San Miguel Consolidated Fire Protection District
Finance Committee Meeting
2850 Via Orange Way, Spring Valley, CA 91978

AGENDA Wednesday, February 26, 2025 – 2:30 p.m.

MEETINGS - The Finance Committee meets regularly on the fourth Wednesday of each month at 2:30 p.m. Special and Emergency meetings may be scheduled as needed, and cancelled meetings will be noticed by posting on the District website.

AGENDA - Agenda items shall be addressed in the published order unless a Committee member or a member of the public requests a specific item to be taken out of order, and the Committee agrees to do so.

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT (US CODE TITLE 42) - If you need accommodation to participate in the meeting, please call or email and Board Clerk Shayna Rians will coordinate arrangements: (619) 670-0500 or info@sanmiguelfire.org

PUBLIC COMMENT - The public may attend meetings in person, complete a speaker slip, and bring an item not on the agenda forward; however, the Committee will not be able to take any action at this meeting. If appropriate, the item will be referred to the Board and/or Fire Chief to determine if the item will be placed on a future Finance Committee or Board Meeting agenda. A three (3) minute period shall be allotted to each person addressing the Committee to facilitate business proceedings.

MEETING MATERIALS (GOVERNMENT CODE §54957.5 AND AB 2647) - Documents provided to members of a Brown Act body in the 72 hours before a meeting (i.e., after the agenda is typically posted) are available to the public at the same time they are provided to the board members. The agenda and supporting documents are available online at https://www.sanmiguelfire.gov/board-meetings.

CALL TO ORDER AND ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENT

1. AGENDA ITEMS

1.1 Select Finance Committee Chairperson – The Finance Committee will determine the Chairperson for the 2025 calendar year.

1.2 2023/2024 Fiscal Year Audit & Single Audit – The Finance Committee will review the audit reports for Fiscal Year Ended June 30, 2024.

1.3 Fire Chief Lawler will discuss the upcoming preliminary budget planning cycle.

2. INFORMATIONAL AGENDA ITEMS

2.1 Committee Member Comments

2.2 Association Comments

2.2.1 Association of San Miguel Chief Officers

2.2.2 Association of San Miguel Firefighters

2.2.3 Association of Non-Safety Professionals

2.3 Action Plan Recap

NEXT MEETING – Wednesday, March 26, 2025, 2:30 p.m., District Headquarters

ADJOURNMENT

AGENDA ITEM 1.2

STAFF REPORT

DATE: February 26, 2025

TO: Finance Committee

FROM: Leah Harris, Administrative Officer/Finance Officer

SUBJECT: 2023/2024 Fiscal Year Audit & Single Audit

BACKGROUND

Per the Finance Committee Intent Policy, the Finance Committee reviews the District's annual audit reports and management letters. The audit for the fiscal year 2023/2024 was conducted by Nigro & Nigro, PC.

DISCUSSION

The Annual Financial Statements and Single Audit Report (ARPA funding) for the fiscal year ending June 30, 2024, have been completed. This report provides a summary of the key financial highlights, audit results, and recommendations based on the findings.

FINANCIAL HIGHLIGHTS

The San Miguel Consolidated Fire Protection District's financial condition has improved over the past year, as reflected in the increase in net position by $5.77 million.

Key Figures:

- Total Revenue: $36.03 million (+14.99% increase from the previous year)
- Total Expenses: $30.26 million (-18.80% decrease from prior year) – This was due to GASB 68 Pension Calculation
- Net Position (Deficit): Improved from ($24.49 million) to ($18.71 million)
- Fund Balance: Increased to $36.21 million

Revenue Breakdown

- Property Taxes: $26.66 million (largest source of revenue)
- Program Revenue (Service Fees, Grants, Mitigation Fees): $7.15 million
- Investment Earnings: $1.79 million (significant increase of $1.3 million)

Expense Breakdown

- Personnel Costs (Salaries/Wages/Benefits/Insurance): $19.99 million
- Operations & Materials: $4.86 million
- Capital Asset Purchases: $3.99 million

The District's capital expenditures focused on new equipment and infrastructure improvements, ensuring continued service efficiency.

AUDIT RESULTS

The independent auditors issued an "Unmodified" (Clean) Opinion, meaning the financial statements accurately present the District's financial position.

Key Audit Findings:

- No material weaknesses or significant deficiencies in internal controls were identified.
- No compliance issues were reported with federal grant funds.
- Federal Grant Expenditures: $1.18 million in Coronavirus State and Local Fiscal Recovery Funds (U.S. Treasury).

The Single Audit Report confirmed full compliance with federal regulations, with no findings or questions about costs related to grant funds.

RECOMMENDATIONS & NEXT STEPS

1. Continue Strengthening Financial Position – Although the net position improved, the District still carries a deficit of ($18.71 million), mainly due to pension obligations.
2. Monitor Long-Term Liabilities – The district has $75.73 million in non-current liabilities, mainly related to pensions and OPEB obligations.
3. Leverage Available Grant Funding & New Revenue Streams – Continue seeking additional federal and state grants/new revenue streams to offset operational costs.

FISCAL IMPACT

No fiscal impact.

ATTACHMENTS

Attachment A – San Miguel Consolidated FPD Financial 2024
Attachment B – San Miguel Consolidated FPD Financial 2024 Single Audit (ARPA Funds)

RECOMMENDATION

Agendize at the Regular Meeting of the Board of Directors on March 12, 2025, for the Board to consider receiving and filing the audit for the fiscal year ending June 30, 2024 per CCR § 1131.2.

ATTACHMENT A

SAN MIGUEL CONSOLIDATED
FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2024
(With Comparative Amounts for June 30, 2023)

NIGRO & NIGRO PC

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
For the Fiscal Year Ended June 30, 2024
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FINANCIAL SECTION

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REQUIRED SUPPLEMENTARY INFORMATION

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Financial Section

INDEPENDENT AUDITORS' REPORT

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Miguel Consolidated Fire Protection District as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Miguel Consolidated Fire Protection District, as of June 30, 2024, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and schedule of OPEB contributions be presented to supplement the basic financial statements. Such 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. 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated January 8, 2025, 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 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.

Murrieta, California
January 8, 2025

Management's Discussion and Analysis (MD&A) offers readers of San Miguel Consolidated Fire Protection District's (the District) financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 23.57% or $5,771,429 from $(24,486,594) to $(18,715,165) as a result of this year's operations.
- Total revenues from all sources increased by 14.99%, or $4,697,320 from $31,336,975 to $36,034,295, from the prior year, primarily due to an increase in operating and capital grant funding of $1,644,257.
- Total expenses for the District's operations decreased by 18.80% or $7,006,606 due to a $7,216,339 decrease in operations expense.
- The District purchased new capital assets during the year in the amount of $3,994,278. The total depreciation expense was $1,155,206.

