



Basic Financial Statements
Fiscal Year Ended June 30, 2024

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**KENTFIELD FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of the Kentfield Fire Protection District (District), Kentfield, California, as of and for the year ended June 30, 2024, 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 respective financial position of the governmental activities and General Fund of the District as of June 30, 2024, and the respective changes in financial position 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement 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 these 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 the 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 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 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 and *Government 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 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 and *Government 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 the 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Pleasant Hill, California
November 7, 2024

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KENTFIELD FIRE DISTRICT
1004 Sir Francis Drake Boulevard, Kentfield, CA 94904

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it along with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The District's net position increased by \$1,421,000 during 2024. District-wide revenues increased by \$242,000 and total expenses increased by \$1,294,000.

Included in the required supplemental information section is a budgetary comparison schedule. As indicated in the budgetary comparison schedule on page 43, our revenues were higher than budgeted amounts by \$1,173,000 and operating expenditures were less than budgeted amounts by \$335,000.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information about the District's general fund. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances (they include capital assets and long-term liabilities). The fund financial statements present a short-term view of the District's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

THE DISTRICT AS A WHOLE

One important question asked about the District's finances is, "Is the District better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the District's health, such as changes in the economy, changes in the District's tax base and assessed valuations to assess the overall health of the District.

Changes in the District's Net Position (in thousands) were as follows:

	2024	2023	Increase (decrease)
Current assets	\$ 14,891	\$ 12,898	\$ 1,993
Noncurrent assets	7,337	7,543	(206)
Total assets	<u>22,228</u>	<u>20,441</u>	1,787
Deferred outflows	5,656	5,992	(336)
Current liabilities	378	462	(84)
Noncurrent liabilities	11,141	10,386	755
Total liabilities	<u>11,519</u>	<u>10,848</u>	671
Deferred inflows	3,301	3,941	(640)
Net position:			
Net investment in capital assets	4,780	4,693	87
Restricted	1,311	904	407
Unrestricted	6,974	6,047	927
Total net position	<u>\$ 13,065</u>	<u>\$ 11,644</u>	<u>\$ 1,421</u>

The increase in assets is primarily a result of normal changes in working capital. The increase in liabilities were primarily due to increases in pension and OPEB liabilities. The decrease in deferred inflows were primarily due to the decreases in pension and OPEB liabilities. The increase to restricted net position was due to increases in restricted pension investments and Measure C special revenue.

Changes in the District's revenues (in thousands) were as follows:

	2024	2023	Increase (decrease)
General revenues			
Property taxes	\$ 7,480	\$ 7,171	\$ 309
Use of money and property	714	349	365
Total general revenues	<u>8,194</u>	<u>7,520</u>	674
Program revenues			
Charges for services	350	782	(432)
Total program revenues	<u>350</u>	<u>782</u>	(432)
Total revenues	<u>\$ 8,544</u>	<u>\$ 8,302</u>	<u>\$ 242</u>

Property tax revenue increased due to higher assessed valuations. Charges for services decreased primarily due to a decrease in the OES reimbursements for out of county incidents.

Changes in the District’s expenses and net position (in thousands) were as follows:

	2024	2023	Increase (decrease)
Personnel	\$ 6,065	\$ 4,902	\$ 1,163
Material and services	758	627	131
Depreciation	298	287	11
Interest	2	13	(11)
Total expenses	7,123	5,829	1,294
Less: Program revenues	350	782	(432)
Net expenses	6,773	5,047	1,726
General revenues	8,194	7,520	674
Change in net position	1,421	2,473	(1,052)
Beginning net position	11,644	9,171	2,473
Ending net position	\$ 13,065	\$ 11,644	\$ 1,421

The increase in personnel costs were primarily due to the increase in pension and OPEB liabilities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District’s general fund.

The fund financial statements provide a short-term view of the District’s operations. They are reported using an accounting basis called modified accrual, which reports cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

As shown on page 13, the fund balance of the general fund increased by \$2,001,000. On page 14 there is reconciliation between the fund balance increase and the change in net position.

CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation is a systematic approach to allocate the cost of capital assets over their estimated useful lives. The District’s accounting policies are disclosed in Note 1 and a summary of changes in capital assets is reported in Note 3.

Details about our debt are shown in Note 5 in the financial statements. As of June 30, 2024, the financing lease obligations have been paid in full with no remaining balance.

ECONOMIC OUTLOOK

The Kentfield Fire Protection District's financial position continues to be sufficient to maintain a high-level of service to its constituents. The primary economic drivers of the District's finances are property tax revenue and personnel costs. The District's Board of Directors are committed to long-term financial resiliency, and a thorough understanding of these primary drivers is required in order to achieve and maintain long-term fiscal resiliency. The District may utilize long-range financial planning tools to measure the District's financial health, identify potential fiscal challenges, and guide current decision making to keep the District on a fiscally sustainable path going forward.

Local economists expect Marin County to be able to avoid a major downturn due to its relatively high-paying jobs and financially secure residents. Housing prices are likely to fall but only moderately. Since Kentfield Fire District receives the bulk of its revenue from property taxes, which are based on assessed values, any changes in real estate valuations can affect the District's revenue.

Projecting forward, the District will continue to incur higher costs driven by inflation for expenditures such as: fuel, equipment, supplies, utilities, insurance premiums, building repairs, and vehicle maintenance. The District will closely monitor its expenditures to ensure costs do not exceed revenue. Given the volatility of the stock market over the past few years and the continued volatility against the backdrop of rising inflation and global instability, there is the potential for unfavorable impacts to the District's pension liability and retiree healthcare benefits. For this reason, the District will maintain a conservative approach to funding its reserves. This is to ensure adequate funds have been set aside to pay pension liabilities and retiree healthcare obligations, while also providing for critical equipment, infrastructure needs, and vehicle/apparatus replacement.

The District will continue to maintain appropriate financial reserves in accordance with the commitment to ensure our crews have the tools required in order to provide a high-level of service to our community.

