

**NEWCASTLE
FIRE PROTECTION DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**

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NEWCASTLE FIRE PROTECTION DISTRICT
Annual Financial Report
For the Year Ended June 30, 2023

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INTRODUCTORY SECTION

- **List of Officials**

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NEWCASTLE FIRE PROTECTION DISTRICT
List of Officials
For the Year Ended June 30, 2023

Board of Directors

| | |
|----------------------|----------------|
| William Kahrl | President |
| Jonita Elder | Vice President |
| Jim Heisterkamp | Secretary |
| Lawrence Bettencourt | Director |
| Robin Enos | Director |

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

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INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Newcastle Fire Protection District, California (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 and each major fund of the District as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement 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 judgement 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 judgement, 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

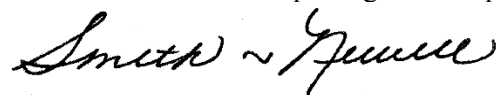
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 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.



Smith & Newell CPAs
Yuba City, California
March 29, 2024

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Basic Financial Statements

- **Government-Wide Financial Statements**

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NEWCASTLE FIRE PROTECTION DISTRICT
Statement of Net Position
June 30, 2023

| | <u>Total Governmental Activities</u> |
|----------------------------------|---|
| ASSETS | |
| Cash and investments | \$ 379,371 |
| Capital assets: | |
| Non-depreciable | 3,000 |
| Depreciable, net | <u>5,416,677</u> |
| Total capital assets | <u>5,419,677</u> |
| Total Assets | <u>5,799,048</u> |
| LIABILITIES | |
| Accrued salaries and benefits | 21,129 |
| Long-term liabilities: | |
| Due within one year | 103,794 |
| Due in more than one year | <u>3,717,231</u> |
| Total Liabilities | <u>3,842,154</u> |
| NET POSITION | |
| Net investment in capital assets | 1,615,084 |
| Restricted for: | |
| Public protection | 87,155 |
| Unrestricted | <u>254,655</u> |
| Total Net Position | <u><u>\$ 1,956,894</u></u> |

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

NEWCASTLE FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--------------------------------------|---------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | | <u>Total Governmental Activities</u> |
| Governmental activities: | | | | | |
| Public protection | \$ 1,051,916 | \$ 755,549 | \$ 203,926 | \$ - | \$ (92,441) |
| Interest on long-term debt | 30,710 | - | - | - | (30,710) |
| Total Governmental Activities | <u>1,082,626</u> | <u>755,549</u> | <u>203,926</u> | <u>-</u> | <u>(123,151)</u> |
| Total | <u>\$ 1,082,626</u> | <u>\$ 755,549</u> | <u>\$ 203,926</u> | <u>\$ -</u> | <u>(123,151)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| | | | | | 323,759 |
| | | | | | 6,685 |
| | | | | | 5,858 |
| | | | | | <u>336,302</u> |
| | | | | | 213,151 |
| | | | | | <u>1,743,743</u> |
| | | | | | <u>\$ 1,956,894</u> |

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

Basic Financial Statements

- **Fund Financial Statements**

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NEWCASTLE FIRE PROTECTION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

| | <u>General Fund</u> | <u>Mitigation Fees</u> | <u>Construction</u> | <u>Totals</u> |
|--|-------------------------|----------------------------|---------------------|-------------------|
| ASSETS | | | | |
| Cash and investments | \$ 292,216 | \$ 87,155 | \$ - | \$ 379,371 |
| Total Assets | <u>\$ 292,216</u> | <u>\$ 87,155</u> | <u>\$ -</u> | <u>\$ 379,371</u> |
| LIABILITIES | | | | |
| Accrued salaries and benefits | \$ 21,129 | \$ - | \$ - | \$ 21,129 |
| Total Liabilities | <u>21,129</u> | <u>-</u> | <u>-</u> | <u>21,129</u> |
| FUND BALANCES | | | | |
| Restricted | - | 87,155 | - | 87,155 |
| Unassigned | 271,087 | - | - | 271,087 |
| Total Fund Balances | <u>271,087</u> | <u>87,155</u> | <u>-</u> | <u>358,242</u> |
| Total Liabilities and Fund Balances | <u>\$ 292,216</u> | <u>\$ 87,155</u> | <u>\$ -</u> | <u>\$ 379,371</u> |

