

**VALLEY CENTER
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}

VALLEY CENTER FIRE PROTECTION DISTRICT

For the Fiscal Year Ended June 30, 2024

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Valley Center Fire Protection District
Valley Center, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valley Center 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 information of Valley Center 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.

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

applied certain limited procedures to the required supplementary information in accordance with auditing

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 December 19, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
December 19, 2024

VALLEY CENTER FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

Management's Discussion and Analysis (MD&A) offers readers of Valley Center 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 13.26% or \$694,410 from \$5,235,566 to \$5,929,976 as a result of this year's operations.
- Total revenues from all sources increased by 7.41%, or \$339,929 from \$4,585,434 to \$4,925,363, from the prior year, primarily due to an increase in charges for services.
- Total expenses for the District's operations increased by 5.25% or \$210,893 from \$4,020,060 to \$4,230,953, from the prior year, primarily due to a \$214,607 increase in operations expense.
- The District purchased new capital assets during the year in the amount of \$676,705. Depreciation expense was \$326,288.

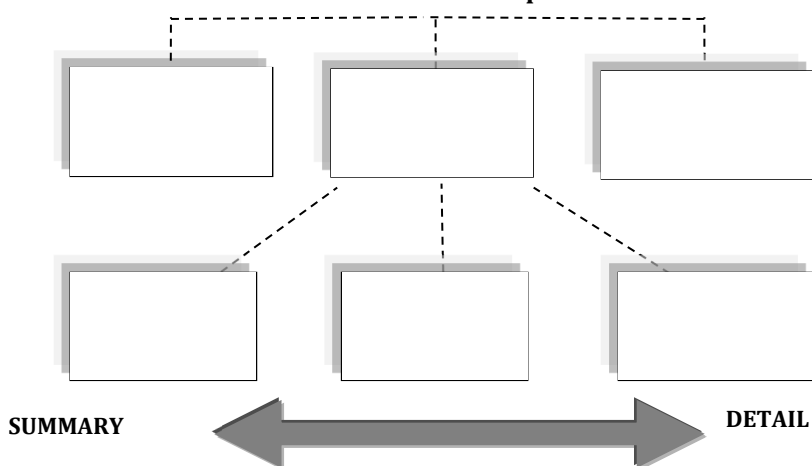
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

Figure A-1. Organization of Valley Center Fire Protection District's Annual Financial Report

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.



VALLEY CENTER FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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.

VALLEY CENTER FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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*.

VALLEY CENTER FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
Assets:			
Current assets	\$ 2,603,043	\$ 2,202,215	\$ 400,828
Non-current assets	515,422	926,142	(410,720)
Capital assets, net	<u>3,588,729</u>	<u>3,238,312</u>	<u>350,417</u>
Total assets	<u>6,707,194</u>	<u>6,366,669</u>	<u>340,525</u>
Liabilities:			
Current liabilities	385,286	656,559	(271,273)
Non-current liabilities	<u>391,932</u>	<u>474,544</u>	<u>(82,612)</u>
Total liabilities	<u>777,218</u>	<u>1,131,103</u>	<u>(353,885)</u>
Net position :			
Net investment in capital assets	3,150,624	2,721,598	429,026
Restricted	515,422	926,142	(410,720)
Unrestricted	<u>2,263,930</u>	<u>1,587,826</u>	<u>676,104</u>
Total net position (deficit)	<u>\$ 5,929,976</u>	<u>\$ 5,235,566</u>	<u>\$ 694,410</u>

At the end of fiscal year 2024, the District shows a balance in its unrestricted net position of 2,263,930.

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
Program revenues	\$ 3,894,147	\$ 3,704,859	\$ 189,288
Expenses	<u>(4,230,953)</u>	<u>(4,020,060)</u>	<u>(210,893)</u>
Net program expense	(336,806)	(315,201)	(21,605)
General revenues	<u>1,031,216</u>	<u>880,575</u>	<u>150,641</u>
Change in net position	694,410	565,374	129,036
Net position:			
Beginning of year	<u>5,235,566</u>	<u>4,670,192</u>	<u>565,374</u>
End of year	<u>\$ 5,929,976</u>	<u>\$ 5,235,566</u>	<u>\$ 694,410</u>

VALLEY CENTER FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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 \$694,410.

