

CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FAIRVIEW FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

FAIRVIEW FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fairview Fire Protection District
Hayward, California

Report on the Audit of the Financial Statements***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund 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 Auditors' 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 requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 on pages 4-6 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 January 3, 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 District's internal control over financial reporting and compliance.



CROPPER ROWE, LLP
Walnut Creek, California
January 3, 2024

FAIRVIEW FIRE PROTECTION DISTRICT

Management's Discussion and Analysis

As management of the Fairview Fire Protection District (District), we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

Financial Highlights and Analysis

At the close of Fiscal Year (FY) 2022-2023, the District remains in a strong position. The District has no debt, a fully funded capital replacement program, and fully funded operational and emergency reserves equaling 10% and 85% of its operating budget. In addition, the District continues to experience an annual operating surplus, where revenues slightly exceed expenditures. In FY 2022-2023, non-depreciation expenses increased 4.00%, due primarily to the CPI increase in the contract with Hayward. During the same time period, revenues increased by 8.11% due to increased property tax.

Due to these factors, the District increased its net position by \$600,294 in FY 2022-2023, or 8.02%. Thus far, the economic downturn has not impacted property taxes, but it is possible that the District will see a decline in revenue in FY2023-2024.

Overview of Basic Financial Statements

This annual report consists of a series of financial statements and notes. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, which has a single fund.

The following is the District's condensed Statement of Net Position for fiscal year ended June 30, 2023 as compared to fiscal year ended June 30, 2022. As stated above, the District increased its Net Position by 8.02% over the prior year.

Statement of Net Position	FY 2022-23	FY 2021-22	Change \$	% Change
ASSETS				
Cash and Investments	\$ 7,104,314	\$ 9,692,578	\$ (2,588,264)	(26.70)%
Prepaid Expenses	5,393	26,113	(20,720)	(79.35)%
Capital Assets, net accumulated depreciation	1,002,517	1,105,781	(103,264)	(9.34)%
Total Assets	8,112,224	10,824,472	(2,712,248)	(25.06)%
LIABILITIES				
Accounts payable and accrued expenses	24,269	3,336,811	(3,312,542)	(99.27)%
Total Liabilities	24,269	3,336,811	(3,312,542)	(99.27)%
NET POSITION				
Investment in capital assets, net of related debt	1,002,517	1,105,781	(103,264)	(9.34)%
Unrestricted Net Position	7,085,438	6,381,880	703,558	11.02%
Total Net Position	\$ 8,087,955	\$ 7,487,661	\$ 600,294	8.02

FAIRVIEW FIRE PROTECTION DISTRICT
Management's Discussion and Analysis

The following is the District's condensed statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2023, as compared to fiscal year ended June 30, 2022. As mentioned above, revenues increased 8.11%, while expenses increased 6.42%, not accounting for depreciation. With depreciation, the dollar increase in expenses was 6.47%. Because the District continues to have surplus revenue, the net position increased by 8.02%.

Statement of Activities	FY 2022-23	FY 2021-22	\$ Change	% Change
REVENUES				
Property tax and assessments	\$ 4,395,504	\$ 4,120,366	\$ 275,138	6.68%
Emergency medical services	29,413	28,002	1,411	5.04%
Interest of investment	119,483	54,853	64,630	117.82%
Other Revenues	2	124	(122)	(98.39)%
Total Revenues	4,544,402	4,203,345	341,057	8.11%
EXPENSES				
Fire protection and EMS services	3,462,012	3,328,858	133,154	4.00%
General and administration	284,317	191,589	92,728	48.40%
Total Expenses without Depreciation	3,746,329	3,520,447	225,882	6.42%
Depreciation of Assets	197,779	184,001	13,778	7.49%
Total Expenses + Depreciation	3,944,108	3,704,448	239,660	6.47%
Excess of Revenue over Expenses	600,294	498,897	101,397	20.32%
Beginning Net Position	7,847,661	6,988,764	498,897	7.14%
Ending Net Position	\$ 8,087,955	\$ 7,487,661	\$ 600,294	8.02%

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, was \$1,002,517 as of June 30, 2023. The District's largest investments are in its improved structures and six vehicles, in addition to a range of field and office equipment.

Committed Funds: Capital Replacement Program

The District has one fund. Within this fund, the District has formally committed money towards the future replacement of its capital assets. The committed balances by category for FY 2021-2022 and FY 2022-2023 are listed on the next page.