REQUESTS FOR INFORMATION

These basic financial statements are to provide citizens, taxpayers, and creditors with a general overview of the District's finances.

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectfully submitted,

Mark Pomi

Mark Pomi, Fire Chief

KENTFIELD FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

ASSETS

Current assets:	
Cash and cash equivalents (Note 2)	\$13,738,988
Restricted cash and investments (Note 2)	793,381
Property taxes receivable	98,249
Accounts receivable	119,184
Lease receivable (Note 4)	141,367
Total current assets	14,891,169
Noncurrent assets:	
Lease receivable (Note 4)	2,556,744
Nondepreciable capital assets (Note 3)	202,067
Depreciable capital assets, net (Note 3)	4,578,407
Total noncurrent assets	7,337,218
Total assets	22,228,387

DEFERRED OUTFLOWS OF RESOURCES

Related to pension (Note 8)	4,459,596
Related to OPEB (Note 9)	1,196,598
Total deferred outflows of resources	5,656,194

LIABILITIES

Current liabilities:	
Accounts payable	11,367
Accrued payroll	83,872
Compensated absences payable (Note 5)	282,524
Total current liabilities	377,763
Noncurrent liabilities:	
Compensated absences payable (Note 5)	398,421
Net pension liability (Note 8)	9,330,220
Net OPEB liability (Note 9)	1,412,031
Total non-current liabilities	11,140,672
Total liabilities	11,518,435

DEFERRED INFLOWS OF RESOURCES

Related to leases (Note 4)	2,563,248
Related to pension (Note 8)	383,547
Related to OPEB (Note 9)	354,058
Total deferred inflows of resources	3,300,853

NET POSITION

Net investment in capital assets	4,780,474
Restricted	1,310,789
Unrestricted	6,974,030
Total net position	\$13,065,293

See accompanying notes to financial statements

**KENTFIELD FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

EXPENSES

Public Safety:	
Salaries and benefits	\$6,064,536
Material and services	757,855
Depreciation (Note 3)	298,546
Interest on debt	<u>2,587</u>
Total expenses	<u>7,123,524</u>

PROGRAM REVENUES

Charges for services	<u>350,214</u>
Total program revenues	<u>350,214</u>
Net program expense	<u>6,773,310</u>

GENERAL REVENUES

Property taxes	7,479,764
Use of money and property	<u>714,392</u>
Total general revenues	<u>8,194,156</u>
Change in net position	1,420,846

NET POSITION

Beginning of year	<u>11,644,447</u>
End of year	<u><u>\$13,065,293</u></u>

See accompanying notes to financial statements

**KENTFIELD FIRE PROTECTION DISTRICT
BALANCE SHEET
GENERAL FUND
AS OF JUNE 30, 2024**

ASSETS

Cash and cash equivalents (Note 2)	\$13,738,988
Restricted cash and investments (Note 2)	793,381
Property taxes receivable	98,249
Accounts receivable	119,184
Lease receivable (Note 4)	<u>2,698,111</u>
Total assets	<u><u>\$17,447,913</u></u>

LIABILITIES

Accounts payable	\$11,367
Accrued payroll	<u>83,872</u>
Total liabilities	<u>95,239</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	98,249
Related to leases (Note 4)	<u>2,563,248</u>
Total deferred inflows of resources	<u>2,661,497</u>

FUND BALANCE

Restricted (Note 1)	1,310,789
Assigned (Note 6)	8,901,203
Unassigned	<u>4,479,185</u>
Total fund balance	<u>14,691,177</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$17,447,913</u></u>

See accompanying notes to financial statements

**KENTFIELD FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET
OF GENERAL FUND TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

Total governmental fund balance	\$14,691,177
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Property taxes receivable that are not available to pay current period expenditures and therefore are deferred in the fund balance sheet	98,249
Capital assets used in governmental activities are not financial resources and therefore are not reported in fund balance sheet	4,780,474
Some assets (liabilities) are not due and receivable (payable) in the current period and therefore are not reported as fund assets (liabilities)	
Net pension liability	(9,330,220)
Deferred outflows related to pension	4,459,596
Deferred inflows related to pension	(383,547)
Deferred outflows related to OPEB	1,196,598
Deferred inflows related to OPEB	(354,058)
Net OPEB liability	(1,412,031)
Compensated absences	(680,945)
Net position of government activities	\$13,065,293

See accompanying notes to basic financial statements

**KENTFIELD FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

REVENUES:

Property taxes	\$7,466,954
Intergovernmental	219,504
Use of money and property	714,392
Charges for services	<u>130,710</u>
Total revenues	<u>8,531,560</u>

EXPENDITURES:

Current:	
Public Safety:	
Salaries and benefits	5,384,247
Material and services	717,520
Capital outlay	274,110
Debt Service:	
Principal	152,144
Interest	<u>2,587</u>
Total expenditures	<u>6,530,608</u>

NET CHANGE IN FUND BALANCE 2,000,952

FUND BALANCE

Beginning of year	<u>12,690,225</u>
End of year	<u><u>\$14,691,177</u></u>

See accompanying notes to basic financial statements

**KENTFIELD FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balance	\$2,000,952
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures, however in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital expenditures capitalized	233,775
Depreciation expense	(298,546)
Revenues in the statement of activities that do not provide current resources are not reported as revenue in the fund financial statements (net change)	
Property taxes	12,810
Debt principal transactions reported in the governmental fund statement of revenue, expenditures and changes in fund balance are not considered an operating activity in the statement of activities (but only as changes in liabilities)	
Payment to reduce capital lease obligations	152,144
Expenditures reported in the modified accrual statement of revenues, expenditures and changes in fund balance are recognized in the period incurred if they are to be paid from current financial resources. Expenses reported in accrual basis statement of activities are recognized when incurred, regardless of the timing of the payment:	
Net pension liability, and related deferred inflows and outflows of resources	(566,936)
Net OPEB liability, and related deferred inflows and outflows of resources	(88,472)
Accrued compensated absences	(24,881)
Change in net position	\$1,420,846

See accompanying notes to basic financial statements

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Kentfield Fire Protection District (the District) is a separate governmental unit established as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to Kentfield and the surrounding area. A five-person Board of Directors, elected by the citizens, governs the District. The District’s legal authority and responsibilities are contained in the State of California Health and Safety Code under the “Fire Protection District Law of 1987.”

