BONITA-SUNNYSIDE
FIRE PROTECTION DISTRICT
COUNTY OF SAN DIEGO
BONITA, CALIFORNIA

ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT THEREON

JUNE 30, 2023

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2023

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FINANCIAL SECTION

FECHTER
& COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bonita-Sunnyside Fire Protection District
Bonita, California

Opinions

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

Basis for Opinions

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

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Board of Directors
Bonita-Sunnyside Fire Protection District
Bonita, 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 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, 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.

Board of Directors
Bonita-Sunnyside Fire Protection District
Bonita, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Fechter & Company,
Certified Public Accountants

Fechter & Company

Sacramento, California
January 29, 2024

As management of the Bonita-Sunnyside Fire Protection District (the District), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin immediately following this analysis. This annual financial report consists of two main parts (1) Management's Discussion and Analysis, (2) Basic Financial Statements, and (3) Required Supplemental Information.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. GASB No. 34 established financial reporting standards for state and local governments, including cities, villages and special purpose governments.

FINANCIAL HIGHLIGHTS

- The District's ending Total Net Position was $5,721,259.
- The Change in Net Position for the year was $-3,665,095.
- On the governmental fund basis, the District had revenues in excess of expenditures and other financing sources in the General Fund in the amount of $402,832 in the current year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's Basic Financial Statements. The District's Basic Financial Statements are comprised of four components: 1) financial statements and notes, 2) supplementary information, 3) reports on compliance and internal control, and 4) findings and recommendations.

Basic financial statements – The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by Reconciliations showing why they differ.

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

More detailed information about the District's most significant funds, not the District as a whole, is provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The *Statement of Net Position*, a government-wide statement, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities*, a government-wide statement, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Balance Sheet* for governmental funds presents financial information by fund types showing money left at year-end available for spending.

The *Statement of Revenues, Expenditures, and Changes in Fund Balances* for all governmental fund types focuses on how money flows into and out of the various funds.

The *Notes to the Basic Financial Statements* are included to provide more detailed data and explain some of the information in the statements.

The S*upplementary Information* gives an overview of the operations of the District and the governing body and outlines assessed property valuation.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District had net position of $5,721,259 as of June 30, 2023, a decrease of $3,665,095 from the previous year.

Statement of Net Position

To begin our analysis, a summary of the District's Statement of Net Position is presented in Table 1 below for the current year and the prior year.

Net position may serve over time, as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows by $5,721,259 as of June 30, 2023.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

TABLE 1
Condensed Statement of Net Position

Summary of Assets, Liabilities, and Net Position	2023	2022
Assets:		
Current and Other Assets	$ 9,193,361	$ 8,780,165
Capital Assets, net	1,153,830	697,441
Net pension asset	-	3,214,695
Deferred Outflows	5,840,611	8,178,874
Total Assets and Deferred Outflows	$16,187,802	$20,871,175
Liabilities:		
Current and Other Liabilities	309,164	301,729
Long-term Liabilities	6,865,083	5,606,064
Deferred Inflows	3,292,296	5,577,028
Total Liabilities and Deferred Inflows	$10,466,543	$11,484,821
Net Position:		
Invested in Capital Assets	1,153,830	697,441
Unrestricted Net Position	4,567,429	8,688,913
Total Net Position	$ 5,721,259	$ 9,386,354

Statement of Activities

- The District's total revenues for the fiscal year ended June 30, 2023, decreased $4,257,822 from fiscal year 2022 due primarily to an adjustment to the net pension liability.

- The District's total expenses, excluding the adjustment to the net pension liability of $5,077,013, increased by $174,969.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities (Continued)

- The decrease in Net Position was $3,665,095.