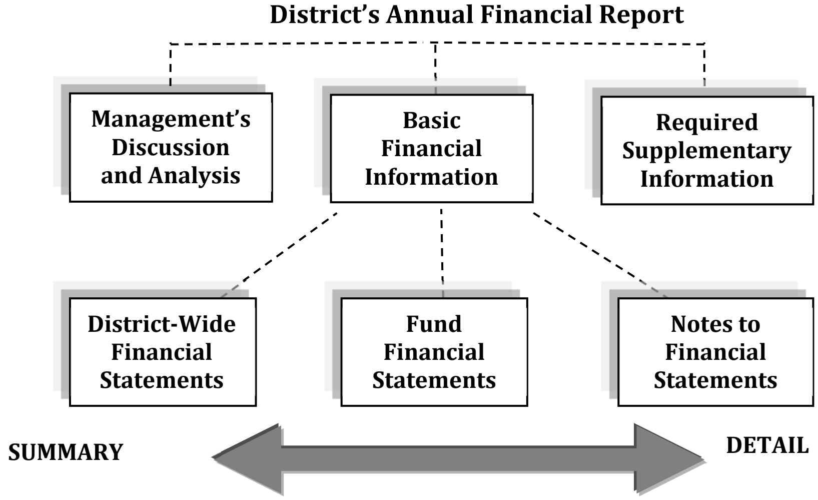
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial* statements provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of San Miguel Consolidated Fire Protection District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of buildings and other facilities.

- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as fire protection, medical transport, and administration. Local property taxes finance most of these activities.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near- term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	June 30, 2024	June 30, 2023	Change
Assets:			
Current assets	$ 36,409,690	$ 30,772,989	$ 5,636,701
Non-current assets	807,933	312,380	495,553
Capital assets, net	18,432,687	15,593,615	2,839,072
Total assets	55,650,310	46,678,984	8,971,326
Deferred outflows of resources	26,477,775	34,099,927	(7,622,152)
Liabilities:			
Current liabilities	1,982,278	1,633,907	348,371
Non-current liabilities	75,734,631	76,419,125	(684,494)
Total liabilities	77,716,909	78,053,032	(336,123)
Deferred inflows of resources	23,200,383	27,486,218	(4,285,835)
Net position (Deficit):			
Net investment in capital assets	18,432,687	15,372,646	3,060,041
Restricted	767,059	385,721	381,338
Unrestricted (Deficit)	(37,914,911)	(40,244,961)	2,330,050
Total net position (deficit)	$(18,715,165)	$(24,486,594)	$ 5,771,429

At the end of fiscal year 2024, the District shows a deficit balance in its unrestricted net position of ($37,914,911).

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	June 30, 2024	June 30, 2023	Change
Program revenues	$ 7,157,436	$ 5,116,287	$ 2,041,149
Expenses	(30,262,866)	(37,269,472)	7,006,606
Net program expense	(23,105,430)	(32,153,185)	9,047,755
General revenues	28,876,859	26,220,688	2,656,171
Change in net position	5,771,429	(5,932,497)	11,703,926
Net position:			
Beginning of year	(24,486,594)	(18,554,097)	(5,932,497)
End of year	$(18,715,165)	$(24,486,594)	$ 5,771,429

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased its net position by $5,771,429.

Table A-3: Total Revenues

	June 30, 2024	June 30, 2023	Increase (Decrease)
Program revenues:			
Charges for services	$ 5,010,243	$ 4,589,255	$ 420,988
Reimbursements	18,908	23,248	(4,340)
Mitigation fees	366,686	386,442	(19,756)
Operating and capital grant funding	1,761,599	117,342	1,644,257
Total program revenues	7,157,436	5,116,287	2,041,149
General revenues:			
Property taxes	26,661,202	25,300,558	1,360,644
Redevelopment pass-through	269,717	242,432	27,285
Rental income	159,582	192,493	(32,911)
Investment earnings	1,786,358	481,205	1,305,153
Sale of capital assets	-	4,000	(4,000)
Total general revenues	28,876,859	26,220,688	2,656,171
Total revenues	$ 36,034,295	$ 31,336,975	$ 4,697,320

Total revenues from all sources increased by 14.99%, or $4,697,320 from $31,336,975 to $36,034,295, from the prior year, primarily due to an increase in operating and capital grant funding of $1,644,257.

Table A-4: Total Expenses

	June 30, 2024	June 30, 2023	Increase (Decrease)
Expenses:			
Operations	$ 28,042,792	$ 35,259,131	$ (7,216,339)
Depreciation expense	1,155,206	1,006,321	148,885
Amortization expense	32,069	13,362	18,707
Interest expense	1,032,799	990,658	42,141
Total expenses	$ 30,262,866	$ 37,269,472	$ (7,006,606)

Total expenses for the District's operations decreased by 18.80% or $7,006,606 due to a $7,216,339 decrease in operations expense.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2024, the District reported a total fund balance of $36,217,736. An amount of $7,309,768 constitutes the District's *unassigned fund balance*.

OPERATIONS FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's general fund at year-end were $2,850,405 less than actual. Budgeted revenues were less than actual revenues by $6,151,757. Actual revenues less expenses were over budget by $3,301,352.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2024, the District had invested $18,432,687 in capital assets, related to the purchase of equipment for use in fire protection. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $1,155,206.

Table A-5: Capital Assets at Year End, Net of Depreciation

	June 30, 2024	June 30, 2023
Capital assets:		
Non-depreciable assets	$ 6,736,297	$ 3,777,287
Depreciable assets	30,480,208	29,481,193
Accumulated depreciation	(18,783,818)	(17,664,865)
Total capital assets, net	$ 18,432,687	$ 15,593,615

Long-Term Debt

At year-end the District had $0 in outstanding long-term debt – a decrease of ($220,969) from last year – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

	June 30, 2024	June 30, 2023
Long-term debt	$ -	$ 220,969

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the Fire Chief at the San Miguel Consolidated Fire Protection District at 2850 Via Orange Way, Spring Valley, California 91978 or (619) 670-0500.