Table A-3: Total Revenues

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 3,039,265	\$ 2,727,106	\$ 312,159
Reimbursements	28,101	69,107	(41,006)
Mitigation fees	178,373	237,949	(59,576)
Operating and capital grant funding	648,408	670,697	(22,289)
Total program revenues	<u>3,894,147</u>	<u>3,704,859</u>	<u>189,288</u>
General revenues:			
Property taxes	854,335	769,060	85,275
Rental income	50,000	-	50,000
Other revenue	9,711	47,100	(37,389)
Investment earnings	117,170	64,415	52,755
Total general revenues	<u>1,031,216</u>	<u>880,575</u>	<u>150,641</u>
Total revenues	<u>\$ 4,925,363</u>	<u>\$ 4,585,434</u>	<u>\$ 339,929</u>

Total revenues from all sources increased by 7.41%, or \$339,929 from \$4,585,434 to \$4,925,363, from the prior year, primarily due to an increase in charge for services.

Table A-4: Total Expenses

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 3,885,857	\$ 3,671,250	\$ 214,607
Depreciation expense	326,288	315,767	10,521
Amortization expense	-	11,474	(11,474)
Interest expense	18,808	21,569	(2,761)
Total expenses	<u>\$ 4,230,953</u>	<u>\$ 4,020,060</u>	<u>\$ 210,893</u>

Total expenses for the District's operations increased by 5.25% or \$210,893 from \$4,020,060 to \$4,230,953, from the prior year, primarily due to a \$214,607 increase in operations expense.

VALLEY CENTER FIRE PROTECTION DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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 \$2,849,946. An amount of \$1,818,860 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 \$523,380 more than actual. Budgeted revenues were more than actual revenues by \$1,116,337. Actual revenues less expenses were under budget by \$523,380.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2024, the District had invested \$3,588,729 in capital assets less accumulated depreciation, related to the purchase of equipment for use in fire protection. There were additions of \$676,705 which consisted of a type 3 engine of \$550,027 and construction of \$126,678 (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$326,288.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Capital assets:		
Non-depreciable assets	\$ 1,748,871	\$ 1,072,166
Depreciable assets	7,004,019	7,004,019
Accumulated depreciation	<u>(5,164,161)</u>	<u>(4,837,873)</u>
Total capital assets, net	<u><u>\$ 3,588,729</u></u>	<u><u>\$ 3,238,312</u></u>

Long-Term Debt

At year-end the District had \$438,405 in outstanding long-term debt as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements).

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Long-term debt	<u><u>\$ 438,105</u></u>	<u><u>\$ 516,714</u></u>

VALLEY CENTER FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FACTORS AFFECTING CURRENT FINANCIAL POSITION

On October 8, 2024 the San Diego County Board of Supervisors approved an increase in tax apportionments for the District. The district is currently receiving 2.19% of the 1% tax apportionments. Funding will be increased to 6% of the 1% tax apportionments. The District is estimating additional funds of approximately \$1.6 million starting on December 2025 for the June 30, 2026 fiscal year end.

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 District's Fire Chief at the Valley Center Fire Protection District at 28234 Lilac Road, Valley Center, California 92082 or (760) 751-7600.

Basic Financial Statements

VALLEY CENTER FIRE PROTECTION DISTRICT*Statements of Net Position**June 30, 2024**(With Comparative Amounts as of June 30, 2023)*

		Governmental Activities	
		2024	2023
ASSETS			
Current assets:			
Cash and investments (Note 2)		\$ 2,545,059	\$ 2,121,029
Accrued interest receivable		25,172	13,647
Property taxes and assessments receivable		13,509	52,105
Other receivables		12,338	3,805
Prepaid items		6,965	11,629
Total current assets		2,603,043	2,202,215
Non-current assets:			
Restricted – cash and investments (Note 2 and 3)		449,872	917,392
Restricted – accrued interest receivable (Note 3)		5,657	8,750
Restricted – other receivable		59,893	-
Capital assets – not being depreciated (Note 4)		1,748,871	1,072,166
Capital assets – being depreciated, net (Note 4)		1,839,858	2,166,146
Total non-current assets		4,104,151	4,164,454
Total assets		6,707,194	6,366,669
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses		268,519	117,592
Unearned revenue		-	423,919
Long-term liabilities – due in one year:			
Compensated absences (Note 5)		35,297	36,439
Long-term debt (Note 6)		81,470	78,609
Total current liabilities		385,286	656,559
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (Note 5)		35,297	36,439
Long-term debt (Note 6)		356,635	438,105
Total non-current liabilities		391,932	474,544
Total liabilities		777,218	1,131,103
NET POSITION			
Net investment in capital assets (Note 7)		3,150,624	2,721,598
Restricted for capital outlay (Note 3)		515,422	926,142
Unrestricted		2,263,930	1,587,826
Total net position		\$ 5,929,976	\$ 5,235,566

