NORTH COUNTY FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENTAUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2023
(With Comparative Information as of June 30, 2022)

NORTH COUNTY FIRE PROTECTION DISTRICT
For the Fiscal Year Ended June 30, 2023
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Financial Section

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
North County Fire Protection District
Fallbrook, California

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our 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 information, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, and schedule of changes in the District’s total OPEB liability and related ratios 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, 2022, 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 23, 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 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.

Nigro & Nigro, PC

Murrieta, California
January 23, 2024

Management's Discussion and Analysis (MD&A) offers readers of North County Fire Protection District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2023. 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 decreased $11,283,441 as a result of this year's operations.
- Total revenues from all sources increased by 3.31%, or $861,594 from $26,010,412 to $26,872,006, from the prior year, primarily due to increases in property taxes of $1,727,449.
- Total expenses for the District's operations increased by 764.93% or $33,744,082 from $4,411,366 to $38,155,448 from the prior year, primarily due to increase in employee benefits expense of $31,281,331.
- The District purchased new capital assets during the year in the amount of $2,008,826. Depreciation expense was $917,079.

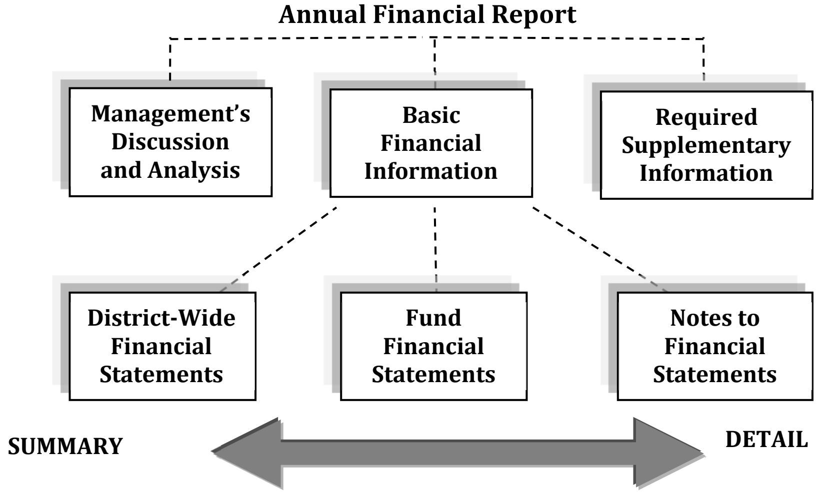
OVERVIEW OF THE FINANCIAL STATEMENTS

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 North County 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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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, 2023	June 30, 2022	Change
Assets:			
Current assets	$ 14,980,964	$ 15,580,112	$ (599,148)
Non-current assets	4,028,715	9,501,499	(5,472,784.00)
Capital assets, net	12,346,047	11,254,300	1,091,747
Total assets	31,355,726	36,335,911	(4,980,185)
Deferred outflows of resources	21,451,398	19,249,006	2,202,392
Liabilities:			
Current liabilities	4,825,846	4,888,187	(62,341)
Non-current liabilities	42,545,547	31,071,932	11,473,615
Total liabilities	47,371,393	35,960,119	11,411,274
Deferred inflows of resources	11,443,802	14,349,427	(2,905,625)
Net position (Deficit):			
Net investment in capital assets	9,999,832	6,749,065	3,250,767
Restricted	4,028,715	3,363,389	665,326
Unrestricted (Deficit)	(20,036,618)	(4,837,083)	(15,199,535)
Total net position (deficit)	$ (6,008,071)	$ 5,275,371	$ (11,283,442)

At the end of fiscal year 2023, the District shows a deficit balance in its unrestricted net position of ($20,036,618).

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	June 30, 2023	June 30, 2022	Change
Program revenues	$ 6,193,278	$ 6,959,838	$ (766,560)
Expenses	(38,155,448)	(4,411,366)	(33,744,082)
Net program expense	(31,962,170)	2,548,472	(34,510,642)
General revenues	20,678,728	19,050,574	1,628,154
Change in net position	(11,283,442)	21,599,046	(32,882,488)
Net position:			
Beginning of year	5,275,371	(16,323,675)	21,599,046
End of year	$ (6,008,071)	$ 5,275,371	$ (11,283,442)

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 net position of the District decreased by $11,283,442.

Table A-3: Total Revenues

	June 30, 2023	June 30, 2022	Increase (Decrease)
Program revenues:			
Charges for services	$ 6,129,588	$ 5,831,458	$ 298,130
Operating and capital grant funding	63,690	1,128,380	(1,064,690)
Total program revenues	6,193,278	6,959,838	(766,560)
General revenues:			
Property taxes	19,232,495	17,505,046	1,727,449
Rental income – cellular towers	126,615	99,488	27,127
State of California special district COVID-19 relief grant	-	1,459,698	(1,459,698)
Investment earnings	497,837	(250,966)	748,803
Other revenues	821,781	237,308	584,473
Total general revenues	20,678,728	19,050,574	1,628,154
Total revenues	$ 26,872,006	$ 26,010,412	$ 861,594

Total revenues from all sources increased by 3.31%, or $861,594 from $26,010,412 to $26,872,006, from the prior year, primarily due to increases in property taxes of $1,727,449.

Table A-4: Total Expenses

	June 30, 2023	June 30, 2022	Increase (Decrease)
Expenses:			
Salaries and wages	$ 12,569,051	$ 10,271,502	$ 2,297,549
Employee benefits	19,182,084	(12,099,247)	31,281,331
Materials and services	4,702,159	4,585,410	116,749
Depreciation expense	917,079	883,291	33,788
Interest expense	785,075	770,410	14,665
Total expenses	$ 38,155,448	$ 4,411,366	$ 33,744,082

Total expenses for the District's operations increased by 764.93% or $33,744,082 from $4,411,366 to $38,155,448 from the prior year, primarily due to increase in employee benefits expense of $31,281,331.