Basic Financial Statements

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Statements of Net Position

June 30, 2024 (With Comparative Amounts as of June 30, 2023)

ASSETS	2024	2023
Current assets:		
Cash and investments (Note 2)	$ 33,939,968	$ 29,386,193
Accrued interest receivable	115,468	90,781
Property taxes and assessments receivable	125,614	159,639
Other receivables	1,382,650	340,189
Lease receivable – current (Note 4)	53,420	52,363
Prepaid items	205,787	199,403
Deposits with Public Agencies Self Insurance System (Note 5)	586,783	544,421
Total current assets	36,409,690	30,772,989
Non-current assets:		
Restricted – cash and investments (Note 2 and 3)	689,101	258,204
Restricted – accrued interest receivable (Note 3)	3,916	757
Restricted – other receivables (Note 3)	74,042	126,760
Lease receivable – non-current (Note 4)	-	53,419
Right-to-use leased asset – being amortized, net (Note 8)	114,916	146,985
Capital assets – not being depreciated (Note 6)	6,736,297	3,777,287
Capital assets – being depreciated, net (Note 6)	11,696,390	11,816,328
Total non-current assets	19,314,662	16,179,740
Total assets	55,724,352	46,952,729
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to net OPEB liability (Note 12)	7,659,973	7,468,183
Deferred amounts related to net pension liability (Note 13)	18,817,802	26,631,744
Total deferred outflows of resources	26,477,775	34,099,927
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	760,302	490,474
Accrued interest payable	80,850	81,511
Unearned revenue	146,341	-
Long-term liabilities – due in one year:		
Compensated absences (Note 7)	541,717	579,456
Right-to-use lease payable (Note 8)	31,068	29,497
Pension obligation bonds (Note 9)	422,000	232,000
Long-term debt (Note 10)	-	220,969
Total current liabilities	1,982,278	1,633,907
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	541,716	579,456
Right-to-use lease payable (Note 8)	87,830	118,896
Pension obligation bonds (Note 9)	25,186,000	25,608,000
Workers' compensation claims payable (Note 11)	3,652,905	1,738,428
Net OPEB liability (Note 12)	25,952,095	24,305,344
Net pension liability (Note 13)	20,314,085	24,069,001
Total non-current liabilities	75,734,631	76,419,125
Total liabilities	77,716,909	78,053,032
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to leases (Note 4)	52,370	104,740
Deferred amounts related to net OPEB liability (Note 12)	4,321,535	5,036,898
Deferred amounts related to net pension liability (Note 13)	18,826,478	22,344,580
Total deferred inflows of resources	23,200,383	27,486,218
NET POSITION		
Net investment in capital assets (Note 14)	18,432,687	15,372,646
Restricted for capital improvements (Note 3)	767,059	385,721
Unrestricted (Deficit) (Note 15)	(37,914,911)	(40,244,961)
Total net position	$(18,715,165)	$(24,486,594)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Statements of Activities

For the Fiscal Year Ended June 30, 2024

(With Comparative Amounts for the Fiscal Year Ended June 30, 2023)

	2024	2023
Expenses:		
Fire related services:		
Operations:		
Salaries and wages	$ 13,068,440	$ 13,095,864
Employee benefits	6,923,275	17,129,466
Insurance	3,189,867	1,028,762
Materials and services	4,861,210	4,005,039
Depreciation expense	1,155,206	1,006,321
Amortization expense	32,069	13,362
Interest expense	1,032,799	990,658
Total expenses	30,262,866	37,269,472
Program revenues:		
Charges for services:		
Parcel tax	2,073,884	1,999,041
Property assessment	881,707	815,865
Cal-OES – Personnel	591,295	303,295
Cal-OES – Engines	2,290	66,020
Cal-OES – Administration	135,898	96,489
Fire prevention – plan check and inspections	318,502	300,904
Advanced life support – first responder fee	884,835	852,442
Weed abatement	55,047	85,815
Other charges	66,785	69,384
Reimbursements	18,908	23,248
Mitigation fees	366,686	386,442
Operating and capital grant funding	1,761,599	117,342
Total program revenues	7,157,436	5,116,287
Net program expense	(23,105,430)	(32,153,185)
General revenues:		
Property taxes	26,661,202	25,300,558
Redevelopment pass-through	269,717	242,432
Rental income	159,582	192,493
Investment earnings	1,786,358	481,205
Sale of capital assets	-	4,000
Total general revenues	28,876,859	26,220,688
Change in net position	5,771,429	(5,932,497)
Net position:		
Beginning of year (Deficit)	(24,486,594)	(18,554,097)
End of year (Deficit) (Note 15)	$(18,715,165)	$(24,486,594)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Balance Sheet – Governmental Funds

June 30, 2024

ASSETS	General Fund	Fire Mitigation Fund	Total Governmental Funds
Assets:			
Cash and investments	$ 33,939,968	$ 689,101	$ 34,629,069
Accrued interest receivable	115,468	3,916	119,384
Property taxes receivable	125,614	-	125,614
Other receivables	1,382,650	74,042	1,456,692
Lease receivable	53,420	-	53,420
Prepaid items	205,787	-	205,787
Deposits with PASIS	586,783	-	586,783
Total assets	$ 36,409,690	$ 767,059	$ 37,176,749
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	$ 760,302	$ -	$ 760,302
Total liabilities	906,643	-	906,643
Deferred inflow of resources:			
Deferred amount related to leases	52,370	-	52,370
Total deferred inflows	52,370	-	52,370
Fund Balances: (Note 16)			
Non-spendable	205,787	-	205,787
Restricted	-	767,059	767,059
Assigned	27,935,122	-	27,935,122
Unassigned	7,309,768	-	7,309,768
Total fund balance	35,450,677	767,059	36,217,736
Total liabilities, deffered inflow of resources, and fund balance	$ 36,409,690	$ 767,059	$ 37,176,749

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Fund Balances – Governmental Funds	$ 36,217,736
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and right to use leased assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	18,547,603
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	26,477,775
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(80,850)
Compensated absences	(1,083,433)
Right-to-use lease payable	(118,898)
Workers' compensation claims payable	(3,652,905)
Pension obligation bonds	(25,608,000)
Net OPEB liability	(25,952,095)
Net pension liability	(20,314,085)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	(23,148,013)
Total adjustments	(54,932,901)
Net Position of Governmental Activities	$ (18,715,165)

