 2023, by \$3,895,601. The net OPEB liability as of this date was measured to be \$4,812,028.

Net position is one indicator of the Department's financial position. As of June 30, 2023, government-wide statements show that the Fire Department's net position is (\$9,570,759), an increase of \$14,171 as compared to last year. The increase is due to its conservative financing objectives with available resources and assistance with out of county agencies.

At fund level, the ending fund balance as of June 30, 2023, was \$4,047,186, an increase of \$311,463 as compared to \$3,735,723 as of June 30, 2022. It was mainly a result of additional revenue received from OES reimbursements, open positions, and prudent management of finances.

The conclusion presented in the independent auditor's report is that the basic financial statements present fairly, in all material respects, the financial position of the Fire Department as of June 30, 2023. This conclusion is known as a "clean audit."

CONCLUSION

The annual audit report outlined above provides the Fire Board with an overview of the fiscal condition of the Fire Department as of June 30, 2023. The recommended actions are to accept the auditor's report.

Respectfully submitted,

Dan Mahoney, Interim Fire Chief

Jeff Zuba, Finance Director

Audit documents: Public viewing on website: www.rossvalleyfire.org

Available with public viewing agenda packets

Following Board action, available for viewing in the lobby of the department
Department for 30 days

Encl.: RVFD Basic FS FY2023 – Attachment #1