INTRODUCTION

The District’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.).

The District presents its financial statements using the reporting model for special purpose governments engaged in a single government program. This model allows the government-wide and fund financial statements to be combined using a columnar format that displays reconciling items on the face of the financial statements rather than in separate schedules.

BASIC FINANCIAL STATEMENTS GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include all of the activities of the District. The District has no component units (other governments under the District’s oversight or control). The statement of net position and the statement of activities display information about the reporting government as a whole. They display the District’s activities on a full accrual accounting basis and economic resource measurement focus.

The statement of net position includes long-term assets as well as long-term debt and other obligations. The District’s net position is reported in two parts: (1) net investment in capital assets and (2) unrestricted net position.

The activities of the District are supported primarily by general government revenues (property taxes and intergovernmental revenues). The statement of activities presents gross expenses (including depreciation) and deducts related program revenues, operating and capital grants to indicate the net cost of operations. Program revenues include (a) fees and charges paid by recipients for services and (b) operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital- specific grants.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District’s net Position resulting from the current year’s activities.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENT STATEMENTS

The financial transactions of the government are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resource, assigned or unassigned resources, fund balance, revenues and expenditures.

The District uses the following fund types:

Governmental funds are focused on the determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with its fiscal agent (County of Marin).

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value (quoted market price).

Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more 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 outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- | | |
|--------------------------------------|--------------|
| • Buildings and improvements | 40 years |
| • Fire apparatus | 20- 25 years |
| • Other vehicles | 10 years |
| • Furniture, fixtures, and equipment | 3-20 years |

Artwork donated to the District is not expected to decline in value and, therefore, is not depreciated. The District owns no infrastructure assets meeting the criteria for capitalization.

Compensated absences

The District accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee.

In accordance with an agreement with the Kentfield Association of Professional Firefighters, the District is obligated to provide the following compensated absence benefits:

Sick leave Shift employees of the District earn sick leave at 12 hours per month (one-half shift) and may accumulate up to 2,880 hours. Management and administrative employees earn 8 hours per month. Effective June 30, 2010, employees with 15 years of service receive at retirement or death a one-time payment equal to 50% of the value of accumulated sick leave.

Vacations Shift personnel earn vacation shifts at a rate of 6 to 13 shifts per year, depending on length of service. The District's two management and administrative employees earn from 10 to 25 days per year, depending on length of service. Vacations may be accumulated and carried forward from year to year subject to a maximum one year's allowance plus nine shifts (reduced by compensatory time accumulated) and two years' allowance (400 hours) for non- management administrative personnel.

Compensatory time-off All District personnel may accumulate accrued overtime pay at one and one-half times their basic pay rate. Accumulated compensatory time is limited to 9 shifts. Amounts in excess of 9 shifts are paid to the employee.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Property taxes

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

As provided by the California Revenue and Taxation Code, the County of Marin advances the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

Special fire tax charges are assessed by the District Board of Directors before September 1 and adopted by resolution. These special tax charges are incorporated on property tax bills, and therefore are attached as an enforceable lien on real property located within the District.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. The Fire Chief is authorized as the designee to assign amounts to a specific purpose. The District's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonspendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District does not have a nonspendable fund balance.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. At June 30, 2024, \$517,408 of fund balance was restricted to be used for purposes as established by the Marin Wildfire Prevention Authority (MWPA) and \$793,381 was restricted to be used for prefunding the District's contributions to retirement plan.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority which includes ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts. The District does not have any resources that meet this component of fund balance.

Assigned – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Fire Chief or their designee as established in the District's fund balance policy.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

Leases

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party’s IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The District recognizes subscription assets and liabilities if the initial net present value, based on the up front or future subscription payments remaining at the start of the agreement, are significant.

GASB Pronouncements

The following Governmental Accounting Standards Board (GASB) pronouncement was effective in fiscal year 2023-24:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting for Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement is effective for reporting periods beginning after June 15, 2023, or the fiscal year 2023-24. The implementation of this Statement did not have a material effect on the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The District maintains most of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. The District’s position in the pool is the same as the value of the pool shares. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as “Cash and Cash Equivalents.”

The County Pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

The County’s investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

Cash and cash equivalents consist of the following:

County of Marin pooled investments	\$13,315,568
Cash in banks	423,220
Petty cash	200
	\$13,738,988
Total	\$13,738,988

RESTRICTED CASH AND INVESTMENTS

The District is a participant of the California Employers’ Pension Prefunding Trust (CEPPT) Fund. This trust was established to allow participants to prefund employer contributions to defined benefit pension systems for eligible California public agencies. At June 30, 2024, the District’s restricted investments in the CEPPT Strategy 2 Fund amounted to \$793,381.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District’s investments (including investments held by trust) to market interest rate fluctuations is as follows:

Investment Type	12 Months or Less	Total
County of Marin pooled investments	\$13,315,568	\$13,315,568
CEPPT Strategy 2 Fund	793,381	793,381
	\$14,108,949	14,108,949
		423,220
		200
Total Cash and Investments		\$14,532,369

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2024, the County’s investment pool had a weighted average maturity of 252 days.

CREDIT RISK

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

State law and the County’s Investment Policy limits investments in commercial paper, corporate bonds, and medium term notes to the rating of “A” or higher as provided by Moody’s Investors Service or Standard & Poor’s Corporation. The County’s Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Federal Agency obligations with a credit quality rating of “AAA.”

At June 30, 2024, the CEPPT Strategy 2 Fund was not rated.

CONCENTRATION OF CREDIT RISK

This is the risk of loss attributed to the concentration of the District’s investment in a single issuer.