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 *unreserved 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, 2023, the District reported a total fund balance of $16,175,192. An amount of $5,342,923 constitutes the District's *unassigned fund balance*.

OPERATIONS FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's operational fund at year-end were $1,092,607 more than actual. Actual revenues were greater than the anticipated budget by $2,555,980. Actual revenues less expenses were under budget by $3,648,587.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had invested $2,008,826 in new capital assets, related to the purchase of equipment for use in fire protection. (More detailed information about capital assets can be found in Note 7 to the financial statements). Total depreciation expense for the year was $917,079.

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

	Balance, June 30, 2023	Balance, June 30, 2022
Capital assets:		
Non-depreciable assets	$ 1,478,406	$ 1,035,118
Depreciable assets	24,358,145	22,792,607
Accumulated depreciation	(13,490,504)	(12,573,425)
Total capital assets, net	$ 12,346,047	$ 11,254,300

Long-Term Debt

At year-end the District had $2,346,214 in outstanding long-term debt – a decrease of 48% 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

Balance, June 30, 2023	Balance, June 30, 2022
$ 2,346,215	$ 4,505,235

FACTORS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the 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 North County Fire Protection District at 330 South Main Avenue, Fallbrook, California 92028 or (760) 723-2005.

NORTH COUNTY FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	Governmental Activities	
ASSETS	**2023**	**2022**
Current assets:		
Cash and investments (Note 2)	$ 11,945,484	$ 13,428,485
Accrued interest receivable	52,491	15,112
Accounts receivable – ambulance billings, net (Note 4)	1,530,777	1,031,556
Other receivables (Note 5)	785,493	510,144
Deposits with Public Agencies Self-Insurance System (Note 6)	488,768	478,612
Prepaid items	177,951	116,203
Total current assets	14,980,964	15,580,112
Non-current assets:		
Restricted – cash and investments (Note 2 and 3)	3,890,728	3,168,303
Restricted – accrued interest receivable (Note 3)	12,105	3,850
Restricted – other receivables (Note 3 and 5)	125,882	191,236
Net pension asset (Note 13)	-	6,138,110
Capital assets – not being depreciated (Note 7)	1,478,406	1,035,118
Capital assets – being depreciated, net (Note 7)	10,867,641	10,219,182
Total non-current assets	16,374,762	20,755,799
Total assets	31,355,726	36,335,911
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows of resources (Note 12)	1,175,724	1,426,755
Pension related deferred outflows of resources (Note 13)	20,275,674	17,822,251
Total deferred outflows of resources	21,451,398	19,249,006
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	487,069	360,656
Accrued payroll and related liabilities	868,889	811,888
Unearned revenue	1,478,529	1,509,415
Accrued interest payable	71,027	82,957
Long-term liabilities – due in one year:		
Compensated absences (Note 8)	1,000,000	1,000,000
Pension obligation bonds (Note 9)	725,000	700,000
Long-term debt (Note 10)	195,332	423,271
Total current liabilities	4,825,846	4,888,187
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 8)	1,123,454	1,071,418
Pension obligation bonds (Note 9)	17,280,000	18,005,000
Long-term debt (Note 10)	2,150,883	4,081,964
Workers' compensation claims payable (Note 11)	4,013,381	3,613,804
Net other post-employment benefits liability (Note 12)	4,477,136	4,299,746
Net pension liability (Note 13)	13,500,693	-
Total non-current liabilities	42,545,547	31,071,932
Total liabilities	47,371,393	35,960,119
DEFERRED INFLOWS OF RESOURCES		
OPEB related deferred outflows of resources (Note 12)	1,523,260	1,539,171
Pension related deferred outflows of resources (Note 13)	9,920,542	12,810,256
Total deferred inflows of resources	11,443,802	14,349,427
NET POSITION		
Net investment in capital assets (Note 14)	9,999,832	6,749,065
Restricted (Note 3)	4,028,715	3,363,389
Unrestricted (Deficit) (Note 15)	(20,036,618)	(4,837,083)
Total net position	$ (6,008,071)	$ 5,275,371

NORTH COUNTY FIRE PROTECTION DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023
With Comparative Amounts For the Fiscal Year Ended June 30, 2022)

	Governmental Activities	
EXPENSES:	**2023**	**2022**
Fire protection, prevention and emergency medical transport:		
Operations:		
Salaries and wages	$ 12,569,051	$ 10,271,502
Employee benefits	19,182,084	(12,099,247)
Materials and services	4,702,159	4,585,410
Depreciation expense	917,079	883,291
Interest expense	785,075	770,410
Total expenses	38,155,448	4,411,366
PROGRAM REVENUES:		
Charges for services:		
Ambulance services	4,665,523	3,220,339
Fire services – California Office of Emergency Services	538,374	947,815
Fire prevention	231,752	438,841
Mitigation fees	324,109	696,620
Annexation fees	226,508	361,293
Administration	143,322	166,550
Operating and capital grant funding	63,690	1,128,380
Total program revenues	6,193,278	6,959,838
Net program expense	31,962,170	(2,548,472)
GENERAL REVENUES:		
Property taxes	19,232,495	17,505,046
Rental income – cellular towers	126,615	99,488
State of California special district COVID-19 relief grant	-	1,459,698
Investment earnings	497,837	(250,966)
Other revenues	821,781	237,308
Total general revenues	20,678,728	19,050,574
Change in net position	(11,283,442)	21,599,046
Net Position:		
Beginning of year (Deficit)	5,275,371	(16,323,675)
End of year (Deficit)	$ (6,008,071)	$ 5,275,371

NORTH COUNTY FIRE PROTECTION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