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

NEWCASTLE FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2023

| | |
|--|-----------------------------------|
| Total Fund Balances - Governmental Funds | \$ 358,242 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet. | 5,419,677 |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | |
| Loans payable | (3,775,800) |
| Capital leases | (28,793) |
| Compensated absences | (16,432) |
| | (3,820,925) |
| Net Position of Governmental Activities | <u><u>\$ 1,956,894</u></u> |

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

NEWCASTLE FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

| | <u>General Fund</u> | <u>Mitigation Fees</u> | <u>Construction</u> | <u>Totals</u> |
|---|-------------------------|----------------------------|---------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ 323,759 | \$ - | \$ - | \$ 323,759 |
| Assessments: | | | | |
| Measure B | 367,129 | - | - | 367,129 |
| Measure F | 183,184 | - | - | 183,184 |
| Use of money and property | 4,472 | 1,421 | 792 | 6,685 |
| Intergovernmental | 214,806 | - | - | 214,806 |
| Charges for services | 15,279 | 189,957 | - | 205,236 |
| Other revenues | 5,858 | - | - | 5,858 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | 1,114,487 | 191,378 | 792 | 1,306,657 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | | |
| Public protection: | | | | |
| Salaries and benefits | 647,761 | - | - | 647,761 |
| Services and supplies | 332,772 | - | - | 332,772 |
| Debt service: | | | | |
| Principal | - | 27,036 | 3,587,010 | 3,614,046 |
| Interest | - | 2,144 | 28,566 | 30,710 |
| Capital outlay | 104,284 | 157,564 | 2,238,609 | 2,500,457 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 1,084,817 | 186,744 | 5,854,185 | 7,125,746 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess of Revenues Over (Under) Expenditures | 29,670 | 4,634 | (5,853,393) | (5,819,089) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt proceeds | - | - | 6,371,296 | 6,371,296 |
| Transfers in | 6,572 | - | - | 6,572 |
| Transfers out | - | - | (6,572) | (6,572) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources (Uses) | 6,572 | - | 6,364,724 | 6,371,296 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net Change in Fund Balances | 36,242 | 4,634 | 511,331 | 552,207 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund Balances - Beginning | 234,845 | 82,521 | (511,331) | (193,965) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund Balances - Ending | <u>\$ 271,087</u> | <u>\$ 87,155</u> | <u>\$ -</u> | <u>\$ 358,242</u> |

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

NEWCASTLE FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2023

| | |
|---|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 552,207 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Expenditures for capital outlay | 2,500,457 |
| Less current year depreciation | (71,871) |
| Adjustments to capital assets | (1,284) |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | |
| Principal retirements | 3,614,046 |
| Proceeds from issuance of debt | (6,371,296) |
| Some revenues reported in the Statement of Activities will not be collected for several months after the District's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds. | |
| Change in unavailable revenue | (10,880) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | |
| Change in compensated absences | 1,772 |
| Change in Net Position of Governmental Activities | \$ 213,151 |

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

Basic Financial Statements

- **Notes to Basic Financial Statements**

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NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Newcastle Fire Protection District (the “District”) is located in the Sierra Foothills of Placer County, California. The District was established in 1868 and had been located in the same building from 1922 to 2023 in the heart of the town of Newcastle. In 2023, the District moved to its newly constructed fire station. The District covers 15 square miles, serves approximately 6,200 people and responds to over 600 calls every year. The District is governed by a five-member Board of Directors, which is elected by voters of the District.