The following is a summary of the concentration of credit risk by investment type as a percentage of Marin County investment pool’s fair value at June 30, 2024.

Marin County Investment Pool	Percent of portfolio
Federal agency - coupon	37%
Federal agency - discount	61%
Money market funds	1%
Treasury securities - discount	1%
	100%

CUSTODIAL CREDIT RISK

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County’s investment pool had no securities exposed to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the District’s name, and held by the counterparty. The District’s investment securities are not exposed to custodial credit risk because all securities are held by the District’s custodial bank in the District’s name.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

FAIR VALUE HIERARCHY

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County Treasurer's Pool is classified in Level 2. The County Treasurer's Pool is valued based on the fair value factor provided by the County of Marin, which is calculated as the fair value divided by the amortized cost of the investment pool.

The CEPPT Strategy 2 Fund is classified in Level 2. The CEPPT Strategy 2 Fund is valued based on the market value of the underlying securities.

LOCAL AGENCY INVESTMENT FUND

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The book value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2024, was \$22 billion. LAIF is a part of the California Pooled Money Investment Act (PMIA), which at June 30, 2024, had a portfolio balance of \$179.3 billion. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. The average maturity of PMIA investments was 217 days as of June 30, 2024.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Dispositions	Balance June 30, 2024
Nondepreciable capital assets:				
Land	\$10			\$10
Artwork	35,000			35,000
Construction in progress	167,057			167,057
Total nondepreciable capital assets	<u>\$202,067</u>			<u>\$202,067</u>
Capital assets being depreciated:				
Buildings and building improvements	\$5,956,928			\$5,956,928
Fire apparatus	1,723,726		(\$19,591)	1,704,135
Vehicles	150,924	\$183,420	(8,087)	326,257
Equipment and furniture	864,163	50,355	(16,700)	897,818
Total capital assets being depreciated	<u>8,695,741</u>	<u>233,775</u>	<u>(44,378)</u>	<u>8,885,138</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,227,292	153,236		2,380,528
Fire apparatus	1,035,317	78,489	(19,591)	1,094,215
Vehicles	120,535	13,655	(8,087)	126,103
Equipment and furniture	669,419	53,166	(16,700)	705,885
Total accumulated depreciation	<u>4,052,563</u>	<u>298,546</u>	<u>(44,378)</u>	<u>4,306,731</u>
Total depreciable assets	<u>\$4,643,178</u>	<u>(\$64,771)</u>		<u>\$4,578,407</u>

In addition to the fire apparatus listed above, the District utilizes a fire engine owned by the State of California to provide fire protection services.

NOTE 4 – LEASE RECEIVABLE

The District is a lessor for a noncancellable lease of three cell phone communications site locations. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The District recognized \$175,735 in lease revenue and \$18,378 in interest revenue during the current year related to these leases.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 4 – LEASE RECEIVABLE (Continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

A summary of lease activities for the fiscal year ended June 30, 2024, are as follows:

Lessee	Original Lease Date	Expiration Date Including Options	Monthly revenue as of June 30, 2024	Lease Receivable at June 30, 2024	Deferred Inflow of Resources at June 30, 2024
T-Mobile	1/1/2013	7/31/2026	\$1,993	\$49,176	\$46,460
AT&T	7/1/2014	6/30/2044	7,914	2,418,654	2,298,594
Crown Castle	3/1/2000	2/28/2030	3,263	230,281	218,194
Total			\$13,170	\$2,698,111	\$2,563,248

Changes in the District’s lease receivable during the year consists of the following.

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Current Portion
Leases Receivable				
Cell Site Leases	\$2,833,935	\$135,824	\$2,698,111	\$141,367
Total leases receivable	<u>\$2,833,935</u>	<u>\$135,824</u>	<u>\$2,698,111</u>	<u>\$141,367</u>

The future principal and interest lease payments as of June 30, 2024, were as follows:

For the Year Ended June 30	Principal	Interest	Total
2025	\$141,367	\$17,460	\$158,827
2026	147,088	16,506	163,594
2027	130,105	15,576	145,681
2028	133,267	14,710	147,977
2029	138,606	13,810	152,416
2030-2034	567,970	57,156	625,126
2035-2039	652,987	37,413	690,400
2040-2044	786,721	13,643	800,364
Totals	<u>\$2,698,111</u>	<u>\$186,274</u>	<u>\$2,884,385</u>

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 5– NONCURRENT LIABILITIES

Compensated Absences Payable

Accrued compensated absences are not due and payable in the current period and therefore, are not considered liabilities of the general fund in the fund financial statements. The government-wide statement of net position reports the liability, segregating the amount expected to be paid within one year as a current liability.

Balance as of June 30, 2023	\$656,064
Increases during the year	307,405
Decreases during the year	(282,524)
	680,945
Balance as of June 30, 2024	680,945
Less amount due within 1 year	282,524
	\$398,421

Direct Borrowings - Lease Obligations

The following is a schedule of changes in lease obligations during the year:

	Fire Station Modernization	Total
Balance as of June 30, 2023	\$152,144	\$152,144
Decreases during the year	(152,144)	(152,144)
	-	-
Balance as of June 30, 2024	-	-

Fire Station Modernization Financing Lease

In January 2009, the District entered into a lease financing arrangement with Municipal Finance Corporation (MFC) for the purpose of obtaining financing for the modernization of its fire station. The financing lease was for \$4,030,000 and was payable from any source of legally available funds. During 2009-10, the District made additional lease repayments of approximately \$480,000.

In June 2014, the District amended the fire station lease agreement with a bank in the amount of \$2,494,425. Interest rate was 3.40% per annum. Interest and principal payments were due each June 30 and December 30. Final payment was due December 30, 2023. As of June 30, 2024, the lease was fully repaid.