ASSETS	General Fund	Fire Mitigation Fund	Other Governmental Funds	Total Funds
Assets:				
Cash and investments	$ 11,945,484	$ -	$ -	$ 11,945,484
Restricted – cash and investments	-	1,637,247	2,253,481	3,890,728
Accrued interest receivable	52,491	-	-	52,491
Restricted – accrued interest receivable	-	5,127	6,978	12,105
Accounts receivable, net	1,530,777	-	-	1,530,777
Other receivables	785,493	-	-	785,493
Restricted – other receivables	-	123,445	2,437	125,882
Deposits with PASIS	488,768	-	-	488,768
Prepaid items	177,951	-	-	177,951
Total assets	$ 14,980,964	$ 1,765,819	$ 2,262,896	$ 19,009,679
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 487,069	$ -	$ -	$ 487,069
Accrued payroll and related liabilities	868,889	-	-	868,889
Unearned revenue	1,478,529	-	-	1,478,529
Total liabilities	2,834,487	-	-	2,834,487
Fund Balances: (Note 16)				
Nonspendable	177,951	-	-	177,951
Restricted	-	1,765,819	2,262,896	4,028,715
Assigned	6,625,603	-	-	6,625,603
Unassigned	5,342,923	-	-	5,342,923
Total fund balance	12,146,477	1,765,819	2,262,896	16,175,192
Total liabilities and fund balance	$ 14,980,964	$ 1,765,819	$ 2,262,896	$ 19,009,679

NORTH COUNTY FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Fund Balances – Governmental Funds	$ 16,175,192
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.	12,346,047
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.	21,451,398
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	(71,027)
Compensated absences	(2,123,454)
Pension obligation bonds	(18,005,000)
Long-term debt	(2,346,215)
Workers' compensation claims payable	(4,013,381)
Net other post-employment benefits liability	(4,477,136)
Net pension asset (liability)	(13,500,693)
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.	(11,443,802)
Total adjustments	(22,183,263)
Net Position of Governmental Activities	$ (6,008,071)

NORTH COUNTY FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Fire Mitigation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	$ 18,829,829	$ -	$ 402,666	$ 19,232,495
Charges for services:				
Ambulance services	4,665,523	-	-	4,665,523
Fire services – CA OES	538,374	-	-	538,374
Fire prevention	231,752	-	-	231,752
Mitigation fees	-	324,109	-	324,109
Annexation fees	226,508	-	-	226,508
Administration	143,322	-	-	143,322
Operating and capital grant funding	63,690	-	-	63,690
Rental income – cellular towers	126,615	-	-	126,615
State of California special district COVID-19 relief grant	-			-
Investment earnings	457,766	17,919	22,152	497,837
Other revenues	821,772	-	9	821,781
Total revenues	26,105,151	342,028	424,827	26,872,006
EXPENDITURES:				
Current:				
Salaries and wages	12,517,015	-	-	12,517,015
Employee benefits	4,473,908	-	-	4,473,908
Materials and services	4,298,574	-	4,008	4,302,582
Capital outlay	2,008,826	-	-	2,008,826
Debt service:				
Principal	2,859,020	-	-	2,859,020
Interest	797,005	-	-	797,005
Total expenditures	26,954,348	-	4,008	26,958,356
Net Changes in Fund Balance	(849,197)	342,028	420,819	(86,350)
FUND BALANCES:				
Beginning of year	12,995,674	1,423,791	1,842,077	16,261,542
End of year	$ 12,146,477	$ 1,765,819	$ 2,262,896	$ 16,175,192

NORTH COUNTY 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, 2023

Net Change in Fund Balances – Governmental Funds	$ (86,350)
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	(52,036)
Change in accrued interest payable	11,930
Change in workers' compensation claims payable	(399,577)
Change in net other post-employment benefits obligations and related deferred resources	(412,510)
Change in net pension liability/asset and related deferred resources	(14,295,666)
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	2,008,826
Depreciation expense	(917,079)
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.	2,859,020
Total adjustments	(11,197,092)
Change in Net Position of Governmental Activities	$ (11,283,442)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The North County Fire Protection District (the District) provides fire and emergency medical services to the taxpayers and residents in the Fallbrook, Rainbow, and Bonsall communities of northern San Diego County. The District's governmental powers are exercised through a five-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)

Special Revenue Funds:

Fire Mitigation Fund: This fund is used to account for San Diego County Mitigation fees collected from applications for building permits in the District's service area. Mitigation fees paid under this program shall be used to expand the availability of capital facilities and equipment to serve new developments.

Non-Major Governmental Funds

Other Governmental Funds:

Rainbow Subzone-Operations Fund: This fund is used to account for revenues collected and restricted for expenditures made in the Rainbow Subzone service area.

The Rainbow Subzone-Fire Mitigation Fund: This fund is used to account for San Diego County Mitigation fees collected from applications for building permits in the District's service area. Mitigation fees paid under this program shall be used to expand the availability of capital facilities and equipment to serve new developments.

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.

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

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

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.

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

1. Cash and Investments

For purposes of the statement of cash flows, 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.

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)

1. Cash and Investments (continued)

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. Accounts Receivable and Allowance for Doubtful Accounts
Accounts receivable – ambulance billings consist of amounts owed by individuals for services rendered for ambulance transport. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts. As of June 30, 2023, an allowance for doubtful accounts has been recorded for those uncollectable accounts (see Note 4).

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
Hydrants	10 years
Equipment and Vehicles	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 assets 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

5. Compensated Absences
The District's policy is to permit full time employees to accumulate earned vacation time and sick leave. Earned vacation time shall be earned by each employee subject to the accrual limitations and policies as defined by District policies. Such unused compensation is calculated at the employees' then prevalent hourly rate at the time of retirement or termination. Whereas vacation time is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement or termination based on the years of employment.