VALLEY CENTER 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)*

	Governmental Activities	
	2024	2023
Expenses:		
Fire related services:		
Operations:		
Salaries and wages	\$ 2,767,373	\$ 2,603,786
Employee benefits	212,174	145,411
Insurance	42,273	34,236
Materials and services	864,037	887,817
Depreciation expense	326,288	315,767
Amortiation expense	-	11,474
Interest expense	18,808	21,569
Total expenses	4,230,953	4,020,060
Program revenues:		
Charges for services:		
Parcel tax	2,034,780	1,845,007
Property assessment	913,313	744,073
Fire prevention – plan check and inspections	91,172	106,972
Advanced life support – first responder fee	-	31,054
Reimbursements	28,101	69,107
Mitigation fees	178,373	237,949
Operating and capital grant funding	648,408	670,697
Total program revenues	3,894,147	3,704,859
Net program expense	(336,806)	(315,201)
General revenues:		
Property taxes	854,335	769,060
Rental revenue	50,000	-
Other revenues	9,711	47,100
Investment earnings	117,170	64,415
Total general revenues	1,031,216	880,575
Change in net position	694,410	565,374
Net position:		
Beginning of year	5,235,566	4,670,192
End of year	<u>\$ 5,929,976</u>	<u>\$ 5,235,566</u>

VALLEY CENTER FIRE PROTECTION DISTRICT*Balance Sheet – Governmental Funds**June 30, 2024*

<u>ASSETS</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 2,545,059	\$ 449,872	\$ 2,994,931
Accrued interest receivable	25,172	5,657	30,829
Property taxes receivable	13,509	-	13,509
Other receivables	12,338	59,893	72,231
Prepaid items	6,965	-	6,965
Total assets	\$ 2,603,043	\$ 515,422	\$ 3,118,465
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 268,519	\$ -	\$ 268,519
Total liabilities	268,519	-	268,519
Fund Balances: (Note 8)			
Non-spendable	6,965	-	6,965
Restricted	-	515,422	515,422
Assigned	508,699	-	508,699
Unassigned	1,818,860	-	1,818,860
Total fund balance	2,334,524	515,422	2,849,946
Total liabilities and fund balance	\$ 2,603,043	\$ 515,422	\$ 3,118,465

VALLEY CENTER FIRE PROTECTION DISTRICT

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

Fund Balances – Governmental Funds	<u>\$ 2,849,946</u>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital 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.	3,588,729
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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:

Compensated absences	(70,594)
Long-term debt	(438,105)

Total adjustments	<u>3,080,030</u>
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Net Position of Governmental Activities	<u><u>\$ 5,929,976</u></u>
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VALLEY CENTER FIRE PROTECTION DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2024*

	General Fund	Fire Mitigation Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 854,335	\$ -	\$ 854,335
Parcel tax	2,034,780	-	2,034,780
Property assessment	913,313	-	913,313
Fire prevention – plan check and inspections	91,172	-	91,172
Advanced life support – first responder fee	-	-	-
Reimbursements	28,101	-	28,101
Mitigation fees	-	178,373	178,373
Operating and capital grant funding	648,408	-	648,408
Rental revenue	50,000	-	50,000
Other revenues	9,711	-	9,711
Investment earnings	95,763	21,407	117,170
Total revenues	4,725,583	199,780	4,925,363
EXPENDITURES:			
Fire related services:			
Salaries and wages	2,769,657	-	2,769,657
Employee benefits	212,174	-	212,174
Insurance	42,273	-	42,273
Materials and services	864,037	-	864,037
Capital outlay	676,705	-	676,705
Debt service:			
Principal	78,609	-	78,609
Interest	18,808	-	18,808
Total expenditures	4,662,263	-	4,662,263
REVENUES OVER(UNDER) EXPENDITURES	63,320	199,780	263,100
OTHER FINANCING SOURCES(USES):			
Transfer in/(out) (Note 9)	610,500	(610,500)	-
Total other financing sources(uses)	610,500	(610,500)	-
NET CHANGES IN FUND BALANCE	673,820	(410,720)	263,100
FUND BALANCE:			
Beginning of year	1,660,704	926,142	2,586,846
End of year	<u>\$ 2,334,524</u>	<u>\$ 515,422</u>	<u>\$ 2,849,946</u>

VALLEY CENTER 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	<u>\$ 263,100</u>
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Amounts reported for governmental activities in the statement of activities is 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	2,284
--------------------------------	-------

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	676,705
Depreciation expense	(326,288)

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.

