

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of November 13, 2024

To: Board of Directors

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

Subject: Annual Independent Audit Report for Fiscal Year Ending June 30, 2024

RECOMMENDATION

That the Fire Board consider accepting the Annual Financial Report for the fiscal year ending June 30, 2024, prepared by Badawi & Associates.

BACKGROUND

Badawi & Associates has completed the annual independent auditor's report and basic financial statements for the fiscal year ending June 30, 2024. Following their examination of the Fire Department's records and procedures, they issued an "unmodified" opinion. Copies of these documents are included in the Fire Board packet and are available in the agenda packet on the Fire Department's website for public viewing. Once the Fire Board takes action, the documents will be available for public viewing in the Fire Department lobby for 30 days and will also be posted on the Department'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 several 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 2023-2024 marks the ninth year of implementing the pension accounting standard GASB 68 and the sixth year of the Other Postemployment Benefits (OPEB) accounting standard GASB 75, both issued by the Governmental Accounting Standards Board (GASB). These

standards apply to all public agencies with defined benefit retirement plans and aim to improve the comparability of financial statements by requiring pension and OPEB assets and liabilities to be measured at fair value, utilizing a consistent definition and accepted valuation methods. For fiscal year ending June 30, 2024, the GASB 68 reporting reduced the Department's net position by \$12,639,868, with a net pension liability of \$19,395,576. Under GASB 75, the Department's net position as of June 30, 2024, decreased by \$3,698,723, with a net OPEB liability measured at \$4,727,635. Net position is one indicator of the Department's financial position. As of June 30, 2024, government-wide statements show that the Fire Department's net position is (\$10,369,075), a decrease of (\$798,316) as compared to last year. This is due to the actuarial increases in retirement obligations the Department has accrued as per its implementation of GASB 68 & 75.

As of June 30, 2024, the fund-level ending balance was \$4,483,908, reflecting an increase of \$436,722 from \$4,047,186 on June 30, 2023. This surplus exceeded the mid-year budget projection, which anticipated a deficit of (\$512,000). The positive variance was primarily due to additional revenue from OES reimbursements, unfilled positions, and careful financial management. Additionally, the Department did not make the anticipated one-time contribution of \$481,594 to Marin County Fire for Dispatch Services start-up costs during fiscal year 2023-24, as the County rescheduled this payment to December 2024 in fiscal year 2024-25.

At its June 14, 2023, meeting, the Board approved Resolution 23-10, establishing a 10% reserve policy for the Department. As of June 30, 2024, unassigned reserves stand at \$3,602,880. With the 2024-25 General Fund expenditures budgeted at \$14,907,235, this brings the Department's reserve level to 24.2%. As previously noted, one-time dispatch start-up costs will be funded from reserves in fiscal year 2024-25, along with the acquisition of two command vehicles for the Fire Chief and Battalion Chief, as approved by the Board.

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, 2024. This conclusion is known as a "clean audit."

CONCLUSION

The annual audit report summarized above offers the Fire Board a comprehensive overview of the Fire Department's fiscal condition as of June 30, 2024. The recommended action is for the Board to accept the auditor's report.

Respectfully submitted,

Dan Mahoney, 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

FISCAL IMPACT

There are no fiscal impacts to this report.

ATTACHMENTS

Attachment #1 – RVFD Basics FS FY2024