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. 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) plan and addition 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 fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

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 fair 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, 2022
Measurement Period July 1, 2021 to June 30, 2022

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

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

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.

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.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable 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 or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

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.

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)

8. Fund Balances (continued)

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.

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 April 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.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023, were categorized on the statement of net position as follows:

Description	Balance
Cash and investments	$ 11,945,484
Restricted – cash and investments	3,890,728
Total cash and investments	$ 15,836,212

Cash and investments at June 30, 2023, consisted of the following:

Description	Balance
Cash on hand	$ 118
Demand deposits held with financial institutions	1,908,403
California Local Agency Investment Fund (LAIF)	44,990
San Diego County Pooled Investment Fund (SDCPIF)	6,237,187
California CLASS	7,645,514
Total cash and investments	$ 15,836,212

Demand Deposits

At June 30, 2023, the carrying amount of the District's demand deposits was $1,908,403, and the financial institutions balances totaled $2,176,890. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

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.

California Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

NOTE 2 – CASH AND INVESTMENTS (continued)

California Local Agency Investment Fund (LAIF) (Continued)
The District is a voluntary participant in LAIF. 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 LAIF for the entire LAIF 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 LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held $44,990 in LAIF.

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 deposits 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, 2023, the District had $6,237,187 in the SDCTIP.

California Cooperative Liquid Assets Securities System (California CLASS)
The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers 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 and 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 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, 2023, the District held $7,645,514 in California CLASS.

NOTE 3 – RESTRICTED – CASH AND INVESTMENTS AND RESTRICTED NET POSITION

Restricted assets and restricted net position as of June 30, 2023, were categorized as follows:

Description	Balance
Restricted – cash and investments	$ 3,890,728
Restricted – accrued interest receivable	12,105
Restricted – other receivables	125,882
Total restricted net position	$ 4,028,715

Restricted assets and restricted net position as of June 30, 2023, were received from mitigation fees for capital expenditures and operational revenue for the Rainbow Sub-zone.

NOTE 4 – ACCOUNTS RECEIVABLE – AMBULANCE BILLINGS, NET

Accounts receivable – ambulance billings, net as of June 30, 2023, consisted of the following:

Description	Balance
Accounts receivable – ambulance billings	$ 2,783,230
Allowance for doubtful accounts	(1,252,453)
Total accounts receivable – ambulance billings, net	$ 1,530,777

NOTE 5 – OTHER RECEIVABLES

Other receivables at June 30, 2023, were categorized on the statement of net position as follows:

Description	Balance
Other receivables	$ 785,493
Restricted – other receivables	125,882
Total other receivables	$ 911,375

Other receivables at June 30, 2023, consisted of the following:

Description	Balance
Property taxes receivable	$ 118,547
Mitigation fees receivable	123,445
Other receivables	669,383
Total other receivables	$ 911,375

NOTE 6 – 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, 2023, the District had $488,768 on deposit with PASIS. Further information in regards 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, 2023 – Seven member agencies		
D.	**Governing board**	Seven representatives employed/appointed by members		
E.	**District payments for FY 2022:**			
	Contribution	$0		
F.	**Condensed financial information**	June 30, 2023		
	Audit signed	August 31, 2022		
	Statement of net position:		**June 30, 2023**	**District Share**
	Total assets		$ 3,524,018	$ 488,768
	Total liabilities		-	-
	Net position		$ 3,524,018	$ 488,768
	Statement of revenues, expenses and changes in net position:			
	Total revenues		$ 73,113	$ 10,156
	Total expenses		-	-
	Change in net position		73,113	10,156
	Beginning – net position		3,450,905	478,612
	Ending – net position		$ 3,524,018	$ 488,768
G.	**District's share of year-end financial position**		100.00%	13.87%

NOTE 7 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance July 1, 2022	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable capital assets:				
Land	$ 872,639	$ -	$ -	$ 872,639
Construction-in-process	162,479	621,125	(177,837)	605,767
Total non-depreciable capital assets	1,035,118	621,125	(177,837)	1,478,406
Depreciable capital assets:				
Structures and improvements	9,745,866	584,295	-	10,330,161
Hydrants	267,523	-	-	267,523
Equipment and vehicles	12,779,218	981,243	-	13,760,461
Total depreciable capital assets	22,792,607	1,565,538	-	24,358,145
Accumulated depreciation:				
Structures and improvements	(3,655,156)	(188,407)	-	(3,843,563)
Hydrants	(267,523)	-	-	(267,523)
Equipment and vehicles	(8,650,746)	(728,672)	-	(9,379,418)
Total accumulated depreciation	(12,573,425)	(917,079)	-	(13,490,504)
Total depreciable capital assets, net	10,219,182	648,459	-	10,867,641
Total capital assets, net	$ 11,254,300	$ 1,269,584	$ (177,837)	$ 12,346,047

NOTE 8 – COMPENSATED ABSENCES

Compensated absences comprise unpaid vacation leave which is accrued as earned. The District's liability for compensated absences is determined annually.