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 6 – FUND BALANCE

The following fund balances have been assigned as of June 30, 2024:

Assigned for:	
Apparatus replacement	\$3,030,572
Building replacement	1,604,899
Compensated absences	330,973
Contingencies and emergencies	395,000
LDH (Hose)	30,000
Marin Emergency Radio Authority	37,580
PERS unfunded liability	1,304,490
OPEB	497,689
CEPPT CalPERS Pension Trust	750,000
SCBA Replacement	250,000
General insurance deductible	50,000
Health insurance	50,000
Hydrants and mains	20,000
Mapping and planning	60,000
Heavy rescue equipment	330,000
Health and Wellness	160,000
Total	<u><u>\$8,901,203</u></u>

NOTE 7 – DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all permanent District employees, permits employees to defer a portion of their current salary until future years.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since assets held under these plans are not the District’s property and are not subject to District control, they have been excluded from these financial statements.

NOTE 8 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 8 – PENSION PLAN (Continued)

General Information about the Pension Plan

The District’s Miscellaneous and Safety Plan are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors two rate plans (other) within the miscellaneous risk pool and two rate plans (fire) within the safety risk pool.

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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. 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 1959 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.

The Plan’s provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<u>Miscellaneous Tier 1</u>	<u>Miscellaneous Tier 2</u>	<u>Miscellaneous PEPRAs</u>
Benefit formula	3% @ 60	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	60	55	62
Monthly benefits, as a % of eligible compensation	3%	2.5%	2%
Required employee contribution rates	N/A	7.96%	7.75%
Required employer contribution rates	N/A	13.34%	7.68%
	<u>Safety</u>	<u>Safety PEPRAs</u>	
Benefit formula	3% @ 55	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	55	57	
Monthly benefits, as a % of eligible compensation	3%	2.7%	
Required employee contribution rates	9.00%	14.50%	
Required employer contribution rates	26.11%	14.50%	

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 Plan 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.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 8 – PENSION PLAN (Continued)

For the year ended June 30, 2024, the contributions to the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$28,626	\$1,207,353	\$1,235,979

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$214,323
Safety	9,115,897
Total	\$9,330,220

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, 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 plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2022	0.00464%	0.12218%
Proportion - June 30, 2023	0.00458%	0.13266%
Change - Increase (Decrease)	(0.00006%)	0.01048%

For the year ended June 30, 2024, the District recognized a pension expense of \$566,936 for the Plan on the Statement of Activities. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,235,979	
Differences between actual and expected experience	680,224	(\$58,995)
Changes in assumptions	544,956	
Differences between the employer's contributions and the employer's proportionate share of contributions	203,616	(293,394)
Change in employer proportion	512,612	(31,158)
Net differences between projected and actual earnings on plan investments	1,282,209	
Total	\$4,459,596	(\$383,547)

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 8 – PENSION PLAN (Continued)

\$1,235,979 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2025	\$1,003,285
2026	711,121
2027	1,089,847
2028	35,817
Total	<u>\$2,840,070</u>

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 the Plan, calculated using the discount rate for the 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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90%	5.90%
Net Pension Liability	\$314,378	\$13,448,275
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$214,323	\$9,115,897
1% Increase	7.90%	7.90%
Net Pension Liability	\$131,969	\$5,573,871

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 8 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Investment Rate of Return	6.90% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a November 2021 actuarial experience study for the periods 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 8 – PENSION PLAN (Continued)

The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return (1,2)
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
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%
Total	<u>100.0%</u>	

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

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

In May 2020, the District entered into an agreement with the California Public Employees’ Retirement System (CalPERS) in order for the District to participate in the California Employers’ Pension Prefunding Trust (CEPPT). Through contributions to the CEPPT, the District sets aside moneys to meet its future pension contributions or unfunded liabilities. Financial statements of CalPERS may be obtained from CalPERS Financial Office, P.O. Box 942703, Sacramento, CA, 94229-2703.

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB)

A. General Information about the District’s Other Post Employment Benefit (OPEB) Plan

Plan Description – The District’s Post Employment Benefit Plan is an agent-multiple employer defined benefit OPEB plan. Provisions of retiree benefits are as follows:

OPEB provided: The District reported the following OPEB: medical, dental, and vision plan coverage. However, only retiree medical premiums are subsidized by the District.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 9 – OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

The employee must begin his or her retirement warrant within 120 days of terminating employment with the District to be eligible to continue medical coverage through the District and be entitled to the employer subsidy described below. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period. Coverage may be continued at the retiree’s option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage and receive benefits.

Benefits provided: The District currently pays 100% of the monthly medical premium for *active employees*, their spouses and other eligible dependents up to the PERS Choice Basic premium rates (i.e., the pre-Medicare premium rates) for the Bay Area region. The maximum amounts paid by the District vary are equal to the Basic (pre-Medicare) PERS Choice rate for the coverage level selected (i.e., single, two party or family).

Board members: To be eligible for subsidized retiree medical benefits, members of the Board of Directors (who are not also retired employees) must serve at least two, four-year terms on the Board. For retired Board members completing this service, the District contributes 100% of employee only premiums, not to exceed the PERS Choice premium for employee only coverage.

For the year ended June 30, 2024, the District’s contributions to the Plan were \$225,000.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2024:

Active employees	20
Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	0
Total	36

**KENTFIELD FIRE PROTECTION DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2024**

NOTE 9 – OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured and determined based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level percent of pay
Actuarial Assumptions:	
Asset Valuation Method	Market value of assets
Discount Rate	5.65%
Salary Increase	3.00%
General Inflation Rate	2.50%
Mortality Rate	MacLeod Watts Scale 2022 applied generationally ⁽¹⁾
Healthcare Trend Rates	6.50% decrease to 3.90% for 2075 and later

⁽¹⁾ The MacLeod Watts Scale 2022 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

The District has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determined Contributions each year. With the District’s approval, the assumed trust rate and discount rate applied for accounting purposes in this report is 5.65%, reflecting the District’s expectations as of the measurement date. Actuarially Determined Contributions for plan funding purposes were developed using a 6.40% discount rate, equal to the assumed trust rate of return less 0.10% for trust administrative fees.

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements. Mortality rates used were the CalPERS published rates, adjusted to back out 15 years of Scale MP 2021 to central year 2015.