The District is an “All-Risk” Fire Department that provides a timely response to all types of fires, medical emergencies, rescues and hazardous material incidents. Additional services delivered include a year-round Fire Prevention program incorporating building occupancy inspections, new building plan reviews and an aggressive risk reduction and public education delivery model.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the District is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization’s governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

Joint Agencies

The District is a participant in the Fire District’s Association of California - Fire Agencies Self Insurance System (FDAC-FASIS), the purpose of which is to provide workers’ compensation benefits to each member agency including claims administration and program administration. FDAC-FASIS is composed of approximately 200 members and is governed by a board of directors appointed by the members. Complete financial information can be obtained from the Association office at 700 R Street, Sacramento, CA 95811. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. These statements report the intergovernmental activities of the District, which are normally supported by property taxes, special assessments, and intergovernmental revenues. The District had no business-type activities at June 30, 2023.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental 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 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into three funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds within the governmental category.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General fund includes such activities as fire safety and protection.
- The Mitigation Fees fund is a special revenue fund used to account for all revenues and expenditures related to mitigation fees. Funding comes primarily from mitigation fees collected and interest earnings.
- The Construction fund is a capital projects fund used to account for the construction of the new fire station.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and assessments, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes and assessments are recognized in the fiscal year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

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. Property taxes and assessments, interest, certain state and federal grants, and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Investments

The District pools all cash and investments, other than cash in a checking account, with the County of Placer. The Placer County Treasury is an external investment pool for the District and the District is considered an involuntary participant. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every month.

F. Receivables

Receivables would include revenue accruals, such as interest and other similar intergovernmental revenues since they are usually both measurable and available. At June 30, 2023, the District had no receivables.

G. Other Assets

Inventory

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are valued at historical cost or estimated historical cost if actual historical cost is unavailable. Donated capital assets are valued at their estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives. The range of estimated useful lives by type of asset is as follows:

| <u>Depreciable Asset</u> | <u>Estimated Lives</u> |
|-----------------------------|------------------------|
| Structures and Improvements | 7 to 30 years |
| Equipment | 5 to 15 years |
| Vehicles | 5 to 20 years |

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Compensated Absences and Other Postemployment Benefits

The District's policy regarding accrued vacation is to permit employees to accumulate earned but unused vacation leave up to 48 hours unless specifically approved by the Chief. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures related to those obligations are recognized only when they mature.

The District does not currently provide other postemployment benefits.

J. Property Tax

Placer County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Placer up to 1 percent of the full cash value of taxable property, plus other increases approved by the voter and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is due on March 1, and becomes delinquent if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the "Teeter Plan". Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Special Taxes

Measure B

On November 10, 2011, the District Board of Directors passed Resolution #2011-11-10B calling for an election to be held for a special fire tax for emergency medical response and fire protection services. This resolution was submitted to the Placer County Registrar of Voters and was assigned the name of “Measure B.” Measure B was placed on the ballot of the election held on March 6, 2012 and passed.

| | |
|---------------------------------|-----------|
| Consumer Price Index | 3.00% |
| For taxes done and submitted in | 2022 |
| Base tax rate per parcel | \$ 174.71 |
| Square footage rate over 3,000 | \$ 0.0596 |

Measure F

On February 13, 1997, the District Board of Directors passed Resolution No. 512-88, calling for an election to be held on June 30, 1998. This special tax measure was assigned the name “Measure F,” and it was for fire protection and prevention. Measure F was approved by the registered voters in the District.

| | Tax Rate |
|--------------------------------|-----------|
| Improved parcel base rate | \$ 89.82 |
| Improved parcel acreage rate | \$ 5.44 |
| Unimproved parcel acreage rate | \$ 4.85 |
| Mobile home rates | \$ 3.30 |
| General maximum fee per parcel | \$ 164.99 |

Placer County assesses properties, bills and collects and distributes assessments to the District.

Assessments are due in two installments (secured roll), on November 1 and March 1 and become delinquent after December 10 and April 10, respectively.

L. Estimates

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

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 91, Conduit Debt Obligations. This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improves the usefulness of information for users of state and local government financial statements.

N. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2023, the District's cash and investments consisted of the following:

| | | |
|------------------------------------|-----|---------|
| Cash: | | |
| Deposits (less outstanding checks) | (\$ | 25,163) |
| Total Cash | (| 25,163) |
| Investments: | | |
| Placer County Treasurer's Pool | | 404,534 |
| Total Investments | | 404,534 |
| Total Cash and Investments | \$ | 379,371 |

B. Cash

At year end, the carrying amount of the District's cash deposits was (\$25,163) and the bank balance was \$5,662. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The entire amount of the District's deposits were insured by the Federal Deposit Insurance Corporation (FDIC).

C. Investments

The District does not have a formal investment policy. At June 30, 2023, all investments of the District were in the Placer County investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Local Agency Obligations
- US Treasury Securities
- US Agency Securities
- Bankers' Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Collateralized Certificates of Deposit
- Repurchase Agreements
- Corporate Notes
- Local Agency Investment Fund (LAIF)
- CDARS Certificates of Deposit
- Supranationals - Washington Dollar - Denominated IBRD, IFC or IAD

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2023, the District had the following recurring fair value measurements:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Fair Value Measurements Using</u> | | |
|--|-------------------|--------------------------------------|----------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Investments by Fair Value Level | | | | |
| None | \$ - | \$ - | \$ - | \$ - |
| Total Investments Measured at Fair Value | - | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments in External Investment Pool | | | | |
| Placer County Treasurer's Pool | <u>404,534</u> | | | |
| Total Investments | <u>\$ 404,534</u> | | | |

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

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. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2023, the District's investments were all held with the County of Placer investment pool, which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in any one issuer. As of June 30, 2023, all investments of the District were in the Placer County investment pool, which contains a diversification of investments.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

D. Investments in External Pool

The Placer County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Placer County Pooled Investment Fund are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Placer's financial statements may be obtained by contacting the County of Placer Auditor-Controller's office at 2970 Richardson Drive, Auburn, CA 95603.

NOTE 3: CAPITAL ASSETS

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

| | Balance July 1, 2022 | Additions | Transfers/ Retirements | Balance June 30, 2023 |
|--|-------------------------|---------------------|---------------------------|--------------------------|
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 3,000 | \$ - | \$ - | \$ 3,000 |
| Construction in progress | 2,736,354 | - | (2,736,354) | - |
| Total Capital Assets, Not Being Depreciated | <u>2,739,354</u> | <u>-</u> | <u>(2,736,354)</u> | <u>3,000</u> |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and improvements | 71,584 | 2,472,142 | 2,736,354 | 5,280,080 |
| Equipment | 127,578 | 28,315 | - | 155,893 |
| Vehicles | 386,976 | - | - | 386,976 |
| Total Capital Assets, Being Depreciated | <u>586,138</u> | <u>2,500,457</u> | <u>2,736,354</u> | <u>5,822,949</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and improvements | (61,906) | (39,518) | (880) | (102,304) |
| Equipment | (77,545) | (6,921) | (404) | (84,870) |
| Vehicles | (193,666) | (25,432) | - | (219,098) |
| Total Accumulated Depreciation | <u>(333,117)</u> | <u>(71,871)</u> | <u>(1,284)</u> | <u>(406,272)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>253,021</u> | <u>2,428,586</u> | <u>2,735,070</u> | <u>5,416,677</u> |
| Total Capital Assets, Net | <u>\$ 2,992,375</u> | <u>\$ 2,428,586</u> | <u>(\$ 1,284)</u> | <u>\$ 5,419,677</u> |

Depreciation

Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|------------------|
| Public Protection | \$ <u>71,871</u> |
| Total Depreciation Expense | \$ <u>71,871</u> |

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 4: INTERFUND TRANSACTIONS

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2023:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------|-------------------------|--------------------------|
| General Fund | \$ 6,572 | \$ - |
| Construction | <u>-</u> | <u>6,572</u> |
| Total | <u>\$ 6,572</u> | <u>\$ 6,572</u> |