FAIRVIEW FIRE PROTECTION DISTRICT
Management's Discussion and Analysis

Committed Funds	Apparatus	Equipment	Facilities	Total
FY 2021-2022				
Starting Balance	\$ 1,091,176	\$ 231,642	\$ 173,257	\$ 1,496,075
Expenses	-	112,940	-	112,940
Capital Contribution	161,086	25,980	210,818	397,884
Ending Balance	\$ 1,252,262	\$ 144,682	\$ 384,075	\$ 1,781,019
FY 2022-2023				
Starting Balance	\$ 1,252,262	\$ 144,682	\$ 384,075	\$ 1,781,019
Expenses	-	94,515	-	94,515
Capital Contribution	165,919	26,759	217,143	409,821
Ending Balance	\$ 1,418,181	\$ 265,956	\$ 601,218	\$ 2,285,355

Assigned Funds: Operating and Emergency Reserves

The District has adopted a policy of assigning funds into an operating reserve equaling 10% of its operating budget and an emergency reserve equaling 85% of its operating budget. Both reserves are currently fully funded.

Debt Administration

The District has no debt.

Request for Information

Questions about this report and requests for additional information can be sent to:

Mike Preston, General Manager, FFPD

C/O Hayward Fire Department, 777 B St, Hayward, CA 94541

Ph# 510-583-4940

www.fairviewfiredistrict.org/contact/

FAIRVIEW FIRE PROTECTION DISTRICT
COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2023

	<u>General Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Net Position</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 7,104,314	\$ -	\$ 7,104,314
Prepaid expenses	5,393	-	5,393
Capital Assets, net of accumulated depreciation	<u>-</u>	<u>1,002,517</u>	<u>1,002,517</u>
Total Assets	<u>\$ 7,109,707</u>	<u>1,002,517</u>	<u>8,112,224</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities:			
Accounts payable and accrued expenses	<u>\$ 24,269</u>	<u>-</u>	<u>24,269</u>
Total Liabilities	<u>24,269</u>	<u>-</u>	<u>24,269</u>
FUND BALANCE			
Nonspendable	5,393	(5,393)	-
Restricted	-	-	-
Committed	2,285,355	(2,285,355)	-
Assigned	3,695,350	(3,695,350)	-
Unassigned	<u>1,099,340</u>	<u>(1,099,340)</u>	<u>-</u>
Total Fund Balance	<u>7,085,438</u>	<u>(7,085,438)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 7,109,707</u>		
NET POSITION			
Investment in capital assets, net of related debt		1,002,517	1,002,517
Unrestricted		<u>7,085,438</u>	<u>7,085,438</u>
Total Net Position		<u>\$ 8,087,955</u>	<u>\$ 8,087,955</u>

The accompanying notes are an integral part of the financial statements

FAIRVIEW FIRE PROTECTION DISTRICT
COMBINED GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2023

	General Fund	Adjustments (Note 5)	Statement of Activities
GENERAL REVENUES			
Property tax and assessments	\$ 4,395,504	\$ -	\$ 4,395,504
Prop 1a	-		-
Emergency medical services	29,413	-	29,413
Interest of investments	119,483	-	119,483
Other revenues	<u>2</u>	<u>-</u>	<u>2</u>
 Total Revenues	 <u>4,544,402</u>	 <u>-</u>	 <u>4,544,402</u>
EXPENDITURES / EXPENSES			
Fire protection services	3,462,012	-	3,462,012
Management	46,156	-	46,156
County administrative and collection fees	76,945	-	76,945
Insurance	12,023	-	12,023
Legal and accounting	25,827	-	25,827
Meeting and Conventions	4,009	-	4,009
Chipping program	-	-	-
General Election	32,845	-	32,845
Bookkeeping and clerical	12,431	-	12,431
Utilities	24,766	-	24,766
Director fees and training	4,500	-	4,500
Landscape and janitorial services	800	-	800
Website related	1,750	-	1,750
Repairs and maintenance	29,600	-	29,600
Depreciation	-	197,779	197,779
Permit fees	-	-	-
Notices and mailers	11,706	-	11,706
Capital outlay - replacement/improvement	94,515	(94,515)	-
Miscellaneous administrative costs	<u>959</u>	<u>-</u>	<u>959</u>
 Total Expenditures	 <u>3,840,844</u>	 <u>103,264</u>	 <u>3,944,108</u>
 Excess of revenues over (under) Expenditure	 703,558	 (103,264)	 600,294
 Fund Balance July 1, 2022	 <u>6,381,880</u>	 <u>1,105,781</u>	 <u>7,487,661</u>
Fund Balance June 30, 2023	<u>\$ 7,085,438</u>	<u>\$ 1,002,517</u>	<u>\$ 8,087,955</u>