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2024

	Major Funds		
	General Fund	Fire Mitigation Fund	Total Governmental Funds
REVENUES:			
Property taxes	$ 26,661,202	$ -	$ 26,661,202
Redevelopment pass-through	269,717	-	269,717
Parcel tax	2,073,884	-	2,073,884
Property assessment	881,707	-	881,707
Cal-OES – Personnel	591,295	-	591,295
Cal-OES – Engines	2,290	-	2,290
Cal-OES – Administration	135,898	-	135,898
Fire prevention – plan check and inspections	318,502	-	318,502
Advanced life support – first responder fee	884,835	-	884,835
Weed abatement	55,047	-	55,047
Other charges	66,785	-	66,785
Reimbursements	18,908	-	18,908
Mitigation fees	-	366,686	366,686
Operating and capital grant funding	1,761,599	-	1,761,599
Rental income	159,582	-	159,582
Investment earnings	1,771,706	14,652	1,786,358
Total revenues	35,652,957	381,338	36,034,295
EXPENDITURES:			
Fire related services:			
Salaries and wages	13,143,919	-	13,143,919
Employee benefits	5,642,753	-	5,642,753
Insurance	1,275,390	-	1,275,390
Materials and services	4,861,210	-	4,861,210
Capital outlay	3,994,278	-	3,994,278
Debt service:			
Principal	482,465	-	482,465
Interest	1,033,460	-	1,033,460
Total expenditures	30,433,475	-	30,433,475
NET CHANGES IN FUND BALANCE	5,219,482	381,338	5,600,820
FUND BALANCE:			
Beginning of year	30,231,195	385,721	30,616,916
End of year	$ 35,450,677	$ 767,059	$ 36,217,736

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances – Governmental Funds	$ 5,600,820
Amounts reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Change in compensated absences	75,479
Change in accrued interest payable	661
Change in right-to-use lease payable	29,496
Change in workers' compensation claims payable	(1,914,477)
Change in net OPEB liability	(739,598)
Change in net pension liability	(540,924)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	3,994,278
Depreciation expense	(1,155,206)
Amortization expense	(32,069)
Principal repayment of long-term debt obligations are reported as expenditures in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	452,969
Total adjustments	170,609
Change in Net Position of Governmental Activities	$ 5,771,429

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The San Miguel Consolidated Fire Protection District (District) was formed on July 1, 1988, under the provisions of the California Health and Safety Code, Section 14022, to provide fire protection, prevention, emergency medical services, code enforcement, and weed abatement. The District operates eight fire stations over a 54-mile service area that serves the taxpayers and residents in the communities of Bostonia, Casa de Oro, Crest, Grossmont/Mt. Helix, La Presa, Rancho San Diego, Spring Valley and the unincorporated areas of El Cajon and La Mesa of San Diego County. The District's governmental powers are exercised through a seven-member board of directors.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, other nonexchange transactions, and charges for services.

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 (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds (continued)

Fire Mitigation Fund: This fund is used to account for fees collected from builders in the service area that are restricted for the purchase of new capital assets when those assets are needed due to population and infrastructure growth in the service area.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions
Revenue from exchange transactions, where both parties exchange equal value, is recognized on an accrual basis at the time of transaction. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time-based and purpose-based criteria. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Investments

The District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

2. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investment, short-term leases, de minimis leases, and leases that transfer ownership of the underlying asset. As lessor, the leased right-to-use asset underlying the lease is not recognized. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets
Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Structures and Improvements	10-50 years
Equipment	7-20 years
Vehicles and Apparatuses	5-20 years

4. Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

5. Compensated Absences
Accumulated unpaid employee vacation benefits and sick leave are recognized as liabilities of the District. No employee may accumulate more annual leave hours than they would earn in a two-year period based on their own earnings rate. Employees accrue vacation time with a maximum carryover of 1,040 hours.

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

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2023
Measurement Period July 1, 2021 to June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at market value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023
Measurement Date June 30, 2023
Measurement Period July 1, 2021 to June 30, 2023

8. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted". 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.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Fund Balances

The fund balance for governmental funds is reported in classifications based 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.

Non-spendable: Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property Taxes

The San Diego County Assessor's Office assesses all real and personal property within the County each year. The San Diego County Tax Collector's Office bills and collects the District's share of property taxes and voter-approved taxes. The San Diego County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIIIA of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by San Diego County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and November 10

Property taxes levied are recorded as revenue when received in the fiscal year of levy. This is due to the adoption of the Teeter Plan, an alternative property tax distribution method used by the District and San Diego County. The Teeter Plan authorizes the County Auditor-Controller to allocate 100% of the secured property tax billed but not yet received or paid to the District. San Diego County remits tax proceeds to the District in installments during the fiscal year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2024, were categorized on the statement of net position as follows:

Description	Balance
Cash and investments	$ 33,939,968
Restricted – cash and investments	689,101
Total cash and investments	$ 34,629,069

Cash and investments at June 30, 2024, consisted of the following:

Description	Balance
Cash on hand	$ 100
Demand deposits held with financial institutions	791,344
California CLASS	13,511,540
San Diego County Pooled Investment Fund (SDCPIF)	20,326,085
Total cash and investments	$ 34,629,069

Demand Deposits with Financial Institutions

At June 30, 2024, the carrying amount of the District's demand deposits was $791,344 and the financial institution's balance was $1,690,243. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 2 – CASH AND INVESTMENTS (continued)

California Cooperative Liquid Assets Securities System (California CLASS)
The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of power entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen an diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAm (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2024, the District held $13,511,540 in California CLASS.

San Diego County Treasury Investment Pool (SDCTIP)
The District is a voluntary participant in the San Diego County Treasury Investment Pool (SDCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Diego County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the Treasurer-Tax Collector – San Diego Administration Center – 1600 Pacific Hwy, Room 162 – San Diego, CA 92101 or the Treasurer and Tax Collector's office website at www.sdttc.com. As of June 30, 2024, the District had $20,326,085 in the SDCTIP.

NOTE 3 – RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets and restricted net position as of June 30, 2024, were categorized as follows:

Description	Balance
Restricted – cash and investments	$ 689,101
Restricted – accrued interest receivable	3,916
Restricted – other receivables	74,042
Total restricted net position	$ 767,059

Restricted assets and restricted net position as of June 30, 2024, were received from mitigation fees for capital expenditures.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable is as follows:

Description	July 1, 2023	Additions	Deletions	June 30, 2024
Fleet service and maintenance facility	$ 105,782	$ -	$ (52,362)	$ 53,420

The District is reporting a total lease receivable of $53,420 and a total related deferred inflows of resources of $52,370 for the year ending June 30, 2024. Also, the District is reporting total lease revenue of $52,363 and interest revenue of $1,637 related to lease payments received.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2% to discount the lease revenue to the net present value. In some cases the leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

The Included Leases are summarized as follows:

Fleet Service and Maintenance Facility

On July, 1, 2022, the District renewed a 36 month lease as lessor for the use of the fleet maintenance facility and use of equipment. An initial lease receivable was recorded in the amount of $157,109. As of June 30, 2024, the value of the lease receivable was $105,782. The lease is required to make monthly fixed payments of $4,500. The lease has an interest rate of 2%. The value of the deferred inflow of resource was $52,370 as of June 30, 2024. The District recognized lease revenue of $52,363 and interest revenue of $1,637 during the fiscal year. The District has a termination period of 90 days as of the lease commitment.