The following table presents a summary of the Statement of Activities for the fiscal year ended June 30, 2023:

TABLE 2
Condensed Statement of Activities

	2023	2022
Program Revenues		
Charges for services	$ 56,059	$ 384,069
Operating grants	184,841	54,929
General Revenues		
Property taxes	3,779,888	3,339,517
Special assessments	256,562	249,675
Use of money and property	42,491	100,489
Mitigation fees	16,223	17,958
Adjustment to net pension liability	-	4,419,862
Miscellaneous	44,237	71,624
Total Revenues	4,380,301	8,638,123
Expenses		
Expenses excluding adjustment to net pension liability	2,968,383	2,793,414
Adjustment to net pension liability	5,077,013	-
Total Expenses	8,045,396	2,793,414
Change in net position	(3,665,095)	5,844,709
Net position at beginning of fiscal year	9,386,354	3,541,645
Net position at end of fiscal year	$ 5,721,259	$ 9,386,354

General Fund Budgetary Highlights

Revenue exceeded budget by $1,144,301 and expenditures exceeded budget by $320,362. The General fund had the following Excess of Expenditures over Appropriations (instances where actual amounts exceeded budgeted amounts by more than $10,000) in these individual categories:

- Salaries and benefits $ 76,778
- Maintenance 34,053
- Capital outlay 327,476

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

TABLE 3
Analysis of Significant Budget-To-Actual Variations

	June 30, 2023		
	Actual	Budget	Variance
Revenues	$ 4,380,301	$ 3,236,000	$ 1,144,301
Operating Expenses	3,977,469	3,657,107	320,362
Net Decrease	$ 402,832	$ (421,107)	$ 823,939

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District has net capital assets totaling $1,153,830 which include land, structures, improvements, furniture, fixtures, equipment, fire apparatus, and vehicles. The District owns property and structures located at 4035 Bonita Road and 4900 Bonita Road. None of the capital assets have liens. For additional information on capital assets, refer to Note C.

Debt Administration

In February 2021, the District entered into a financing agreement with Pacific Western Bank in which the Bank agreed to purchase the District's Series Taxable Revenue Obligations in an amount not to exceed $5,127,000. The debt is scheduled to mature on August 1, 2041 and has an interest rate of 3.95%. The balance of the loan at June 30, 2023 was $4,769,000. For additional information on long-term debt, refer to Note D.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District Board of Directors, management staff, and safety personnel believe in the philosophy of operating the District in a cost-efficient manner while continuing to serve the residents of Bonita. To minimize deaths, injuries, and property losses by taking feasible action to prevent fires and extinguish them promptly if they occur. This shall include performing life safety and fire protection as needed. To plan for the future by setting aside reserve funds in the event of a shortfall, to operate within means provided and remain sustainable.

CONTACTING THE DISTRICT

The Bonita-Sunnyside Fire Protection District financial statements are designed to present a general overview of the Bonita-Sunnyside Fire Protection District's finances and to demonstrate Bonita-Sunnyside Fire Protection District's accountability. Questions regarding this report should be directed to Mike Sims, Fire Chief or Annette Craven, Office Manager at (619) 479-2346, or 4900 Bonita Road, Bonita, CA 91902-1725.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS		
Cash and investments	$	8,686,666
Accounts receivable		6,695
PASIS deposits		500,000
Capital assets, net		1,153,830
TOTAL ASSETS		10,347,191
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension		4,964,559
Deferred OPEB		876,052
TOTAL DEFERRED OUTFLOWS OF RESOURCES		5,840,611
LIABILITIES		
Accounts payable and accrued expenses		1,703
PASIS liability		150,000
Accrued payroll		78,971
Accrued interest		78,490
Loan payable - current portion		186,000
Long-term liabilities:		
Compensated absences		461,484
Net pension liability		967,834
OPEB liability		666,765
Loan payable - non-current portion		4,583,000
TOTAL LIABILITIES		7,174,247
DEFERRED INFLOWS OF RESOURCES		
Deferred pension		3,109,520
Deferred OPEB		182,776
TOTAL DEFERRED INFLOWS OF RESOURCES		3,292,296
NET POSITION		
Invested in capital assets, net of related debt		1,153,830
Unrestricted		4,567,429
NET POSITION	$	5,721,259