<u>78,609</u>

Total adjustments	<u>431,310</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 694,410</u></u>
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VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Valley Center Fire Protection District (District) is a governmental organization formed by a majority vote of the people in 1982 with the primary purpose providing exceptional all-risk fire, emergency medical, and community risk reduction services critical to public safety, health, and the preservation of life and property.

The District has two fire stations which are part of the District's 84.5 square mile service area serving a population of over 23,000 people in San Diego County. In August 2021, the District bought land on which it will develop a third fire station.

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.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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 resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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)

2. 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 and an estimated useful life of more than one year. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Depreciation is calculated on the straight-line method over the following estimated useful lives: structures and improvements 10-50 years, engines and vehicles 5-20 years, furniture and equipment 7-20 years.

3. 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.

4. 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 earn with a maximum carryover of 1,040 hours.

5. 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.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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)

6. 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.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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 XIII A 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, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, 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.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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	\$ 2,545,059
Restricted – cash and investments	449,872
Total cash and investments	<u>\$ 2,994,931</u>

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

Description	Balance
Cash on hand	\$ 47
Demand deposits held with financial institutions	684,838
San Diego County Pooled Investment Fund (SDCPIF)	2,310,046
Total cash and investments	<u>\$ 2,994,931</u>

Demand Deposits with Financial Institutions

At June 30, 2024, the carrying amount of the District's demand deposits was \$684,838 and the financial institution's balance was \$695,139. 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 Depositary 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.

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 \$2,310,046 in the SDCTIP.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 3 – RESTRICTED ASSETS AND RESTRICTED NET POSITION

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

<u>Description</u>	<u>Balance</u>
Restricted – cash and investments	\$ 449,872
Restricted – accrued interest receivable	5,657
Restricted – other receivable	59,893
Total restricted net position	\$ 515,422

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

NOTE 4 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2024</u>
Non-depreciable capital assets:				
Land	\$ 481,600	\$ -	\$ -	\$ 481,600
Construction-in-progress	590,566	676,705	-	1,267,271
Total non-depreciable capital assets	1,072,166	676,705	-	1,748,871
Depreciable capital assets:				
Structures and improvements	1,663,773	-	-	1,663,773
Engines and vehicles	3,352,596	-	-	3,352,596
Furniture and equipment	1,987,650	-	-	1,987,650
Total depreciable capital assets	7,004,019	-	-	7,004,019
Accumulated depreciation:				
Structures and improvements	(1,238,733)	(56,795)	-	(1,295,528)
Engines and vehicles	(2,098,641)	(149,043)	-	(2,247,684)
Furniture and equipment	(1,500,499)	(120,450)	-	(1,620,949)
Total accumulated depreciation	(4,837,873)	(326,288)	-	(5,164,161)
Total depreciable capital assets, net	2,166,146	(326,288)	-	1,839,858
Total capital assets, net	\$ 3,238,312	\$ 350,417	\$ -	\$ 3,588,729

Depreciation expense for the year ended June 30, 2024 was \$350,417 and is not allocated to the various governmental functions or funds.

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 – 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
\$ 72,878	\$ 110,060	\$ (112,343)	\$ 70,595	\$ 35,297	\$ 35,297

NOTE 6 – LONG-TERM DEBT

Changes in long-term debt were as follows:

Long-Term Debt	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024	Current Portion	Long-term Portion
Financing agreement – Fire engine	\$ 516,714	\$ -	\$ (78,609)	\$ 438,105	\$ 81,470	\$ 356,635

Financing agreement – Fire engine

In fiscal year 2023, the District purchased a fire engine for \$792,562 with a loan payable of \$592,562 at a 3.64% interest rate per annum. Principal and interest payments are \$97,417 annually. The financing agreement is payable until May 2029. Future remaining payments are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 81,470	\$ 15,947	\$ 97,417
2026	84,436	12,981	97,417
2027	87,509	9,908	97,417
2028	90,694	6,723	97,417
2029	93,996	3,421	97,417
Total	438,105	\$ 48,980	\$ 487,085
Current	(81,470)		
Long-term	\$ 356,635		

VALLEY CENTER FIRE PROTECTION DISTRICT*Notes to Financial Statements**For the Fiscal Year Ended June 30, 2024*