The changes to the compensated absences balance at June 30, 2023 were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion	Long-term Portion
$ 2,071,418	$ 955,418	$ (903,382)	$ 2,123,454	$ 1,000,000	$ 1,123,454

NOTE 9 – PENSION OBLIGATION BONDS

Changes in pension obligation bonds amounts for the year ended June 30, 2023, was as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion	Long-term Portion
$ 18,705,000	$ -	$ (700,000)	$ 18,005,000	$ 725,000	$ 17,280,000

On June 1, 2020, the District issued 2020 Taxable Pension Obligation Bonds in the amount of $20,305,000. The 2021 bonds were placed with U.S. Bank National Association. 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 variable interest rates ranging from 1.355% to 3.568% and are payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022 until maturity or earlier redemption. The bonds mature in fiscal year 2040. Total principal and interest remaining on the bonds as of June 30, 2023 is $23,954,461 Future remaining payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	725,000	539,578	1,264,578
2025	715,000	527,049	1,242,049
2026	705,000	513,622	1,218,622
2027	695,000	497,597	1,192,597
2028	690,000	480,757	1,170,757
2029-2033	5,315,000	2,059,278	7,374,278
2034-2038	6,320,000	1,178,870	7,498,870
2039-2040	2,840,000	152,710	2,992,710
Total	18,005,000	$ 5,949,461	$ 23,954,461
Current	(725,000)		
Long-term	$ 17,280,000		

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 9 – PENSION OBLIGATION BONDS (continued)

Bond Provisions (continued)
The bonds maturing on or before June 1, 2035, are not subject to optional redemption prior to their respective stated maturities. The bonds maturing on and after June 1, 2035, are subject to optional redemption from any source of available funds of the District, prior to their respective maturities, in whole or in part among maturities as specified by the District, and by lot within a maturity, on any date on or after June 1, 2035, at a redemption price equal to the principal amount of the bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The bonds maturing on June 1, 2035 to June 1, 2040, are also subject to mandatory sinking fund redemption on June 1 in the years, and in the amounts, as set forth in the official statement at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

The following events constitute events of default under the trust agreement: (a) if default shall be made in the due and punctual payment of the principal of any bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise; (b) if default shall be made in the due and punctual payment of any installment of interest on any bond when and as such interest installment shall become due and payable; (c) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in the trust agreement or in the bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the District; or (d) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property. A bondholder may exercise any remedies available pursuant to the law or the trust agreement if an event of default occurs under the trust agreement.

NOTE 10 – LONG-TERM DEBT OBLIGATIONS PAYABLE

Changes in long-term debt obligations payable amounts for the year ended June 30, 2023, were as follows:

Long-Term Debt	Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Current Portion	Long-term Portion
Bond payable – Station No. 5	$ 2,117,000	$ -	$ (146,000)	$ 1,971,000	$ 151,000	$ 1,820,000
Capital lease payable – EKG monitors	60,666	-	(60,666)	-	-	-
Capital lease payable - equipment	1,275,931	-	(1,275,931)	-	-	-
Loan payable – solar project I	271,569	-	(49,287)	222,282	33,262	189,020
Loan payable – solar project II	169,340	-	(16,407)	152,933	11,070	141,863
Loan payable – administrative building	610,729	-	(610,729)	-	-	-
Total long-term debt	$ 4,505,235	$ -	$ (2,159,020)	$ 2,346,215	$ 195,332	$ 2,150,883

Bonds Payable

On September 9, 2013, the District issued bonds for the par amount of $3,126,000. The proceeds were used for the construction of station no. 5. The bond's coupon rate is at 4.35% per annum, and matures on September 1, 2033, with annual debt service payments which include principal and interest. The loan is payable until September 2033. Future remaining payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 151,000	$ 84,129	$ 235,129
2025	158,000	77,474	235,474
2026	166,000	70,513	236,513
2027	174,000	63,227	237,227
2028	180,000	55,593	235,593
2029-2033	1,028,000	151,859	1,179,859
2034	114,000	2,480	116,480
Total	1,971,000	$ 505,275	$ 2,476,275
Current	(151,000)		
Long-term	$ 1,820,000		

NOTE 10 – LONG-TERM DEBT OBLIGATIONS PAYABLE (continued)

Capital Lease Payable – EKG Monitors

The District entered into a capital lease for the purchase of ten EKG monitors for $303,331 with no interest. Annual principal payments are due on August 1 of each year through 2023. The District paid-off the capital lease in fiscal year 2023.

Capital Lease Payable – Equipment

The District entered a capital lease in July 2019 for two new pumpers with associated equipment for use in fire programs. The initial payment was due August 2021 and payments required quarterly thereafter of $33,495 through May 2034. Total purchase cost is $1,464,657 with an implicit interest rate of approximately 7.4%. The lessor retains a first lien security interest in the property while the lease agreement is in place. The District paid-off the capital lease in fiscal year 2023.

Loan Payable – Solar Project I

In April 2015, the District purchased a solar power system from the State of California-Energy Resources Conservation and Development Commission for $475,241, with a loan payable for $475,241 at a 1.0% interest rate per annum. Principal and interest payments are $17,704 semi-annually on December 22 and June 22. The loan is payable until December 2029. Future remaining payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 33,262	$ 2,145	$ 35,407
2025	33,601	1,806	35,407
2026	33,938	1,470	35,408
2027	34,278	1,130	35,408
2028	34,620	788	35,408
2029-2030	52,583	527	53,110
Total	222,282	$ 7,866	$ 230,148
Current	(33,262)		
Long-term	$ 189,020		

NOTE 10 – LONG-TERM DEBT OBLIGATIONS PAYABLE (continued)

Loan Payable – Solar Project II
In fiscal year 2018, the District purchased a solar power system from the State of California-Energy Resources Conservation and Development Commission for $227,475, with a loan payable for $227,475 at a 1.0% interest rate per annum. Principal and interest payments are $12,575 semi-annually on December 22 and June 22. The loan is payable until June 2036. Future remaining payments are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 11,070	$ 1,505	$ 12,575
2025	11,185	1,390	12,575
2026	11,297	1,279	12,576
2027	11,410	1,165	12,575
2028	11,522	1,054	12,576
2029-2033	59,376	3,501	62,877
2034-2036	37,073	652	37,725
Total	152,933	$ 10,546	$ 163,479
Current	(11,070)		
Long-term	$ 141,863		

Loan Payable – Administrative Building
On May 24, 2018, the District entered into an installment agreement for $900,000 to purchase its administration building. The loan is payable monthly through August 2030, and compounds interest at a rate of 3.4% per annum. The District paid-off the loan payable in fiscal year 2023.