The accompanying notes are an integral part of these financial statements

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2023

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Position
Governmental Activities:					
Public Safety	$ 2,968,383	$ 56,059	$ 184,841	$ -	$ (2,727,483)
Total Governmental Activities	$ 2,968,383	$ 56,059	$ 184,841	$ -	(2,727,483)
		General Revenues (Expenses)			
		Property taxes			3,779,888
		Special assessments			256,562
		Use of money and property			42,491
		Mitigation fees			16,223
		Adjustment to net pension asset			(5,077,013)
		Miscellaneous			44,237
		Total general revenues (expenses)			(937,612)
		Change in net position			(3,665,095)
		Net position at beginning of fiscal year			9,386,354
		Net position at end of fiscal year			$ 5,721,259

The accompanying notes are an integral part of these financial statements

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2023

		General Fund
ASSETS		
Cash and investments	$	8,686,666
Accounts receivable		6,695
Deposits		500,000
TOTAL ASSETS	$	9,193,361
LIABILITIES		
Accounts payable and accrued expenses	$	1,703
PASIS liability		150,000
Accrued payroll		78,971
Total liabilities		230,674
FUND BALANCES		
Fund balance:		
Non-spendable: Deposits		500,000
Unassigned		8,462,687
Total fund balance		8,962,687
TOTAL LIABILITIES AND FUND BALANCES	$	9,193,361

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental fund		$ 8,962,687
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost, net		1,153,830
Net pension liability is not reported on the Balance Sheet		
Deferred outflows of resources are not reported on the Balance Sheet.		
Pension	4,964,559	
OPEB	876,052	5,840,611
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences	(461,484)	
Accrued interest	(78,490)	
Net pension liability	(967,834)	
Other post-employment benefits	(666,765)	
Loan payable	(4,769,000)	(6,943,573)
Deferred inflows of resources are not reported on the Balance Sheet.		
Pension	(3,109,520)	
OPEB	(182,776)	(3,292,296)
Net position of governmental activities		$ 5,721,259

The accompanying notes are an integral part of these financial statements

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED
JUNE 30, 2023

	General fund
REVENUES	
Property taxes	$ 3,779,888
Special assessments	256,562
Use of money and property	42,491
Reimbursements	56,059
Mitigation fees	16,223
Grants	184,841
Miscellaneous	44,237
Total revenues	4,380,301
EXPENDITURES	
Current:	
Salaries and benefits	2,491,076
Administrative	151,931
Insurance	101,622
Fire prevention	803
Fuel and oil	37,835
Hoses	17,939
Household expense	4,028
Maintenance	91,153
Office & medical supplies	7,026
Protective gear	42,004
Professional services	19,387
Safety	9,715
Training	14,273
Utilities	47,815
Travel	3,338
Automobile	60,216
Capital outlay	507,476
Debt service:	
Principal	178,000
Interest	191,832
Total expenditures	3,977,469
NET CHANGES IN FUND BALANCE	402,832
FUND BALANCE, BEGINNING OF YEAR	8,559,855
FUND BALANCE, END OF YEAR	$ 8,962,687

The accompanying notes are an integral part of these financial statements

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2023

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	$ 402,832
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense not reported in governmental funds	(51,087)
Current year capital outlay	507,476
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Change in loan payable	178,000
Change in accrued interest	2,929
Change in net pension liability	(4,734,138)
Change in compensated absences	10,132
Change in other post employment benefits liability	18,761
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (3,665,095)

BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the Financial Section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of accounting policies and other necessary disclosure of pertinent matters relating to financial position and results of operations of Bonita-Sunnyside Fire Protection District (District). The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this report.

The Bonita-Sunnyside Fire Protection District is in San Diego and was formed in 1950, the home to over 18,000 residents living in the community of Bonita, an unincorporated area of San Diego County. The Bonita-Sunnyside Fire Protection District service area is primarily suburban residential but also has commercial, rural/agricultural, and wildland/urban interface properties.

The Bonita-Sunnyside Fire Protection District is proud to provide a paramedic engine to serve the residents of Bonita.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Policies

   The Accounting Policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), and the American Institute of Certified Public Accountants (AICPA).