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 9 – OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2022 (Measurement Date)	\$5,458,999	\$4,113,931	\$1,345,068
Changes Recognized for the Measurement Period:			
Service cost	246,759		246,759
Interest on the total OPEB liability	315,736		315,736
Changes of benefit terms			
Differences between expected and actual experience		(85,201)	85,201
Plan experience	88,916		88,916
Administrative expenses		(1,196)	1,196
Other expenses			
Changes of assumptions	(56,600)		(56,600)
Contributions from the employer		377,808	(377,808)
Benefit payments	(235,008)	(235,008)	
Net expected Investment Income		236,437	(236,437)
Net changes	359,803	292,840	66,963
Balance at June 30, 2023 (Measurement Date)	\$5,818,802	\$4,406,771	\$1,412,031

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB 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 discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.65%)	Current Discount Rate (5.65%)	Discount Rate +1% (6.65%)
\$2,197,806	\$1,412,031	\$764,184

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (6.50% decreasing to 3.90%):

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$667,084	\$1,412,031	\$2,340,166

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 9 – OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB) (Continued)

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of \$88,472. At June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$353,167	
Differences between actual and expected experience	73,896	(\$307,019)
Net difference between projected and actual earnings on investments	415,086	
Changes of assumptions	354,449	(47,039)
Total	\$1,196,598	(\$354,058)

\$353,167 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2025	\$111,309
2026	95,644
2027	215,846
2028	61,553
2029	5,021
Total	\$489,373

NOTE 10 – 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; and natural disasters for which the District obtains insurance coverage.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

NOTE 10 – RISK MANAGEMENT (Continued)

Fire Agencies Insurance Risk Authority

The District is insured for Comprehensive Liability and Automotive and Property Damage coverage as a member of the Fire Agencies Insurance Risk Authority (the Authority). The Authority is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The Authority manages one pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held. The following coverage limits and deductibles are listed as follows:

<u>Coverage</u>	<u>Limit</u>	<u>Deductible</u>
General Liability (each occurrence)	\$1,000,000	\$0
Personal and Advertising Injury	1,000,000	0
Fire Damage Legal Liability	1,000,000	0
Medical Incident	1,000,000	0
General Aggregate	11,000,000	0
Property	Replacement cost	\$5,000
Employment Practices, D&O	1,000,000	5,000
Cyber Risk Liability	1,000,000	100,000
- Cyber Risk - Ransomware	200,000	100,000
- Cyber Risk - Third Party Liability	100,000	5,000
Automobile (combined limit)	1,000,000	0-5,000
Garagekeepers Legal Liability	500,000	250-500
Umbrella Liability	10,000,000	5,000
Crime	2,000,000	1,000

Fire Districts Association of California – Fire Association Self Insurance System

Effective September 1993, the District became self-insured for Workers’ Compensation coverage as a member of the Fire Districts Association of California – Fire Association Self- Insurance System (the System). The System is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The System manages one pool for all member agencies. Each member pays an annual premium to the system based on the number of personnel, an estimated dollar amount of payroll and an experience factor. At fiscal year-end, when actual payroll expenditures are available, an adjustment to the year’s annual premium is made. The System reinsures through the Local Agency Excess Workers’ Compensation Authority (LAWCX), a joint powers authority, for claims in excess of \$750,000 for each insured event. The District’s claims did not exceed coverage over the last 3 fiscal years.

**KENTFIELD FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

NOTE 11 – JOINT VENTURE

A. *Marin Emergency Radio Authority*

The District entered into a Joint Powers Agreement in February 1998, establishing the Marin Emergency Radio Authority (the Authority). The Authority is responsible to acquire, construct, and improve a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. Of the \$27 million in Revenue Bonds, the District’s share was for 0.812%, or approximately \$219,000. Each year through August 2020, approximately \$14,000 annual debt services payments were due to the Authority. Including interest and principal, the District’s total obligation over 20 years was approximately \$288,000. In addition to making payments toward debt service, the District pays the Authority for operations and maintenance of MERA.

The financial statements of the Authority are available at the Authority’s website:
<http://www.meraonline.org>.

B. *Marin Wildfire Prevention Authority*

The District entered into a Joint Exercise of Powers Agreement in October 2019, establishing the Marin Wildfire Prevention Authority (the Authority). The Authority is responsible to plan, finance, implement, manage, own and operate a multi-jurisdictional and county-wide agency to prevent and mitigate wildfires in Marin County. The Authority is funded by a parcel tax measure which was approved by the voters in Marin County on March 3, 2020.

The financial statements of the Authority are available at the Authority’s website:
<http://www.marinwildfire.org>.

NOTE 12 – ARTICLE XIII OF THE STATE CONSTITUTION

The Constitution of the State of California allows local governments to increase appropriations annually by the rate of population increase and the rate of inflation (determined to be the lesser of the U.S. Consumer Price index or California per capita income). As provided by California Statute, the voters of the District voted by more than the two-thirds majority required, to increase the appropriations limit to the actual amount of taxes collected.

Appropriations Limit	\$8,198,198
Annual subject appropriations	8,198,198
Amount (over) under the Appropriations limit	\$ -

NOTE 13 – COMMITMENTS

The District has a memorandum of understanding (MOU) with the Kentfield Association of Professional Firefighters (the Union) that provides various terms of employment.