NOTE 11 – WORKERS' COMPENSATION CLAIMS PAYABLE

The District is exposed to various risks of loss and has effectively managed risk 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. In addition, there were no settlements or claims in the past three years that exceeded insurance coverage.

The District is self-insured for workers' compensation benefits. The District is one of nine participants 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. There is no pooling of workers' compensation liability between the participants, and each participant self-insures their liability up to $300,000 per occurrence. As of June 30, 2023, the District had $488,768 on deposit with PASIS. All members are responsible for paying their own claims and related expenses. PASIS may advance funds to members who have incurred large losses; however, these advances must be repaid. Excess insurance is purchased above the self-insured retention. As of June 30, 2023, the liability for workers' compensation claims payable was estimated at $4,013,381.

Changes in workers' compensation claims payable for the year ended June 30, 2023, were as follows:

Description	Balance
Estimated claims balance – July 1, 2022	$ 3,613,804
Claim refunds (payments)	(504,620)
Revised claims estimate	904,197
Change in claims balance	399,577
Estimated claims balance – June 30, 2023	$ 4,013,381

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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	$	1,175,724
Net other post-employment benefits obligation		4,477,136
OPEB related deferred inflows of resources		1,523,260

A. General Information about the OPEB Plan

Plan description
The District provides other postemployment benefits (OPEB) to employees who retire from the District and meet certain eligibility requirements. The contribution requirements of single-employer plan members and the District are established and may be amended by the Board of Directors. The District implemented its OPEB plan in the fiscal year ended June 30, 2014 when the District joined CalPERS for medical insurance for its employees and retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided
Following is a description of the current retiree benefit plan:

	Firefighters	Miscellaneous
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	CalPERS Retirement	CalPERS Retirement
Minimum Age	CalPERS Retirement	CalPERS Retirement
Dependent Coverage	Surviving Spouse only	Surviving Spouse only
District Contribution %	100% to cap	100% to cap
District Cap	Minimum employer contribution under PEMHCA*	Minimum employer contribution under PEMHCA*

* $152 per month in 2022 indexed to Medical component of the CPI

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

Description	Amount
Inactive employees entitled to but not yet receiving benefit payments	38
Active employees	73
Total	111

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

B. Total OPEB Liability

The District's total OPEB liability of $4,476,523 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	4.13%
Inflation	2.75%
Salary Increases	2.80%
Investment Rate of Return	4.13%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Trend Rate	4.5 to 6.5%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance at July 1, 2022	$ 4,299,746
Changes for the year:	
Service cost	203,765
Interest	181,800
Changes in assumptions	(167,694)
Differences between expected and actual experience	77,124
Benefit payments	(118,218)
Net changes	176,777
Balance at June 30, 2023	$ 4,476,523

Changes of Assumptions

In fiscal year 2022-23, the measurement period, there was a change is the discount rate from 4.09% to 4.13%.

Change of Benefit Terms

In fiscal year 2022-23, the measurement period, there were no changes to the benefit terms.

Subsequent Events

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Changes in the Net OPEB Liability

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 1-percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
$ 5,175,004	$ 4,476,523	$ 3,911,251

Sensitivity of the Total OPEB Liability to Changes in Medical 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 medical trend rates that are 1-percentage point lower:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 3,799,528	$ 4,476,523	$ 5,355,953

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

For the year ended June 30, 2022, the District recognized OPEB expense of $371,765. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Decsription	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 628,077	$ (171,264)
Differences between expected and actual experience	547,647	(1,351,996)
Total	$ 1,175,724	$ (1,523,260)

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	Amount
2024	$ (13,801)
2025	(27,947)
2026	(27,947)
2027	(27,947)
2028	(27,947)
Thereafter	(221,947)
Total	$ (347,536)

NOTE 13 – NET PENSION LIABILITY/ASSET 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	$ 20,275,674
Net pension liability	13,500,693
Pension related deferred inflows of resources	9,920,542

A. General Information About the Pension Plans (continued)

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	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	7.250%
Required employer contribution rates	14.870%	7.730%

	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	2.4% to 3.0%	2.0% to 2.7%
Required member contribution rates	9.000%	13.750%
Required employer contribution rates	23.620%	13.980%

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, 2021 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Members Covered by Benefit Terms
At June 30, 2022 (Measurement Date), the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	4	27	31
Transferred and terminated members	7	36	43
Retired members and beneficiaries	32	-	32
Total plan members	43	63	106

	Safety Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	42	11	53
Transferred and terminated members	54	28	82
Retired members and beneficiaries	75	-	75
Total plan members	171	39	210

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, 2023, (Measurement Date June 30, 2022) were as follows:

	Total Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – Miscellaneous Plan	$ 466,098	$ 142,106	$ 608,204
Contributions – Safety Plan	1,790,506	203,467	1,993,973
Total contributions	$ 2,256,604	$ 345,573	$ 2,602,177

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, 2022, 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, 2022, 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 Total Plan for the fiscal year ended June 30, 2022:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
CalPERS – Total Plan:			
Balance as of June 30, 2021 (Measurement Date)	$ 112,028,908	$ 118,167,018	$ (6,138,110)
Balance as of June 30, 2022 (Measurement Date)	$ 119,534,953	$ 106,034,260	$ 13,500,693
Change in Plan Net Pension Liability	$ 7,506,045	$ (12,132,758)	$ 19,638,803

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

B. Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

The District's proportionate share percentage of the net pension liability for the June 30, 2022, measurement date was as follows:

	Percentage Share of Risk Pool		
CalPERS – Total Plans	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.08596%	-0.01231%	0.09827%
Percentage of Plan (PERF C) Net Pension Liability	0.11688%	-0.11350%	0.23038%

For the fiscal year ended June 30, 2023, the District recognized pension expense/(credit) of $16,897,843. At June 30, 2023, 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	$ 2,602,177	$ -
Difference between actual and proportionate share of employer contributions	3,981,330	(5,510,487)
Adjustment due to differences in proportions	9,621,565	(4,254,821)
Differences between expected and actual experience	487,808	(155,234)
Differences between projected and actual earnings on pension plan investments	2,216,053	-
Changes in assumptions	1,366,741	-
Total Deferred Outflows/(Inflows) of Resources	$ 20,275,674	$ (9,920,542)

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. Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

An amount of $2,602,177 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, 2024. 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
2024	$ 2,750,586
2025	2,295,280
2026	1,354,280
2027	1,352,809
Total	$ 7,752,955

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, 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	7.50% 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 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

B. Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (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.