NOTE 4 – LEASE RECEIAVBLE AND DEFERRED INFLOWS OF RESOURCE – LEASES (Continued)

Minimum future lease receipts are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total
2025	$ 53,420	$ 580	$ 54,000

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
$ 104,740	$ -	$ (52,370)	$ 52,370

Changes in the District's deferred inflows of resources related to leases are as follows:

Description	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Fleet service and maintenance facility	$ 104,740	$ -	$ (52,370)	$ 52,370

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2024, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2025	$ 52,370

NOTE 5 – DEPOSITS WITH PUBLIC AGENCIES SELF INSURANCE SYSTEM (PASIS)

The District is one of seven Members in the Public Agency Self-Insurance System (PASIS). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers' compensation for its Members.

PASIS's purpose is to provide for the collection of workers' compensation claims data, purchase claims examiner services, general counsel services and excess insurance coverage. Members are responsible for paying their own claims and related expenses for workers' compensation related injuries. PASIS requires active Members to maintain a minimum base funding of 125% of a Members' self-insured retention plus a 15% increase for Members with annual payroll in excess of $1.8 million. The deductible for self-insured retention selected by the District is $300,000. PASIS carries excess insurance through a joint powers authority to cover amounts over the self-insured retention.

As of June 30, 2024, the District had $586,783 on deposit with PASIS. Further information in regard to PASIS is as follows:

A.	**Entity**	Public Agency Self-Insurance System (PASIS)		
B.	**Purpose**	To pool member resources and realize the advantages of a self-insurance reserve for workers' compensation		
C.	**Participants**	As of June 30, 2024 – Seven member agencies		
D.	**Governing board**	Seven representatives employed/appointed by members		
E.	**District payments for FY 2024:**			
	Contribution	$0		
F.	**Condensed financial information**	June 30, 2024		
	Audit signed	September 15, 2024		
	Statement of net position:		**June 30, 2024**	**District Share**
	Total assets		$ 3,797,833	$ 586,783
	Total liabilities		-	-
	Net position		$ 3,797,833	$ 586,783
	Statement of revenues, expenses and changes in net position:			
	Total revenues		$ 273,815	$ 42,362
	Total expenses		-	-
	Change in net position		273,815	42,362
	Beginning – net position		3,524,018	544,421
	Ending – net position		$ 3,797,833	$ 586,783
G.	**District's share of year-end financial position**		100.00%	15.45%

NOTE 6 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

Description	Balance July 1, 2023	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2024
Non-depreciable capital assets:				
Land	$ 2,077,764	$ -	$ -	$ 2,077,764
Construction-in-progress	1,699,523	2,987,205	(28,195)	4,658,533
Total non-depreciable capital assets	3,777,287	2,987,205	(28,195)	6,736,297
Depreciable capital assets:				
Structures and improvements	16,162,107	535,132	-	16,697,239
Vehicles and apparatuses	10,228,638	64,259	-	10,292,897
Equipment	3,090,448	435,877	(36,253)	3,490,072
Total depreciable capital assets	29,481,193	1,035,268	(36,253)	30,480,208
Accumulated depreciation:				
Structures and improvements	(9,274,106)	(537,649)	-	(9,811,755)
Vehicles and apparatuses	(6,824,783)	(373,521)	-	(7,198,304)
Equipment	(1,565,976)	(244,036)	36,253	(1,773,759)
Total accumulated depreciation	(17,664,865)	(1,155,206)	36,253	(18,783,818)
Total depreciable capital assets, net	11,816,328	(119,938)	-	11,696,390
Total capital assets, net	$ 15,593,615	$ 2,867,267	$ (28,195)	$ 18,432,687

Depreciation expense for the year ended June 30, 2024 was $1,155,206 and is not allocated to the various governmental functions or funds.

NOTE 7 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2024, were as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Current Portion	Long-term Portion
$ 1,158,912	$ 976,760	$ (1,052,239)	$ 1,083,433	$ 541,717	$ 541,716

NOTE 8 – RIGHT-TO USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use leased asset for fiscal year ending June 30, 2024 was as follows:

Description	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Right-to-use leased asset:				
Building space	$ 160,347	$ -	$ -	$ 160,347
Accumulated amortization:				
Building space	(13,362)	(32,069)	-	(45,431)
Total right-to-use leased asset, net	$ 146,985	$ (32,069)	$ -	$ 114,916

Changes in right-to-use leased payable for fiscal year ending June 30, 2024 was as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Current Portion	Long-term Portion
$ 148,393	$ -	$ (29,496)	$ 118,897	$ 31,067	$ 87,830

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 31,067	$ 2,097	$ 33,164
2026	32,698	1,460	34,158
2027	34,392	791	35,183
2028	20,740	138	20,878
Total	118,897	$4,486	$123,383
Current	(31,067)		
Long-term	$ 87,830		

The District is reporting a total right-to-use leased asset, net of $114,916 and a right-to-use lease payable of $118,897 for the year ending June 30, 2024. Also, the District is reporting total amortization expense of $32,069, principal payments of $29,496 and interest expense of $2,701 related to the above noted lease. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The District's lease is summarized as follows:

Building Space

On February 1, 2023, the District entered into a 60-month lease for building space and a meeting room to serve as a fire station for the District. An initial right-to-use lease liability was recorded in the amount of $160,347. The District makes monthly fixed lease payments of $2,650 per month with a 3.0% annual increase. The lease has an implied interest rate of 2.0%. The District is amortizing the right-to-use leased asset of $160,347 at $2,672 per month.

NOTE 9 – PENSION OBLIGATION BONDS

Changes in pension obligation bonds amounts for the year ended June 30, 2024, was as follows:

Balance July 1, 2023	Additions	Payments	Balance June 30, 2024	Current Portion	Long-term Portion
$ 25,840,000	$ -	$ (232,000)	$ 25,608,000	$ 422,000	$ 25,186,000

On June 23, 2022, the District issued 2022 Taxable Pension Obligation Bonds in the amount of $25,737,995. Cost of debt issuance was $189,200. The 2022 bonds were placed with First Foundation Public Finance. The bonds were issued to (a) finance a portion of the District's unfunded accrued liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the District's employees and to pay a portion of current normal costs, and (b) pay the costs incurred in connection with the issuance of the bonds. The bonds bear an interest rate of 3.99% and are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2023 until maturity or earlier redemption. The bonds mature in fiscal year 2042. Total principal and interest remaining on the bonds as of June 30, 2024 is $36,891,341. The remaining future payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 422,000	$ 1,017,590	$ 1,439,590
2026	618,000	998,817	1,616,817
2027	834,000	972,024	1,806,024
2028	1,115,000	935,974	2,050,974
2029	1,158,000	891,067	2,049,067
2030-2034	6,463,000	3,721,613	10,184,613
2035-2039	8,503,000	2,278,608	10,781,608
2040-2042	6,495,000	467,648	6,962,648
Total	25,608,000	$ 11,283,341	$ 36,891,341
Current	(422,000)		
Long-term	$ 25,186,000		

Bond Provisions

The obligations of the District under the bonds, including the obligation to make all payments of interest and principal when due, are obligations of the District imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The bonds do not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation. Neither the bonds nor the obligations of the District to make payments on the bonds constitute an indebtedness of the District, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction. For the purpose of paying the principal of and interest on the bonds, the District's council has covenanted under the trust agreement, to take such actions annually as are necessary or appropriate to cause the debt service on the bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor from any legally available funds to ensure that sufficient sums are available to pay the annual principal of and interest on the bonds as the same become due.