2. Accounting Pronouncements

   For the year ended June 30, 2004, the District was required to adopt GASB Statement No. 34 (GASB 34), Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments; GASB Statement No. 37 (GASB 37), Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38 (GASB 38), Certain Financial Statement Note Disclosures; and GASB Statement No. 39 (GASB 39), Determining Whether Certain Organizations are Component Units. GASB 34 significantly changes the way state and local governments report their financial information to the public. As a result of GASB 34, state and local governments are required to report financial information using both fund-based and government-wide financial statement presentations. Fund-based statements continue to use the modified accrual basis of accounting, but the government-wide statement uses full accrual basis of accounting. In addition to the change in the financial statement presentation, GASB 34 requires the reporting of capital assets and long-term obligations on the government-wide financial statements. The preparation of a Management Discussion and Analysis to clarify the District’s financial activities is also required by GASB 34. Furthermore, the District’s notes to the financial statements incorporate modifications as required under GASB 38.

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

a. Government-Wide Financial Statements

The Government-Wide Financial Statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District and its component units. Internal service fund activity is eliminated to avoid doubling revenues and expenses.

The Government-Wide Financial Statements are prepared using the economic resources measurement focus. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The Government-Wide Financial Statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. 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.

b. Fund Financial Statements

Fund Financial Statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column.

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.

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Basis of Accounting

Basis of Accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

a. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District has just one major fund, the General Fund.

Major Governmental Funds:

- The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

6. Budgets and Budgetary Accounting

By state law, the District's Governing Board must adopt a tentative budget no later than June 30 and adopt a final budget no later than October 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object accounts. Appropriations do not carryover from year to year.

7. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30 each year.

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

The District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximate market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. Information regarding the amount of dollars invested in derivatives with San Diego County Treasury indicates the amount was less than 1% for the year ended June 30, 2023.

b. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Asset Class	Estimated Useful Life In Years
Buildings/Improvements	20-30
Vehicles	5
Equipment	5-20

c. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District.

The first 750 hours of each employee's accumulated sick leave benefits are recognized as liabilities of the District. The remaining hours over 750 are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable.

d. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Assets, Liabilities, and Equity (Continued)

e. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the Statement of Net Position.

f. Allowance for Doubtful Accounts

Management believes its accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

h. Fund Balance, Reserves, and Assignments

Under GASB 54, fund balance for governmental funds should be 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. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e., – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e., – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification represents amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

A. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Assets, Liabilities, and Equity (Continued)

i. Net Position

The government-wide financial statements utilize a net position presentation. Net position are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. It is the District's policy to first apply restricted assets when an expenditure is incurred for purposes for which both restricted and unrestricted assets are available.
- Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

j. Use of Estimates

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

k. Classification of Items

Certain items may have been classified differently from one year to another.

l. Compliance and Accountability

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions would be reported if there were any material violations. The District's management is not aware of any instances of non-compliance or violations of inappropriate representation.

B. CASH AND INVESTMENTS

The District follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Cash and investments consist of the following at June 30, 2023:

Local Agency Investment Fund Pool (LAIF)	$ 448,167
Deposits held in financial institutions	1,029,658
Cash with County	7,208,478
Petty cash	363
Total Cash and Investments	$ 8,686,666

Custodial Credit Risk

At June 30, 2023, the carrying amount of the deposits held at banks was $1,029,658 and the bank balances were $1,152,170. The bank balances are insured by the FDIC for $250,000 and the remaining was collateralized, as required by California Government Code 53630, by the pledging financial institution with assets held in a common pool for the District and other governmental agencies. State law requires that the collateral be equal to or greater than 100% of all public deposits held with the pledging financial institution if government securities are used or 150% if mortgages are used as the collateral.

Authorized Investments

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs. The California Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Banker’s Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Passbook Savings Account Demand Deposits
- Reverse Repurchase Agreements
- County Cash Pool

B. CASH AND INVESTMENTS (CONTINUED)

Investments

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including change in fair market of investments, is recognized as revenue in the operating statement.