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.

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

B. Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (continued)

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	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	$ 29,989,211	$ 13,500,693	$ 17,056

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, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

NOTE 14 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2023, the net investment in capital assets was calculated as follows:

Description	Balance
Capital assets – not being depreciated	$ 1,478,406
Capital assets – being depreciated, net	10,867,641
Long-term debt obligations payable – current portion	(195,332)
Long-term debt obligations payable – noncurrent portion	(2,150,883)
Total net investment in capital assets	$ 9,999,832

NOTE 15 – UNRESTRICTED NET POSITION (DEFICIT)

As of June 30, 2023, the District has an unrestricted net position deficit of ($20,036,618). The unrestricted net position deficit resulted from the reporting of the District's net pension liability/(asset) of $13,500,693 along with the remaining balance of the pension obligation bonds issued of $18,005,000. These liabilities are being reviewed on an annual basis.

NOTE 16 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

Description	General Fund	Fire Mitigation Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid items	$ 177,951	$ -	$ -	$ 177,951
Restricted:				
Fallbrook – mitigation	-	1,765,819	-	1,765,819
Rainbow subzone – operations	-	-	2,258,822	2,258,822
Rainbow subzone – mitigation	-	-	4,074	4,074
Total restricted	-	1,765,819	2,262,896	4,028,715
Assigned:				
Deposits with Public Agencies Self-Insurance System	488,768	-	-	488,768
Compensated absences	2,123,454	-	-	2,123,454
Workers' compensation claims payable	4,013,381	-	-	4,013,381
Total assigned	6,625,603	-	-	6,625,603
Unassigned	5,342,923	-	-	5,342,923
Total fund balances	$ 12,146,477	$ 1,765,819	$ 2,262,896	$ 16,175,192

NOTE 17 – 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 18 – JOINT VENTURES

The District is a member of the North County Dispatch Joint Powers Authority (Authority). The Authority was formed on June 11, 1984, and other member agencies include the North County Fire Protection District, and the cities of Vista, San Marcos, Solana Beach, Oceanside, Encinitas, and Carlsbad. The purpose of the Authority is to provide dispatching and emergency communication services for fire protection, security, and medical services. Each member provides an annually determined contribution towards the ongoing operation of the Authority. In the event of dissolution of the Authority, available assets shall be distributed to the member agencies in proportion to the aggregate contribution made by each agency during the entire term of the agreement.

The activities of the Authority are supervised by a board of directors consisting of eight directors who are appointed by each member's governing body. The District's share of the Authority's assets, liabilities, net position, and changes therein are not available and not material to the District's financial statements. Separate financial statements of the Authority are available at 16936 El Fuego Drive (P.O. Box 1206), Rancho Santa Fe, CA 92067.

NOTE 19 – RISK MANAGEMENT

The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2023:

> General liability: $1,000,000 per occurrence and $3,000,000 aggregate. The District purchased additional excess coverage layers: $10 million per occurrence and $20 million aggregate for general and auto liability, which increases the limits on the insurance coverage noted above.
>
> Auto liability: $1,000,000 liability limits and deductibles applied to specific vehicles with a $1,000 deductible on Comprehensive and Collision, and other vehicles have a $1,000 deductible on Comprehensive and on Collision.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

Easement Access Agreement

On December 7, 2021 the District entered into an easement access agreement for 40-years for a sum of $1,174,000. The District has recorded this transaction as an unearned revenue on the statement of net position and will be recognizing the revenue annually over a 40-year period.

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.

NOTE 20 – COMMITMENTS AND CONTINGENCIES (continued)

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 21 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 23, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

NORTH COUNTY FIRE PROTECTION DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2023

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	$ 17,254,100	$ 18,018,748	$ 18,829,829	$ 811,081
Charges for services:				
Ambulance services	2,827,000	3,000,000	4,665,523	1,665,523
Fire services – CA OES	-	17,240	538,374	521,134
Fire prevention	218,700	218,700	231,752	13,052
Annexation fees	175,000	175,000	226,508	51,508
Administration	82,200	82,500	143,322	60,822
Operating and capital grant funding	-	-	63,690	63,690
Rental income – cellular towers	25,200	25,200	126,615	101,415
Interest earnings	45,000	45,000	457,766	412,766
Other revenues	1,959,000	1,966,783	821,772	(1,145,011)
Total revenues	22,586,200	23,549,171	26,105,151	2,555,980
EXPENDITURES:				
Current:				
Salaries and wages	11,301,859	12,237,057	12,517,015	(279,958)
Employee benefits	4,113,500	4,363,248	4,473,908	(110,660)
Materials and services	3,849,020	4,352,600	4,298,574	54,026
Capital outlay	6,792,200	5,413,200	2,008,826	3,404,374
Debt service:				
Principal	1,016,509	1,016,509	2,859,020	(1,842,511)
Interest	664,341	664,341	797,005	(132,664)
Total expenditures	27,737,429	28,046,955	26,954,348	1,092,607
REVENUES OVER(UNDER) EXPENDITURES	$ (5,151,229)	$ (4,497,784)	(849,197)	$ 3,648,587
OTHER FINANCING SOURCES(USES):				
Transfers in	1,861,500	1,861,500	-	(1,861,500)
Total other financing sources (uses)	1,861,500	1,861,500	-	(1,861,500)
Net Changes in Fund Balance	$ (3,289,729)	$ (2,636,284)	(849,197)	$ 1,787,087
FUND BALANCE:				
Beginning of year			12,995,674	
End of year			$ 12,146,477	