NOTE 10 – LONG-TERM DEBT

Changes in long-term debt were as follows:

Long-Term Debt	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024
Capital lease payable – solar project	$ 220,969	$ -	$ (220,969)	$ -

Capital Lease – Solar Equipment
The District constructed a solar project for $479,313 and on October 27, 2016 financed the solar project under a capital lease agreement.

NOTE 11 – WORKERS' COMPENSATION CLAIMS PAYABLE

The District is self-insured for workers' compensation and has effectively managed this risk of loss through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Excess insurance is purchased above the self-insured retention through PASIS. As of June 30, 2024, the liability for workers' compensation claims payable was estimated at $3,652,905.

Changes in workers' compensation claims payable for the year ended June 30, 2024, was as follows:

Description	Balance
Estimated claims balance – July 1, 2023	$ 1,738,428
Claim payments	(725,454)
Revised claims estimate	2,639,931
Change in claims balance	1,914,477
Estimated claims balance – June 30, 2024	$ 3,652,905

NOTE 12 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS

Summary
The following balances on the statement of net position will be addressed in this footnote as follows:

Description	Amount
OPEB related deferred outflows of resources	$ 7,659,973
Net other post-employment benefits liability	$ 25,952,095
OPEB related deferred inflows of resources	$ 4,321,535

A. General Information about the OPEB Plan

Plan Description and Benefits Provided
The District provides healthcare and life insurance benefits for retirees and their dependents through a cost-sharing multi-employer defined benefit plan. Active employees are offered a choice of medical plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plans to eligible retirees except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer.

The District contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. Effective in 2012, the District's financial obligation is to pay up to a maximum amount which varies based on the retiree's elected coverage category (single, two-party, and family). The maximum is based on the 2011 Kaiser Southern California HMO Basic (non-Medicare) rate plus 50% of any future premium increases. The maximum is subject to a minimum amount which is the CalPERS minimum required employer contribution for the retiree. Employees hired after November 1, 2011 will only receive a District contribution equal to the CalPERS minimum required employer contribution. The CalPERS minimum required employer contribution is $143 per month in 2024 and is scheduled to increase each year based on medical inflation. Prior to 2012, the District's financial obligation was to pay for the retiree and eligible dependent coverage up to a monthly maximum which is equal to the Kaiser Basic (non-Medicare) Family premium.

An employee is eligible for the District contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the District. Vesting requires at least 5 years of CalPERS eligible service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

Funding Policy
The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2024, the measurement period, the District's contributions totaled $1,270,300.

NOTE 12 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS (continued)

A. General Information about the OPEB Plan (continued)

Employees covered by benefit terms
At June 30, 2023, the following employees were covered by the benefit terms:

Plan Members	Covered Participants
Active members	85
Inactives entitled to but not yet receiving benefits	94
Total plan members	179

B. Total OPEB Liability
The District's total OPEB liability of $25,952,095 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.65%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	3.65%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Trend Rate	4%

Discount Rate
The discount rate used to measure the total OPEB liability was 3.54 percent. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The Bond Buyer 20 Bond Index was used.

NOTE 12 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS (continued)

C. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	$ 24,305,344
Changes for the year:	
Service cost	387,728
Interest	850,152
Changes in assumptions	2,042,593
Changes in experience	(266,884)
Benefit payments	(1,366,838)
Net changes	1,646,751
Balance at June 30, 2023	$ 25,952,095

Sensitivity of the total OPEB 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 one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
$ 29,530,492	$ 25,952,095	$ 23,020,805

Sensitivity of the 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 healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Current Trend	1% Increase
$ 22,844,150	$ 25,952,095	$ 29,783,732

NOTE 12 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $2,009,898. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement	$ 1,270,300	$ -
Changes in assumptions	3,417,592	(3,440,779)
Changes in experience	2,972,081	(880,756)
Total Deferred Outflows/(Inflows) of Resources	$ 7,659,973	$ (4,321,535)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	$ 1,012,681
2026	318,482
2027	318,482
2028	267,791
2029	(124,407)
Thereafter	275,109
Total	$ 2,068,138

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN

Summary
The following balances on the statement of net position will be addressed in this footnote as follows:

Description	Amount
Pension related deferred outflows of resources	$ 18,817,802
Net pension liability	$ 20,314,085
Pension related deferred inflows of resources	$ 18,826,478

A. General Information about the Pension Plans

The Plans Description Schedule
The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.0% to 2.7%	1.0% to 2.5%
Required member contribution rates	8.000%	7.750%
Required employer contribution rates	15.440%	7.910%

	Safety Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 55 & up	50 - 57 & up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.7%
Required member contribution rates	8.990%	13.750%
Required employer contribution rates	23.680%	13.660%

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Plan Description
The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2023, the following members were covered by the benefit terms:

	Miscellaneous and Safety Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	31	54	85
Transferred and terminated members	85	42	127
Retired members and beneficiaries	187	-	187
Total plan members	303	96	399

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2024, were as follows:

	Miscellaneous and Safety Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – Miscellaneous Plans	$ 280,181	$ 48,243	$ 328,424
Contributions – Safety Plans	1,847,562	765,620	2,613,182
Total contributions	$ 2,127,743	$ 813,863	$ 2,941,606

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

Proportionate Share of Net Pension Liability and Pension Expense
The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous and Safety Plans for the fiscal year ended June 30, 2023:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Total Plans:			
Balance as of June 30, 2022 (Measurement Date)	$ 157,329,108	$ 133,260,107	$ 24,069,001
Balance as of June 30, 2023 (Measurement Date)	$ 153,791,876	$ 133,477,791	$ 20,314,085
Change in Plan Net Pension Liability	$ (3,537,232)	$ 217,684	$ (3,754,916)

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District's proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

	Percentage Share of Risk Pool		
CalPERS – Safety and Miscellaneous	**Fiscal Year Ending June 30, 2024**	**Fiscal Year Ending June 30, 2023**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.20679%	0.18106%	0.02573%

For the year ended June 30, 2024, the District recognized pension expense of $3,482,530. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 2,941,606	$ -
Difference between actual and proportionate share of employer contributions	10,362,870	(2,297,201)
Adjustment due to differences in proportions	56,102	(16,401,503)
Differences between expected and actual experience	1,490,191	(127,774)
Differences between projected and actual earnings on pension plan investments	2,781,365	-
Changes in assumptions	1,185,668	-
Total Deferred Outflows/(Inflows) of Resources	$ 18,817,802	$ (18,826,478)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

An amount of $2,941,606 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2025	$ (2,049,825)
2026	(1,805,985)
2027	827,888
2028	77,640
Total	$ (2,950,282)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2023, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type[1]	New Strategic Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021 Asset Liability Management study.