The State Treasurer's Local Agency Investment Fund (LAIF), is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officers and various participants, provides oversight to the management of the fund. The District is a voluntary participant in the investment pool. The District reports its investment in the LAIF at the fair value provided by the State Treasurer, which is not materially different than cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized costs basis. Included in the LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating securities issued by federal agencies, government sponsored enterprises, and corporations.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that 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. As of the year-end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 10.5 months.

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. The LAIF does not have a rating provided by a nationally recognized statistical rating organization.

C. CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	$ 432,082	$ -	$ -	$ 432,082
Construction in Progress	24,486	-	(24,486)	-
Total Capital Assets, Not Being Depreciated	456,568	-	(24,486)	432,082
Capital Assets, Being Depreciated:				
Structures & Improvements	1,936,949	330,000	-	2,266,949
Furniture & Fixtures	120,405	-	-	120,405
Equipment & Vehicles	1,666,055	177,476	24,486	1,868,017
Total Capital Assets, Being Depreciated	3,723,409	507,476	24,486	4,255,371
Total Accumulated Depreciation	(3,482,536)	(51,087)	-	(3,533,623)
Total Capital Assets, Being Depreciated, Net	240,873	456,389	24,486	721,748
Governmental Activities, Capital Assets, Net	$ 697,441	$ 456,389	$ -	$ 1,153,830

Depreciation expense for the year-ended June 30, 2023, was $51,087 and was charged to the public safety function.

D. LONG-TERM LIABILITIES

Long-term liabilities activities include debt and other long-term liabilities. Changes in long-term liabilities for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Loan payable	$ 4,947,000	$ -	$ (178,000)	$ 4,769,000	$186,000
Compensated absences	471,616	-	(10,132)	461,484	-
OPEB liability	187,448	479,317	-	666,765	-
Net pension (asset)/liability	(3,214,695)	4,182,529	-	967,834	-
Total	$ 2,391,369	$ 4,661,846	$ (188,132)	$ 6,865,083	$186,000

D. LONG-TERM LIABILITIES (CONTINUED)

In February 2021, the District entered into a financing agreement with Pacific Western Bank in which the Bank agreed to purchase the District's Series Taxable Revenue Obligations in an amount not to exceed $5,127,000. The debt is scheduled to mature on August 1, 2041. Interest is payable semi-annually on August 1st and February 1st each year at a rate of 3.95%. Principal payments are to be made on August 1st. At June 30, 2023, the principal balance of the debt was $4,769,000.

Future annual repayment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 186,000	$ 184,702	$ 370,702
2025	193,000	177,217	370,217
2026	201,000	169,435	370,435
2027	209,000	161,338	370,338
2028	217,000	152,924	369,924
2029-2033	1,225,000	626,055	1,851,055
2034-2038	1,491,000	358,680	1,849,680
2039-2041	1,047,000	63,140	1,110,140
Total	$4,769,000	$1,893,491	$6,662,491

E. EMPLOYEE RETIREMENT PLANS

1. California Public Employees' Retirement System (CalPERS)

Plan Description

The Bonita-Sunnyside Fire Protection District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 9% for safety employees and 7% for miscellaneous employees of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. The contribution requirements of plan members and the District are established and may be amended by PERS.

E. EMPLOYEE RETIREMENT PLANS (CONTINUED)

1. California Public Employees' Retirement System (CalPERS) – (continued)

Funding Policy (Continued)

The employer contributions rates of annual covered payroll are as follows:

Tier	Safety	Non-Safety
Tier 1	23.75%	-
Tier 2	-	10.87%
PEPRA	12.78%	-

In addition, the District also makes unfunded liability payments annually to help make up for the shortfall in the pension plan. This is also actuarially determined. The following represents the unfunded liability payments made during the 2023 fiscal year:

Tier	Safety	Non-Safety
Tier 1	$ 43,787	$ 1,605
Tier 2	-	2,206
PEPRA	1,606	-

Funding Status and Progress

At June 30, 2023, the District reported a liability of $967,834 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2023, the District recognized pension expense of $5,083,493 in its Government-Wide financial statements. The pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 6.90%, net of investment expense
- Inflation Rate – 2.50%
- Salary increases – Varies by Entry Age and Service – up to 3%
- COLA Increases – up to 2.50%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

E. EMPLOYEE RETIREMENT PLANS (CONTINUED)

1. California Public Employees' Retirement System (CalPERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

The long-term expected rate of return on pension plan investments (6.90%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return [1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

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

(2) Figures are based on the 2021-22 Asset Liability Management study.