In October 2021, the Board of Directors approved the purchase of a Type III fire engine in the amount of \$476,956. In November 2021, the District prepaid \$167,057, leaving a remaining balance due of \$309,900. Due to supply chain issues and other unforeseen events, the fire engine has been delayed. The fire engine is now expected to be completed during fiscal year ending June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

**KENTFIELD FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
REVENUES				
Property taxes	\$6,668,878	\$6,668,878	\$7,466,954	\$798,076
Intergovernmental revenue	242,575	382,575	219,504	(163,071)
Use of money and property	196,328	196,328	714,392	518,064
Charges for services	<u>110,943</u>	<u>110,943</u>	<u>130,710</u>	<u>19,767</u>
Total Revenues	<u>7,218,724</u>	<u>7,358,724</u>	<u>8,531,560</u>	<u>1,172,836</u>
EXPENDITURES				
Current:				
Salaries and employees benefits	5,692,633	5,832,633	5,609,247	(223,386)
Service and supplies	<u>829,528</u>	<u>829,528</u>	<u>717,520</u>	<u>(112,008)</u>
Total operating expenditures	<u>6,522,161</u>	<u>6,662,161</u>	<u>6,326,767</u>	<u>(335,394)</u>
Capital outlay	677,500	372,500	274,110	(98,390)
Debt service - principal	296,701	296,702	152,144	(144,558)
Debt service - interest	<u>12,760</u>	<u>12,760</u>	<u>2,587</u>	<u>(10,173)</u>
Total expenditures	<u>7,509,122</u>	<u>7,344,123</u>	<u>6,755,608</u>	<u>(588,515)</u>
Net change in fund balance	<u><u>(\$290,398)</u></u>	<u><u>\$14,601</u></u>	1,775,952	<u><u>\$1,761,351</u></u>
Adjustment to budgetary basis:				
Prefunding employer contributions to pension systems			225,000	
Fund balance at beginning of year			<u>12,690,225</u>	
Fund balance at end of year			<u><u>\$14,691,177</u></u>	

Notes to Budgetary Comparison Schedule for General Fund

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Miscellaneous and Safety Plans

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years

Measurement period ending	6/30/2014		6/30/2015		6/30/2016		6/30/2017	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Plan's proportion of the Net Pension Liability (Asset)	0.00385%	0.12583%	0.00574%	0.10080%	0.00529%	0.09756%	0.00531%	0.09508%
Plan's proportion share of the Net Pension Liability (Asset)	\$239,545	\$7,835,929	\$157,409	\$4,153,388	\$183,688	\$5,052,911	\$209,133	\$5,681,087
Covered Payroll	\$67,748	\$1,453,650	\$67,748	\$1,723,441	\$75,412	\$1,653,629	\$77,362	\$1,643,685
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	N/A	539.05%	232.34%	240.99%	243.58%	305.56%	270.33%	345.63%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	70.66%	83.03%	73.91%	79.95%	69.98%	76.60%	68.00%	76.61%

Cost-Sharing Multiple Employer Defined Benefit Pension Plan Miscellaneous and Safety Plans For the Fiscal Year Ended June 30, 2024

Schedule of Contributions Last 10 Years

Fiscal Year	2015		2016		2017		2018	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially determined contribution	\$32,016	\$631,094	\$21,426	\$1,072,321	\$15,946	\$571,642	\$25,958	\$548,898
Contributions in relation to the actuarially determined contributions	(32,016)	(631,094)	(21,426)	(1,072,321)	(15,946)	(571,642)	(25,958)	(548,898)
Contribution deficiency (excess)								
Covered payroll	\$67,748	\$1,723,441	\$75,412	\$1,653,629	\$77,362	\$1,643,685	\$79,667	\$1,741,565
Contributions as a percentage of covered payroll	47.26%	36.62%	28.41%	64.85%	20.61%	34.78%	32.58%	31.52%

REQUIRED SUPPLEMENTARY INFORMATION

6/30/2018		6/30/2019		6/30/2020		6/30/2021		6/30/2022		6/30/2023	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
0.00549%	0.09813%	0.00530%	0.10142%	0.00531%	0.11327%	0.00713%	0.11534%	0.00464%	0.12218%	0.00458%	0.13266%
\$206,771	\$5,757,640	\$212,269	\$6,331,147	\$212,552	\$7,071,016	\$135,298	\$4,047,865	\$217,324	\$8,395,673	\$214,323	\$9,115,897
\$79,667	\$1,741,565	\$81,847	\$1,835,689	\$98,044	\$1,887,612	\$70,284	\$1,924,668	\$75,398	\$1,928,783	\$75,398	\$1,928,783
259.54%	330.60%	259.35%	344.89%	216.79%	374.60%	192.50%	210.31%	288.24%	435.28%	284.26%	472.62%
68.20%	77.34%	67.75%	76.75%	68.88%	75.15%	80.69%	86.01%	70.11%	72.08%	71.03%	71.14%

2019		2020		2021		2022		2023		2024	
Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
\$35,793	\$623,856	\$34,279	\$749,644	\$31,769	\$835,951	\$36,262	\$1,010,298	\$34,484	\$1,150,367	\$28,626	\$1,207,353
(35,793)	(623,856)	(34,279)	(749,644)	(31,769)	(835,951)	(36,262)	(1,010,298)	(34,484)	(1,150,367)	(28,626)	(1,207,353)
\$81,847	\$1,835,689	\$98,044	\$1,887,612	\$70,284	\$1,924,668	\$75,398	\$1,928,783	\$79,680	\$2,165,873	\$88,951	\$2,678,739
43.73%	33.98%	34.96%	39.71%	45.20%	43.43%	48.09%	52.38%	43.28%	53.11%	32.18%	45.07%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