NOTE 7 – NET INVESTMENT IN CAPITAL ASSETS

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

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 1,748,871
Capital assets – being depreciated, net	1,839,858
Long-term debt – current portion	(81,470)
Long-term debt – noncurrent portion	<u>(356,635)</u>
Total net investment in capital assets	<u><u>\$ 3,150,624</u></u>

NOTE 8 – FUND BALANCES

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

<u>Description</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total</u>
Non-spendable:			
Prepaid items	<u>\$ 6,965</u>	<u>\$ -</u>	<u>\$ 6,965</u>
Restricted:			
Mitigation fees	<u>-</u>	<u>515,422</u>	<u>515,422</u>
Assigned:			
Compensated absences	70,594	-	70,594
Long-term debt repayment	<u>438,105</u>	<u>-</u>	<u>438,105</u>
Total assigned	<u>508,699</u>	<u>-</u>	<u>508,699</u>
Unassigned	<u>1,818,860</u>	<u>-</u>	<u>1,818,860</u>
Total fund balances	<u><u>\$ 2,334,524</u></u>	<u><u>\$ 515,422</u></u>	<u><u>\$ 2,849,946</u></u>

NOTE 9 – INTERFUND TRANSFERS

At June 30, 2024 interfund transfers of the District’s governmental funds were made as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Balance</u>	<u>Purpose</u>
General Fund	Mitigation Fund	<u>\$ 610,500</u>	Capital outlay funding
	Total	<u><u>\$ 610,500</u></u>	

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 – 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 2023:	
Insurance premium	\$42,273
F. Condensed financial information	June 30, 2023
Audit signed	February 5, 2024
Statement of net position:	
Total assets	<u><u>\$ 4,932,856</u></u>
Total liabilities	<u>2,867,697</u>
Net position	<u><u>\$ 2,065,159</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 9,270,720
Total expenses	<u>(9,206,983)</u>
Change in net position	63,737
Beginning – net position	<u>2,001,422</u>
Ending – net position	<u><u>\$ 2,065,159</u></u>

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

VALLEY CENTER FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 11 – 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 12 – 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, *de 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 13 – SUBSEQUENT EVENTS

Certificate of Participation (COP) – 2024 Fire Station and Renovation Financing Project

On July 2, 2024, the District issued \$3,030,000 of COP's to provide funds for the District to finance certain capital projects including the construction of a new fire station, renovations, and to pay the costs of the new debt issuance. The COPs will mature on June 30, 2044 with an interest rate of 4.95%

The District has evaluated subsequent events through December 19, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

VALLEY CENTER FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Adopted Original Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property taxes	\$ 815,561	\$ 854,335	\$ 38,774
Parcel tax	1,976,722	2,034,780	58,058
Property assessment	776,984	913,313	136,329
Fire prevention – plan check and inspections	48,000	91,172	43,172
Advanced life support – first responder fee	40,000	-	(40,000)
Reimbursements	66,000	28,101	(37,899)
Operating and capital grant funding	2,108,200	648,408	(1,459,792)
Rental revenue	-	50,000	50,000
Other revenues	-	9,711	9,711
Investment earnings	10,454	95,763	85,309
Total revenues	5,841,921	4,725,583	(1,116,338)
EXPENDITURES:			
Fire related services:			
Salaries and wages	2,602,170	2,769,657	(167,487)
Employee benefits	202,148	212,174	(10,026)
Insurance	47,930	42,273	5,657
Materials and services	920,396	864,037	56,359
Capital outlay	1,413,000	676,705	736,295
Debt service:			
Principal	-	78,609	(78,609)
Interest	-	18,808	(18,808)
Total expenditures	5,185,644	4,662,263	523,381
REVENUES OVER(UNDER) EXPENDITURES	656,277	63,320	(592,957)
OTHER FINANCING SOURCES(USES):			
Transfer in	-	610,500	610,500
Total other financing sources(uses)	-	610,500	610,500
NET CHANGES IN FUND BALANCE	\$ 656,277	673,820	\$ 17,543
FUND BALANCE:			
Beginning of year		1,660,704	
End of year		<u>\$ 2,334,524</u>	

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
Valley Center Fire Protection District
Valley Center, 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 Valley Center Fire Protection District as of and for the _____ to the financial statements, which collectively comprise Valley Center Fire Protection District's basic financial statements, and have issued our report thereon dated December 19, 2024.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valley Center 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
December 19, 2024