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

| <u>Type of Indebtedness</u> | <u>Balance July 1, 2022</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2023</u> | <u>Amounts Due Within One Year</u> |
|-----------------------------|---------------------------------|---------------------|-----------------------|----------------------------------|--|
| Direct borrowing | | | | | |
| loans payable | \$ 991,514 | \$ 6,371,296 | (\$ 3,587,010) | \$ 3,775,800 | \$ 60,000 |
| Capital leases | 55,829 | - | (27,036) | 28,793 | 28,793 |
| Compensated absences | <u>18,204</u> | <u>17,498</u> | <u>(19,270)</u> | <u>16,432</u> | <u>15,001</u> |
| Total | <u>\$ 1,065,547</u> | <u>\$ 6,388,794</u> | <u>(\$ 3,633,316)</u> | <u>\$ 3,821,025</u> | <u>\$ 103,794</u> |

Individual issues of debt payable outstanding at June 30, 2023, are as follows:

Loans from Direct Borrowings:

Community Facilities Program loan, dated January 2023, principal will be paid on or prior to maturity, semi-annual interest only payments on July 1 and January 1, with an interest rate of 2.25% and maturity of January 1, 2037. The loan was used to fund the construction of a new fire station.

| | |
|------------------------------------|---------------------|
| | <u>\$ 3,775,800</u> |
| Total Loans from Direct Borrowings | <u>3,775,800</u> |
| Total | <u>\$ 3,775,800</u> |

NOTE 6: LEASES

Capital Leases

The District has entered into certain capital lease agreements under which the related equipment will become the property of the District when all terms of the lease agreements are met.

| | <u>Stated Interest Rate</u> | <u>Present Value of Remaining Payments at June 30, 2023</u> |
|-------------------------|---------------------------------|---|
| Governmental activities | 4.6% | \$ 28,793 |
| Total | | <u>\$ 28,793</u> |

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 6: LEASES (CONTINUED)

Capital Leases (Continued)

Equipment and related accumulated depreciation under capital leases are as follows:

| | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment and vehicles | \$ 337,976 |
| Less: accumulated depreciation | (193,866) |
| Net Value | \$ 144,110 |

As of June 30, 2023, capital lease annual amortization is as follows:

| Year Ended June 30 | Governmental Activities |
|-------------------------------------|----------------------------|
| 2024 | \$ 29,180 |
| Total Requirements | 29,180 |
| Less Interest | (387) |
| Present Value of Remaining Payments | \$ 28,793 |

NOTE 7: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects and other special revenue fund purposes.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 8: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - 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 “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all governmental funds as of June 30, 2023, were distributed as follows:

| | General Fund | Mitigation Fees | Totals |
|------------------------|-------------------|--------------------|-------------------|
| Restricted for: | | | |
| Capital improvement | \$ - | \$ 87,155 | \$ 87,155 |
| Unassigned | <u>271,087</u> | <u>-</u> | <u>271,087</u> |
| Total | <u>\$ 271,087</u> | <u>\$ 87,155</u> | <u>\$ 358,242</u> |

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NEWCASTLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

NOTE 8: FUND BALANCES (CONTINUED)

Fund Balance Policy

The Board of Directors has not established a fund balance policy which would establish procedures for reporting fund balance classifications and establish a hierarchy for fund balance expenditures.

NOTE 9: DEFERRED COMPENSATION

The District provides each employee with the ability to contribute to a 457 deferred compensation account. The District will contribute matching funds up to a maximum of \$3,800 annually for each employee's contribution. Also, the District provides the option to contribute \$1,800 annually to the plan in lieu of health benefits. At June 30, 2023, the District's expense for these two benefits was \$24,090.