NOTE 13 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

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

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
CalPERS – Total Plans	$ 41,410,206	$ 20,314,085	$ 3,065,972

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2024.

NOTE 14 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2024, the net investment in capital assets was calculated as follows:

Description	Balance
Capital assets – not being depreciated	$ 6,736,297
Capital assets – being depreciated, net	11,696,390
Total net investment in capital assets	$ 18,432,687

NOTE 15 – UNRESTRICTED NET POSITION (DEFICIT)

As of June 30, 2024, the District had an unrestricted net position deficit of ($37,914,911)Due to the nature of the deficit from the implementation of GASB No. 68 – Net Pension Liability – in fiscal year 2015 and GASB No. 75 – Net OPEB Obligation – in fiscal year 2018, the District will continue to make its actuarial determined contributions and healthcare administrative costs to CalPERS and annually review its outstanding net pension liability and net OPEB obligation funding requirements for future periods to reduce the deficit position.

NOTE 16 – FUND BALANCES

At June 30, 2024, fund balances of the District's governmental funds were classified as follows:

Description	General Fund	Fire Mitigation Fund	Total
Non-spendable:			
Prepaid items	$ 205,787	$ -	$ 205,787
Restricted:			
Mitigation fees	-	767,059	767,059
Assigned:			
Deposits with Public Agencies Self Insurance System	586,783	-	586,783
Compensated absences	1,083,433	-	1,083,433
Workers' compensation claims payable	3,066,122	-	3,066,122
Long-term debt repayment	422,000	-	422,000
Capital asset replacement	9,004,999	-	9,004,999
Six-month operating reserve	13,771,785	-	13,771,785
Total assigned	27,935,122	-	27,935,122
Unassigned	7,309,768	-	7,309,768
Total fund balances	$ 35,450,677	$ 767,059	$ 36,217,736

NOTE 17 – RISK MANAGEMENT

Fire Agencies Insurance Risk Authority (FAIRA)

The District entered into a JPA, known as the Fire Agencies Insurance Risk Authority (FAIRA), a self-insurance plan for general liability insurance. 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. Condensed financial and other information available for the FAIRA as of June 30, 2023 is as follows:

A.	**Entity**	Fire Agencies Insurance Risk Authority (FAIRA)	
B.	**Purpose**	To pool member resources and realize the advantages of self-insurance for general liability insurance	
C.	**Participants**	As of June 30, 2023 – Approx. 100 member agencies	
D.	**Governing board**	13 representatives employed/appointed by members	
E.	**District payments for FY 2024:**		
	Insurance premium	$307,261	
F.	**Condensed financial information**	June 30, 2023	
	Audit signed	February 5, 2024	
	Statement of net position:		**June 30, 2023**
	Total assets		$ 4,932,856
	Total liabilities		2,867,697
	Net position		$ 2,065,159
	Statement of revenues, expenses and changes in net position:		
	Total revenues		$ 9,270,720
	Total expenses		(9,206,983)
	Change in net position		63,737
	Beginning – net position		2,001,422
	Ending – net position		$ 2,065,159

The complete financial statements can be obtained by contacting FAIRA at 1255 Battery St, Suite 450, San Francisco, CA 94111.

NOTE 18 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 20 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 8, 2025, the date which the financial statements were available to be issued.

Required Supplementary Information

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	$ 24,500,000	$ 25,198,200	$ 26,661,202	$ 1,463,002
Redevelopment pass-through	-	-	269,717	269,717
Parcel tax	2,059,300	2,932,000	2,073,884	(858,116)
Property assessment	872,700	-	881,707	881,707
Cal-OES – Personnel	-	-	591,295	591,295
Cal-OES – Engines	-	-	2,290	2,290
Cal-OES – Administration	-	-	135,898	135,898
Fire prevention – plan check and inspections	254,000	225,000	318,502	93,502
Advanced life support – first responder fee	840,000	852,000	884,835	32,835
Weed abatement	93,000	85,000	55,047	(29,953)
Other charges	40,000	40,000	66,785	26,785
Reimbursements	-	-	18,908	18,908
Operating and capital grant funding	-	-	1,761,599	1,761,599
Rental income – site and cellular	173,000	159,000	159,582	582
Investment earnings	10,000	10,000	1,771,706	1,761,706
Total revenues	28,842,000	29,501,200	35,652,957	6,151,757
EXPENDITURES:				
Fire related services:				
Salaries and wages	12,712,200	13,163,250	13,143,919	19,331
Employee benefits	7,384,600	7,670,600	5,642,753	2,027,847
Insurance	951,000	907,260	1,275,390	(368,130)
Materials and services	4,348,434	4,413,560	4,861,210	(447,650)
Capital outlay	-	-	3,994,278	(3,994,278)
Debt service:				
Principal	428,400	428,400	482,465	(54,065)
Interest	1,000,000	1,000,000	1,033,460	(33,460)
Total expenditures	26,824,634	27,583,070	30,433,475	(2,850,405)
NET CHANGES IN FUND BALANCE	$ 2,017,366	$ 1,918,130	5,219,482	$ 3,301,352
FUND BALANCE:				
Beginning of year			30,231,195	
End of year			$ 35,450,677	