The accompanying notes are an integral part of the financial statements

FAIRVIEW FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

REVENUES	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Taxes	\$ 3,949,601	\$ 3,949,601	\$ 4,395,504	\$ 445,903
Emergency medical services	29,055	29,055	29,413	358
Interest income	75,777	75,777	119,483	43,706
Other revenues	-	-	2	2
Total Revenues	<u>4,054,433</u>	<u>4,054,433</u>	<u>4,544,402</u>	<u>489,969</u>
EXPENDITURES				
Fire protection services	3,610,493	3,610,493	3,462,012	148,481
Management	43,200	43,200	46,156	(2,956)
County administrative and collection fees	30,000	30,000	76,945	(46,945)
Insurance	19,000	19,000	12,023	6,977
Weed abatement	4,000	5,000	-	5,000
Chipping program	15,000	15,000	-	15,000
Legal assistance	43,200	43,200	15,627	27,573
Audit services	12,000	12,000	10,200	1,800
Utilities	31,000	31,000	24,766	6,234
Bookkeeping services	16,000	16,000	12,431	3,569
Landscape services	4,800	4,800	800	4,000
Fire protection staff (event staffing)	10,000	10,000	-	10,000
Director fees and mileage	8,500	8,500	4,500	4,000
Website	2,500	2,500	1,750	750
Alarm system	4,000	4,000	29,600	(25,600)
Director training	5,000	5,000	-	5,000
Janitorial services	500	500	-	500
Old Fire Station 8 upkeep	5,000	5,000	-	5,000
LAFCO cost	700	700	-	700
Meeting and Conventions	-	-	4,009	(4,009)
Notices and mailers	6,600	7,500	11,706	(4,206)
Permits, fees and dues	934	934	-	934
Election costs	35,000	-	32,845	(32,845)
Firewise/Residential Assistance	10,000	10,000	-	10,000
Miscellaneous / other	15	15	959	(944)
Capital outlay - replacement/improvements	-	-	94,515	(94,515)
Total Expenditures	<u>3,922,942</u>	<u>3,889,842</u>	<u>3,840,844</u>	<u>48,998</u>
Excess of revenues over (under) Expenditures	<u>\$ 131,491</u>	<u>\$ 164,591</u>	<u>\$ 703,558</u>	<u>\$ 538,967</u>
Fund Balance July 1, 2022			<u>6,381,880</u>	
Fund Balance June 30, 2023			<u>\$ 7,085,438</u>	

The accompanying notes are an integral part of the financial statements

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Fairview Fire Protection District (District) was established to provide fire protection services within the District's boundaries. Under the terms of a contract between the City of Hayward (COH) and the District on February 1, 1993, the City of Hayward Fire Department took responsibility of providing fire protection services within the district. On February 1, 1993, all District employees became employees of the City of Hayward. The District pays the City of Hayward annually for the cost of these services. The District owns the equipment which is made available to the City of Hayward Fire Department at no cost. The City of Hayward Fire Department is responsible for the maintenance and replacement of the District equipment not included in the Capital replacement schedule. The purchased fire engines and trucks are registered as property of the District.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. The General Fund is the District's only fund.

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

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total.

The District reported the following major governmental fund in the accompanying financial statements:

- General Fund – The General Fund is the main operating fund of the District. This fund is used to account for financial resources not accounted for in other funds.

Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when *earned* and expenses are recorded when a liability is *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent that have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

The District receives property taxes from the County of Alameda (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

The District participated in the County's "Teeter Plan" method of property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year end.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimated and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date on donation. The District's policy is to capitalize all capital assets. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives are as follows:

Equipment	5 to 20 years
Software	7 years
Vehicles	10 years
Structures	30 years

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balances

Fund Balance Reporting

Under GASB Statement No. 54, Fund Balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Board of Directors, as the highest level of decision-making authority of the District, commits fund balances through resolutions. The Board has designated certain members of management staff to assign fund balances. These captions apply only to Fund Balance classifications:

- *Nonspendable fund balances* are those amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balances* are those amounts that should be reported as restricted when constraints placed on the use of resources are either
 - Externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation
- *Committed fund balances* are those amounts that cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- *Assigned fund balances* are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements.
- *Unassigned fund balances* are those residual funds that have not been assigned to other funds, restricted, committed, or assigned to specific purposes. The general fund should be the only fund that reports a positive unassigned fund balance amount.