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

E. EMPLOYEE RETIREMENT PLANS (CONTINUED)

1. California Public Employees' Retirement System (CalPERS) (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension plan liability/(asset)	$ 4,468,548	$ 967,834	$(1,894,108)

Detailed information about the pension fund's fiduciary net position is available in the separately issued CALPERS comprehensive annual financial report which may be obtained by contacting PERS.

F. JOINT POWERS AGREEMENT

1. Public Agencies Self Insurance System (PASIS)

The District entered into a Joint Powers Agreement (JPA) known as the "Public Agencies Self Insurance System" (PASIS), a self-insurance plan for workers' compensation insurance. The PASIS is governed by a board consisting of a representative from each member district. The Board controls the operations of the PASIS, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in the PASIS. The JPA is a separate entity which is independently audited.

PASIS establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. The District is self-insured up to a total claim liability of $125,000 while anything above and beyond that is covered by the PASIS risk pool.

Because actual claim costs depend on complex factors such as inflation, changes in legal liability, damage awards, etc., the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

F. JOINT POWERS AGREEMENT (CONTINUED)

1. Public Agencies Self Insurance System (PASIS) (Continued)

PASIS establishes a liability for both reported and unreported insured events which includes estimates of both future payments of losses and related claim adjustment expenses. The District has reserved a total of $150,000 on its financial statements as a claims liability. This is likely sufficient to account for potential incurred but not reported cases (IBNR)

Condensed financial information from PASIS' audited financial statements at June 30, 2023, is as follows:

	District's Share	Total PASIS
Assets	$ 417,807	$3,524,018
Net Position	$ 417,807	$3,524,018

	Total PASIS
Investment loss	$ 73,113
Net Income	$ 73,113

F. JOINT POWERS AGREEMENT (CONTINUED)

2. Fire Agencies Insurance Risk Authority (FAIRA)

The District entered into a Joint Powers Agreement (JPA), known as the "Fire Agencies Insurance Risk Authority" (FAIRA), a self-insurance plan for general liability insurance. The FAIRA is governed by a board consisting of a representative from each member district. The board controls the operations of the FAIRA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the FAIRA. The JPA is a separate entity which is independently audited.

The most recent condensed financial information from FAIRA's audited financial statements at June 30, 2022, are as follows:

	Total FAIRA
Assets	$ 3,911,487
Liabilities and Net Position	
Liabilities	$ 1,910,065
Net Position	2,001,422
Total Liabilities and Net Position	$ 3,911,487

	Total FAIRA
Operating Revenues	$ 7,648,846
Expenditures	(7,908,938)
Operating Income (Loss)	(260,092)
Non-Operating Revenue Investments (Net)	(90,164)
Net Loss	$ (350,256)

F. JOINT POWERS AGREEMENT (CONTINUED)

3. Heartland Communications Facility Authority (HCFA)

The District entered into a Joint Powers Agreement (JPA), known as the "Heartland Communications Facility Authority" (HCFA), the purpose of which is to acquire, construct, equip, maintain, and operate a communications facility. The HCFA is governed by a commission consisting of a representative from each public agency. The commission controls the operations of the HCFA, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the commission. Each public agency pays a premium based on the ratio of mobile radios and uniformed personnel of that public agency to the total number of mobile radios and uniformed personnel of all members of the JPA. Because the District has a minority voting interest and no administrative authority, the financial transactions of the JPA are not included in this report.

G. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The District provides post-employment health care benefits to certain employees who are eligible to retire with PERS and have completed a minimum of 5 years of employment with the District.