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.360930%	$ 22,458,700	$ 511,999	4386.47%	81.51%
June 30, 2015	0.346784%	23,802,978	485,488	4902.90%	80.38%
June 30, 2016	0.368036%	31,846,516	654,446	4866.18%	74.33%
June 30, 2017	0.367505%	36,446,423	550,796	6617.05%	72.70%
June 30, 2018	0.379212%	36,493,379	5,857,727	623.00%	72.76%
June 30, 2019	0.379897%	38,928,246	6,963,579	559.03%	72.47%
June 30, 2020	0.385477%	41,941,576	7,711,605	543.88%	70.91%
June 30, 2021	0.488249%	26,186,387	8,268,748	316.69%	82.45%
June 30, 2022	0.181060%	24,069,001	8,703,209	276.55%	84.70%
June 30, 2023	0.206790%	20,314,085	8,801,342	230.81%	86.79%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 30, 2022 to June 30, 2023:
There were no significant changes in assumptions.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Schedule of Pension Contributions – Total Plan
For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 79,114	$ (79,114)	$ -	$ 485,488	16.30%
June 30, 2016	1,077,552	(1,077,552)	-	654,446	164.65%
June 30, 2017	1,594,554	(1,594,554)	-	550,796	289.50%
June 30, 2018	2,918,082	(2,918,082)	-	5,857,727	49.82%
June 30, 2019	3,465,705	(3,465,705)	-	6,963,579	49.77%
June 30, 2020	4,152,962	(4,152,962)	-	7,711,605	53.85%
June 30, 2021	4,517,429	(4,517,429)	-	8,268,748	54.63%
June 30, 2022	5,052,032	(30,790,027)	(25,737,995)	8,703,209	58.05%
June 30, 2023	3,044,584	(3,044,584)	-	8,801,342	34.59%
June 30, 2024	2,941,606	(2,941,606)	-	9,440,416	31.16%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (3%@60), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

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

For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:							
Service cost	$ 387,728	$ 646,171	$ 528,256	$ 512,870	$ 298,357	$ 288,268	$ 278,788
Interest	850,152	619,388	657,558	797,563	639,984	629,060	627,434
Changes in assumptions	2,042,593	(4,421,748)	3,800,664	2,992,840	(778,086)	(257,142)	-
Differences between expected and actual experience	(266,884)	-	(302,572)	(1,172,629)	4,943,295	-	-
Benefit payments	(1,366,838)	(1,129,341)	(987,312)	(884,549)	(884,548)	(889,022)	(846,688)
Net change in total OPEB liability	1,646,751	(4,285,530)	3,696,594	2,246,095	4,219,002	(228,836)	59,534
Total OPEB liability - beginning	24,305,344	28,590,874	24,894,280	22,648,185	18,429,183	18,658,019	18,598,485
Total OPEB liability - ending	25,952,095	24,305,344	28,590,874	24,894,280	22,648,185	18,429,183	18,658,019
Plan fiduciary net position:							
Contributions - employer	1,366,838	1,129,341	987,312	884,549	884,548	889,022	846,688
Benefit payments	(1,366,838)	(1,129,341)	(987,312)	(884,549)	(884,548)	(889,022)	(846,688)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
District's net OPEB liability	$ 25,952,095	$ 24,305,344	$ 28,590,874	$ 24,894,280	$ 22,648,185	$ 18,429,183	$ 18,658,019
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms
Measurement Date June 30, 2018 – There were no changes of benefits terms
Measurement Date June 30, 2019 – There were no changes of benefits terms
Measurement Date June 30, 2020 – There were no changes of benefits terms
Measurement Date June 30, 2021 – There were no changes of benefits terms
Measurement Date June 30, 2022 – There were no changes of benefits terms
Measurement Date June 30, 2023 – There were no changes of benefits terms

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate
Measurement Date June 30, 2019 – There were no changes in assumptions except change in discount rate
Measurement Date June 30, 2020 – There were no changes in assumptions except change in discount rate
Measurement Date June 30, 2021 – There were no changes in assumptions except change in discount rate
Measurement Date June 30, 2022– There were no changes in assumptions except change in discount rate
Measurement Date June 30, 2023– There were no changes in assumptions except change in discount rate

* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Schedule of OPEB Contributions

For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution* (Pay-as-you-go funding with No Plan Assets)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contributions	(1,270,300)	(1,126,172)	(1,139,187)	(987,312)	(941,271)	(889,022)	(846,688)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:							
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	3.65%	3.54%	2.16%	2.66%	3.51%	3.50%	3.40%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%
Payroll increases	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	70%	70%	70%	70%	70%	70%	70%
Healthcare trend rates	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay
(2) SOA Pub-2010 using Scale MP-2019 or MP-2017
(3) CalPERS Public Agency Miscellaneous 2.7% @55 and 2% @62
CalPERS Public Agency Safety 3.0% @55 and 2.7% @57
(4) Pre-65 - 8.00% trending down 0.25% annually to 5.00% in 2031 and later
Post-65 - 5.50% trending down 0.25% annually to 5.00% in 2021 and later

* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

Other Independent Auditors' Report

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

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Miguel Consolidated Fire Protection District as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise San Miguel Consolidated Fire Protection District's basic financial statements, and have issued our report thereon dated January 8, 2025.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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

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

Murrieta, California
January 8, 2025

ATTACHMENT B

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Single-Audit Report
For the Fiscal Year Ended
June 30, 2024

NIGRO & NIGRO PC

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Table of Contents
For the Fiscal Year Ended June 30, 2024

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Miguel Consolidated Fire Protection District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2025.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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

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

Murrieta, California
January 8, 2025

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the San Miguel Consolidated Fire Protection District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal program.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the San Miguel Consolidated Fire Protection District (District), which comprise the statement of net position as of June 30, 2024, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 8, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Murrieta, California
January 8, 2025

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor Agency/ Pass-through Grantor Agency/ Program Name and/or Title	Federal Financial Assistance	Pass-Through Entity Identifying Number	Federal Program Expenditures
Federal Programs:			
Department of the Treasury:			
County of San Diego:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	UEIP7H9SNJ37SG5	1,185,700
Total Department of the Treasury			1,185,700
Total Expenditures of Federal Awards			**$ 1,185,700**

Of the Federal expenditures presented in the Schedule of Expenditures of Federal Awards, the District provided no Federal awards to subrecipients.

NOTE 1 – REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the District. The District's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the District's financial statements as follows:

	Federal Program Expenditures
Statement of activities:	
Operating and capital grant funding	$ 1,761,599
Less: State and local operating capital grant funding	(575,899)
Total Expenditures of Federal Awards	**$ 1,185,700**

NOTE 4 – LOANS OUTSTANDING WITH A CONTINUING COMPLIANCE REQUIREMENT

No program had federally funded loans with a continuing compliance requirement outstanding at June 30, 2024.

NOTE 5 – INDIRECT COST RATE

The District elected not to use the 10-percent de minims indirect cost rate allowed under the Uniform Guidance.

Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516a?	No
Identification of major programs:	

Federal Financial Assistance	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.*

There were no audit findings in fiscal year 2023-24.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516a (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no audit findings in fiscal year 2023-24.

SECTION IV - PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year audit findings or questioned costs in fiscal year 2022-23.