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; injuries to employees; and natural disasters. The District has joined together with other fire districts in the State to participate in the Fire Agencies Self Insurance System. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers compensation coverage for member fire districts. The District has also joined together with other fire districts in the State to participate in the Northern California Fire District Association. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for liability and automobile coverage for its member districts.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11: OTHER INFORMATION

Management has evaluated events subsequent to June 30, 2023 through March 29, 2024, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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NEWCASTLE FIRE PROTECTION DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Taxes | \$ 318,545 | \$ 318,545 | \$ 323,759 | \$ 5,214 |
| Assessments: | | | | |
| Measure B | 367,399 | 367,399 | 367,129 | (270) |
| Measure F | 183,246 | 183,246 | 183,184 | (62) |
| Use of money and property | 2,500 | 2,500 | 4,472 | 1,972 |
| Intergovernmental | 223,058 | 223,058 | 214,806 | (8,252) |
| Charges for services | 15,101 | 15,101 | 15,279 | 178 |
| Other revenues | 107,325 | 107,325 | 5,858 | (101,467) |
| Total Revenues | <u>1,217,174</u> | <u>1,217,174</u> | <u>1,114,487</u> | <u>(102,687)</u> |
| EXPENDITURES | | | | |
| Public protection: | | | | |
| Salaries and benefits | 652,860 | 652,860 | 647,761 | 5,099 |
| Services and supplies | 318,907 | 318,907 | 332,772 | (13,865) |
| Debt service: | | | | |
| Principal and interest | 173,965 | 173,965 | - | 173,965 |
| Capital outlay | 30,200 | 30,200 | 104,284 | (74,084) |
| Total Expenditures | <u>1,175,932</u> | <u>1,175,932</u> | <u>1,084,817</u> | <u>91,115</u> |
| Excess of Revenues Over (Under) Expenditures | 41,242 | 41,242 | 29,670 | (11,572) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 6,572 | (6,572) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>6,572</u> | <u>(6,572)</u> |
| Net Change in Fund Balances | 41,242 | 41,242 | 36,242 | (18,144) |
| Fund Balances - Beginning | <u>234,845</u> | <u>234,845</u> | <u>234,845</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 276,087</u> | <u>\$ 276,087</u> | <u>\$ 271,087</u> | <u>\$ (18,144)</u> |

NEWCASTLE FIRE PROTECTION DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Mitigation Fees - Major Special Revenue Fund
For the Year Ended June 30, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| REVENUES | | | | |
| Use of money and property | \$ 750 | \$ 750 | \$ 1,421 | \$ 671 |
| Charges for services | 75,435 | 75,435 | 189,957 | 114,522 |
| Total Revenues | <u>76,185</u> | <u>76,185</u> | <u>191,378</u> | <u>115,193</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal and interest | - | - | 29,180 | (29,180) |
| Capital outlay | 29,200 | 29,200 | 157,564 | (128,364) |
| Total Expenditures | <u>29,200</u> | <u>29,200</u> | <u>186,744</u> | <u>(157,544)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>46,985</u> | <u>46,985</u> | <u>4,634</u> | <u>(42,351)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt proceeds | 52,000 | 52,000 | - | (52,000) |
| Total Other Financing Sources (Uses) | <u>52,000</u> | <u>52,000</u> | <u>-</u> | <u>(52,000)</u> |
| Net Change in Fund Balances | 98,985 | 98,985 | 4,634 | (94,351) |
| Fund Balances - Beginning | 82,521 | 82,521 | 82,521 | - |
| Fund Balances - Ending | <u>\$ 181,506</u> | <u>\$ 181,506</u> | <u>\$ 87,155</u> | <u>\$ (94,351)</u> |

NEWCASTLE FIRE PROTECTION DISTRICT
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2023

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund and the major special revenue fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The fiscal officer submits to the Board of Directors a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) A revised adopted budget is usually drafted in April and approved by the Board in May.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2023, the District incurred expenditures in excess of appropriations as follows:

| | <u>Appropriations</u> | <u>Expenditures</u> | Excess of Expenditures Over <u>Appropriations</u> |
|-----------------|-----------------------|---------------------|--|
| Mitigation Fees | \$ 29,200 | \$ 186,744 | \$ 157,544 |

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