It is the policy of the district to spend funds in order from restricted to unassigned, as listed above.

Net Position

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

- *Investment in Capital, net of related debt* describes the portion of Net Position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balances (continued)

- *Restricted* describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.
- *Unrestricted* describes the portion of Net Position that does not meet the definition of “restricted” or “investment in capital, net of related debt.”

Implemented GASB Pronouncements

- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- GASB Statement No. 99, *Omnibus 2022*

Upcoming New GASB Pronouncements

- GASB Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

2. CASH AND INVESTMENTS

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

Cash with County	\$ 7,104,314
Petty Cash	-
Total Cash and investments	\$ 7,104,314

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

2. CASH AND INVESTMENTS (CONTINUED)

Investment Authorized by the California Government Code and the District's Investment Policy

The table below identifies the **investment types** that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk**, **credit risk** and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California government Code or the District's investment policy.

*Investment Authorized by the California Government Code and the District's Investment Policy
(continued)*

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
County of Alameda investment pool	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, 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 to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>						
	<u>Totals</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-36 Months</u>	<u>37-48 Months</u>	<u>49-60 Months</u>	<u>More than 60 Months</u>
<i>Deposits with</i>							
County of Alameda	<u>\$7,104,314</u>	<u>\$7,104,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$7,104,314</u>	<u>\$7,104,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

2. CASH AND INVESTMENTS (CONTINUED)

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Deposits with County of Alameda	\$7,104,314	N/A	\$ -	\$ -	\$ -	\$ -	\$7,104,314
Total	<u>\$7,104,314</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,104,314</u>

There are no investments in any one issuer other than deposits with the County of Alameda that represent 5% or more of total District investments.

3. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated				
Land	\$ 28,000	\$ -	\$ -	\$ 28,000
Capital assets, being depreciated				
Structures and improvements	552,370	4,160	-	556,530
Software	88,534	2,233	(12,751)	78,016
Vehicles and equipment	2,204,593	94,515	(48,085)	2,251,023
Total capital assets, being depreciated	2,845,497	100,908	(60,836)	2,885,569
Less accumulated depreciation	(1,767,716)	(197,779)	54,443	(1,911,052)
Total capital assets, being depreciated, net	1,077,781	(96,871)	(6,393)	974,517
Total capital assets, net	<u>\$ 1,105,781</u>	<u>\$ (96,871)</u>	<u>\$ (6,393)</u>	<u>\$ 1,002,517</u>

Land is comprised of one lot. The original lot was acquired July 1962 and is valued at historical cost. Structures and improvements consist of the Old Fairview Fire Protection District Station. The value has not changed since June 1992. The station is currently used to store equipment. Depreciation expense was charged to function/program of the District's Governmental Activities.

In fiscal year 2011-2012, Fairview Fire Protection District began using defibrillators costing \$27,012 which are owned by the City of Hayward. These defibrillators are not recorded on the books of the District.

FAIRVIEW FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2023

4. RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Total Fund Balance – Governmental General Fund (page 7)	\$ 7,085,438
Capital assets, net of depreciation	<u>\$ 1,002,517</u>
	<u>1,002,517</u>
Total net position – Government-wide	<u>\$ 8,087,955</u>

5. RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Excess of Revenues over/(under) Expenditures (page 8)	\$ 703,558
Less depreciation expense and add back capital outlay not reported on Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>(103,264)</u>
Change in Net Position of Governmental Activities	<u>\$ 600,294</u>

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the audit report date, the date from which the financial statements were available to be issued and has determined that there are no material events that require disclosure.

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
Fairview Fire Protection District
Hayward, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fairview Fire Protection District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fairview Fire Protection District's basic financial statements, and have issued our report thereon dated January 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fairview Fire Protection 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 Fairview Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fairview Fire Protection 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 entity'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fairview Fire Protection 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 financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CROPPER ROWE, LLP
Walnut Creek, California
January 3, 2024