For the measurement year ending June 30

Last 10 fiscal years*

Measurement Date - June 30,	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$181,363	\$184,205	\$203,194	\$235,284
Interest	260,866	277,065	295,122	279,934
Changes in benefit terms				
Differences between expected and actual experience	(393,980)		(674,783)	
Changes of assumptions	317,659	156,157	50,053	
Benefit payments	(100,539)	(155,559)	(199,934)	(214,868)
Net change in total OPEB liability	265,369	461,868	(326,348)	300,350
Total OPEB liability - beginning	3,745,069	4,010,438	4,472,306	4,145,958
Total OPEB liability - ending (a)	<u>\$4,010,438</u>	<u>\$4,472,306</u>	<u>\$4,145,958</u>	<u>\$4,446,308</u>
Plan fiduciary net position				
Contributions - employer	\$375,539	\$500,559	\$555,934	\$573,868
Contributions - employee				
Net investment income	121,132	125,053	192,378	182,800
Benefit payments	(100,539)	(155,559)	(199,934)	(214,868)
Administrative expenses		(1,106)	(556)	(1,544)
Other expenses		(2,597)		
Net change in plan fiduciary net position	396,132	466,350	547,822	540,256
Plan fiduciary net position - beginning	1,565,812	1,961,944	2,428,294	2,976,116
Plan fiduciary net position - ending (b)	<u>\$1,961,944</u>	<u>\$2,428,294</u>	<u>\$2,976,116</u>	<u>\$3,516,372</u>
Net OPEB liability - ending (a)-(b)	<u>\$2,048,494</u>	<u>\$2,044,012</u>	<u>\$1,169,842</u>	<u>\$929,936</u>
Plan fiduciary net position as a percentage of the total OPEB liability	48.92%	54.30%	71.78%	79.09%
Covered-employee payroll	<u>\$1,721,047</u>	<u>\$1,821,232</u>	<u>\$1,917,536</u>	<u>\$1,979,856</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>119.03%</u>	<u>112.23%</u>	<u>61.01%</u>	<u>46.97%</u>

Note to schedule:

* Fiscal year 2018 was the first year of implementation.

Changes in assumptions:

Valuation Date

	7/1/2019		6/30/2021
Discount Rate	Decreased from 6.40% to 6.30%	Discount Rate	Decreased from 6.30% to 5.65%
Demographic Assumptions	Updated from 2014 experience study report to 2017 experience study report of CalPERS	Demographic Assumptions	2017 experience study report of CalPERS
Mortality Improvement	Updated from MacLeod Scale 2017 to MacLeod Watts Scale 2018	Mortality Improvement	Updated from MacLeod Scale 2018 to MacLeod Watts Scale 2022
General Inflation Rate	Decreased from 2.75% to 2.50%	General Inflation Rate	Remained the same at 2.50%
Salary Increase	Decreased from 3.25% to 3.00%	Salary Increase	Remained the same at 3.00%
Medical Trend	Updated to use the Getzen Model	Medical Trend	Updated to use the Getzen Model
Excise Tax on High-cost Coverage	Excluded from the results given the December 2019 repeal of the provision of the Affordable Care Act	Excise Tax on High-cost Coverage	Excluded from the results given the December 2019 repeal of the provision of the Affordable Care Act

REQUIRED SUPPLEMENTARY INFORMATION

2021	2022	2023
\$242,343	\$204,152	\$246,759
300,937	307,112	315,736
(145,362)		88,916
58,337	472,963	(56,600)
(188,377)	(239,414)	(235,008)
267,878	744,813	359,803
4,446,308	4,714,186	5,458,999
<u>\$4,714,186</u>	<u>\$5,458,999</u>	<u>\$5,818,802</u>
\$524,377	\$375,414	\$377,808
714,233	(588,835)	151,236
(188,377)	(239,414)	(235,008)
1,330	(1,169)	(1,196)
1,051,563	(454,004)	292,840
3,516,372	4,567,935	4,113,931
<u>\$4,567,935</u>	<u>\$4,113,931</u>	<u>\$4,406,771</u>
<u>\$146,251</u>	<u>\$1,345,068</u>	<u>\$1,412,031</u>
96.90%	75.36%	75.73%
<u>\$1,994,952</u>	<u>\$2,763,960</u>	<u>\$2,846,986</u>
<u>7.33%</u>	<u>48.66%</u>	<u>49.60%</u>

6/30/2023

Discount Rate	Remained the same at 5.65%
Demographic Assumptions	2021 experience study report of the CalPERS
Mortality Improvement	Updated from MacLeod Scale 2020 to MacLeod Scale 2022
General Inflation Rate	Remained the same at 2.50%
Salary Increase	Remained the same at 3.00%
Medical Trend	Updated to use the Getzen Model
Excise Tax on High-cost Coverage	Excluded from the results given the December 2019 repeal of the provision of the Affordable Care Act

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

CERBT Agent Multiple-Employer Plan

Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021
Actuarially determined contribution	\$345,459	\$356,323	\$357,689	\$335,922
Contributions in relation to the actuarially determined contribution	345,459	555,934	573,868	524,377
Contribution deficiency (excess)		(\$199,611)	(\$216,179)	(\$188,455)
Covered-employee payroll	\$1,821,232	\$1,917,536	\$1,979,856	\$1,994,952
Contributions as a percentage of covered-employee payroll	18.97%	28.99%	28.99%	26.29%

Note to Schedule: * Fiscal year 2018 was the first year of impleme

Methods and assumptions used to determine contribution rates:

Valuation date:	6/30/2019	6/30/2021
Actuarial Assumptions:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Pay; 30 yrs closed	Level Percent of Pay; 30 yrs closed
Amortization period	18 Years remain and 19 Years remain	16 Years remain and 17 Years remain
Asset valuation method	Market Value	Market Value
Inflation	2.50%	2.50%
Healthcare cost trend rates	5.7% in 2022 fluctuating down to 4% by 2076	5.7% in 2022 fluctuating down to 4% by 2076
Salary increases	3.00%	3.00%
Investment rate of return	6.45%	6.30%
Retirement age	from 50 to 75	from 50 to 75
Mortality	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study
Mortality improvement	MW Scale 2018 generationally	MW Scale 2020 generationally

REQUIRED SUPPLEMENTARY INFORMATION

<u>2022</u>	<u>2023</u>	<u>2024</u>
\$326,821	\$232,026	\$223,574
<u>375,414</u>	<u>377,808</u>	<u>353,167</u>
<u>(\$48,593)</u>	<u>(\$145,782)</u>	<u>(\$129,593)</u>
<u>\$2,763,960</u>	<u>\$2,846,986</u>	<u>\$2,749,414</u>
13.58%	13.27%	12.85%

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**INDEPENDENT AUDITOR’S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Kentfield Fire Protection District (District), California, as of and for the year ended June 30, 2024, and have issued our report thereon dated November 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 7, 2024, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
November 7, 2024