Benefits Provided

For the year ended June 30, 2023, 15 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2023, expenditures of $106,250 were recognized for post-employment health care benefits.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2023, the District made a total contribution of $151,205. This included premiums paid on behalf of retirees and a contribution to the OPEB trust.

Employees Covered by Benefit Terms

At the OPEB liability measurement date of June 30, 2022, the following employees were covered by the benefit terms:

- Retired employees – 15
- Active employees – 15

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

G. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Medical cost trend	4.00-6.50% increases
Discount rate	5.00%

	2023
Total OPEB liability - beginning	$ 187,448
Service cost	40,901
Interest	143,304
Employer contributions	(151,205)
Experience changes	(59,470)
Changes in assumptions or other inputs	264,805
Administrative expenses	567
Investment earnings	240,415
Net change in total OPEB liability	479,317
Total OPEB liability - ending	$ 666,765

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 4.00%	Discount Rate 5.00%	1% Increase 6.00%
District's proportionate share of the net OPEB plan liability	$ 976,512	$ 666,765	$ 404,063

G. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB plan liability	$ 551,375	$ 666,765	$ 782,684

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of $87,489. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss and actuarial assumptions. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 184,267	$ 51,942
Changes in assumptions or other inputs	231,285	31,032
Net differences between projected and actual earnings and other	299,577	99,802
Contributions subsequent to measurement	160,923	-
Total	$ 876,052	$ 182,776

Contributions subsequent to measurement date of $160,923 will be recognized as expense in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2024	$ 93,745
2025	104,141
2026	103,308
2027	122,910
2028	43,527
Thereafter	64,722
Total	$ 532,353

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2024, the date which the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
REVENUES	Original	Final	Actual	
Property taxes	$ 3,200,000	$ 3,200,000	$ 3,779,888	$ 579,888
Special assessments	-	-	256,562	256,562
Use of money and property	-	-	42,491	42,491
Reimbursements	36,000	36,000	56,059	20,059
Mitigation fees	-	-	16,223	16,223
Grants	-	-	184,841	184,841
Miscellaneous	-	-	44,237	44,237
Total revenues	3,236,000	3,236,000	4,380,301	1,144,301
EXPENDITURES				
Current:				
Salaries and benefits	2,414,298	2,414,298	2,491,076	(76,778)
Administrative	167,918	167,918	151,931	15,987
Insurance	119,678	119,678	101,622	18,056
Fire prevention	4,500	4,500	803	3,697
Fuel and oil	38,300	38,300	37,835	465
Hoses	13,500	13,500	17,939	(4,439)
Household expense	5,000	5,000	4,028	972
Maintenance	57,100	57,100	91,153	(34,053)
Office & medical supplies	29,150	29,150	7,026	22,124
Protective gear	35,265	35,265	42,004	(6,739)
Professional services	41,112	41,112	19,387	21,725
Safety	9,750	9,750	9,715	35
Training	16,600	16,600	14,273	2,327
Utilities	48,525	48,525	47,815	710
Travel	16,620	16,620	3,338	13,282
Automobile	89,900	89,900	60,216	29,684
Capital outlay	180,000	180,000	507,476	(327,476)
Debt service:				
Principal	178,000	178,000	178,000	-
Interest	191,891	191,891	191,832	59
Total expenditures	$ 3,657,107	$ 3,657,107	3,977,469	$ (320,362)
NET CHANGES IN FUND BALANCE			$ 402,832	

See notes to required supplementary information

Note 1: **Budgetary Basis of Accounting**

Budgets for the operating fund are prepared on the cash and expenditures and encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The General fund had the following Excess of Expenditures over Appropriations (instances where actual amounts exceeded budgeted amounts by more than $10,000) in these individual categories:

• Salaries and benefits	$ 76,778
• Maintenance	34,053
• Capital outlay	327,476

BONITA-SUNNYSIDE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
POST-EMPLOYMENT BENEFITS
JUNE 30, 2023

	2018	2019	2020	2021	2022
Total beginning OPEB Liability	$ 882,219	$ 758,533	$ 620,142	$ 438,248	$ 294,936
Service cost	36,952	39,169	40,344	35,081	40,448
Interest	121,200	124,099	127,448	129,719	133,928
Employer contributions	(235,150)	(241,391)	(216,943)	(254,749)	(145,334)
Experience difference	-	-	115,395	71,821	136,270
Change in assumptions or other inputs	-	-	(136,269)	(14,153)	(6,613)
Administrative expenses	-	2,447	331	(865)	695
Investment earnings	(46,688)	(62,715)	(112,200)	(110,166)	(266,882)
Net change in total OPEB liability	(123,686)	(138,391)	(181,894)	(143,312)	(107,488)
Total OPEB liability - ending	$ 758,533	$ 620,142	$ 438,248	$ 294,936	$ 187,448
Covered-employee payroll	$ 1,777,118	$ 1,557,242	$ 1,557,242	$ 1,705,835	$ 1,828,429
Total OPEB liability as a percentage of covered payroll	42.68%	39.82%	28.14%	17.29%	10.25%
Plan fiduciary net position as a percentage of the total OPEB liability	63.62%	71.00%	79.88%	86.97%	92.26%

	2023
Total beginning OPEB Liability	$ 187,448
Service cost	40,901
Interest	143,304
Employer contributions	(151,205)
Experience difference	(59,470)
Change in assumptions or other inputs	264,805
Administrative expenses	567
Investment earnings	240,415
Net change in total OPEB liability	479,317
Total OPEB liability - ending	$ 666,765
Covered-employee payroll	$ 1,834,556
Total OPEB liability as a percentage of covered payroll	36.34%
Plan fiduciary net position as a percentage of the total OPEB liability	74.94%

BONITA-SUNNYWIDE FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
PENSION
JUNE 30, 2023

CALPERS - Schedule of Proportionate Share of Net Pension Liability:

Last 10 Fiscal Years*:

Measurement Date	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
District's proportion of the net pension liability	Varies by plan	0.05741%	0.05633%	0.05649%	0.05892%
District's proportionate share of the net pension liability	$ 3,207,774	$ 3,355,508	$ 4,873,875	$ 5,602,032	$ 5,678,096
District's covered employee payroll	1,227,218	1,272,914	1,384,668	1,246,980	1,326,306
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.39%	263.61%	351.99%	449.25%	428.11%
Plan Fiduciary net position as a percentage of the total pension liability	81.50%	80.73%	72.64%	71.84%	72.18%

Measurement Date	FY 2019	FY 2020	FY 2021	FY 2022
District's proportion of the net pension liability	0.05986%	0.06129%	-0.05944%	-0.05944%
District's proportionate share of the net pension liability/(asset)	$ 6,134,043	$ 6,668,797	$ (3,214,695)	$ 967,834
District's covered employee payroll	1,420,097	1,200,519	1,385,841	1,459,996
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	431.95%	555.49%	-231.97%	66.29%
Plan Fiduciary net position as a percentage of the total pension liability	71.18%	70.28%	113.90%	96.20%

CALPERS - Schedule of District Contributions:

Last 10 Fiscal Years*:

Measurement Date	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Actuarially determined contribution	$ 310,601	$ 320,625	$ 378,370	$ 427,813	$ 488,585
Total actual contribution	(310,601)	(320,625)	(378,370)	(427,813)	(488,585)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,227,218	$ 1,272,914	$ 1,384,668	$ 1,246,980	$ 1,326,306
Contributions as a percentage of covered employee payroll	25.31%	25.19%	27.33%	34.31%	36.84%

Measurement Date	FY 2019	FY 2020	FY 2021	FY 2022
Actuarially determined contribution	$ 572,665	$ 695,583	$ 318,170	$ 342,235
Total actual contribution	(572,665)	(6,984,323)	(318,170)	(342,235)
Contribution deficiency (excess)	$ -	$ (6,288,740)	$ -	$ -
District's covered-employee payroll	$ 1,420,097	$ 1,200,519	$ 1,385,841	$ 1,459,996
Contributions as a percentage of covered employee payroll	40.33%	57.94%	22.96%	23.44%

* Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.