NORTH COUNTY FIRE PROTECTION DISTRICT

Budgetary Comparison Schedule – Fire Mitigation Fund
For the Fiscal Year Ended June 30, 2023

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Mitigation fees	$ 541,200	$ 541,200	$ 324,109	$ (217,091)
Interest earnings	-	-	17,919	17,919
Total revenues	541,200	541,200	342,028	(199,172)
EXPENDITURES:				
Current:				
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER(UNDER) EXPENDITURES	$ 541,200	$ 541,200	342,028	$ (199,172)
FUND BALANCE:				
Beginning of year (Deficit)			1,423,791	
End of year			$ 1,765,819	

NORTH COUNTY FIRE PROTECTION DISTRICT

Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2023

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	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	0.272930%	$ 16,983,012	$ 6,429,039	264.16%	78.67%
June 30, 2015	0.248810%	17,078,153	6,452,080	264.69%	78.96%
June 30, 2016	0.251564%	21,768,074	6,461,980	336.86%	74.35%
June 30, 2017	0.248756%	24,669,730	6,671,377	369.78%	73.97%
June 30, 2018	0.252721%	24,352,868	6,905,639	352.65%	75.31%
June 30, 2019	0.258433%	26,481,790	7,036,723	376.34%	74.58%
June 30, 2020	0.078911%	8,585,829	7,347,168	116.86%	92.06%
June 30, 2021	-0.113500%	(6,138,110)	7,212,524	-85.10%	88.71%
June 30, 2022	0.116880%	13,500,693	7,608,125	177.45%	105.48%

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%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

NORTH COUNTY FIRE PROTECTION DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2023

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	$ 1,929,643	$ (1,929,643)	$ -	$ 6,452,080	29.91%
June 30, 2016	2,249,592	(2,249,592)	-	6,461,980	34.81%
June 30, 2017	2,609,648	(2,609,648)	-	6,671,377	39.12%
June 30, 2018	2,307,199	(2,307,199)	-	6,905,639	33.41%
June 30, 2019	2,595,874	(2,595,874)	-	7,036,723	36.89%
June 30, 2020	3,008,132	(23,008,132)	(20,000,000)	7,347,168	40.94%
June 30, 2021	2,106,671	(2,106,671)	-	7,212,524	29.21%
June 30, 2022	2,282,711	(2,282,711)	-	7,608,125	30.00%
June 30, 2023	2,602,177	(2,602,177)	-	8,325,564	31.26%

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	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Market 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 exp
Retirement Age	Miscellaneous – 2.7%@55 and 2.0%@62 Safety – 3.0%@55 and 2.7%@57
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only nine years are shown.

NORTH COUNTY FIRE PROTECTION DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:						
Service cost	$ 203,765	$ 337,563	$ 225,200	$ 192,094	$ 102,156	$ 99,422
Interest	181,800	129,027	116,665	120,596	87,926	80,966
Changes in assumptions	(167,694)	(1,464,561)	431,617	316,911	202,727	-
Differences between expected and actual experience	77,124	(185,317)	743,173	-	(117,846)	-
Changes of benefit terms	-	-	-	-	1,228,696	-
Benefit payments	(118,218)	(141,322)	(105,283)	(105,929)	(52,046)	(50,044)
Net change in total OPEB liability	176,777	(1,324,610)	1,411,372	523,672	1,451,613	130,344
Total OPEB liability - beginning	4,299,746	5,624,356	4,212,984	3,689,312	2,237,699	2,107,355
District's net OPEB liability	$ 4,476,523	$ 4,299,746	$ 5,624,356	$ 4,212,984	$ 3,689,312	$ 2,237,699
Covered-employee payroll	$ 6,301,084	$ 6,132,441	$ 5,968,313	$ 5,808,577	$ 5,639,395	$ 6,905,639
District's net OPEB liability as a percentage of covered-employee payroll	71.04%	70.11%	94.24%	72.53%	65.42%	32.40%

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

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

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

NORTH COUNTY FIRE PROTECTION DISTRICT

Schedule of OPEB Contributions

For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Covered payroll	$ 7,369,319	$ 6,301,083	$ 6,132,441	$ 5,968,313	$ 5,808,577	$ 5,639,395
Notes to Schedule:						
Valuation Date	June 30, 2023	June 30, 2020	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
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	30-years	30-years	30-years	30-years	30-years	30-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Investment rate of return	4.13%	4.09%	2.19%	2.66%	3.15%	3.80%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll increases	2.80%	2.75%	2.75%	2.75%	2.75%	2.75%
Mortality	(2)	(2)	(2)	(2)	(3)	(3)
Morbidity	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
Retirement	(4)	(4)	(4)	(4)	(4)	(4)
Percent Married - Spouse Support	25%	25%	25%	25%	25%	25%
Healthcare trend rates	6.5% to 4.50%	5.4% to 4.0%	5.4% to 4.0%	5.4% to 4.0%	4.00%	4.00%

(1) Closed period, level percent of pay

(3) CalPERS 2017 Experience Study

(3) CalPERS 2014 Experience Study

(4) CalPERS Public Agency Miscellaneous 2.0% @55, 2.0%@60 and 2.0% @62

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

Supplementary Information

NORTH COUNTY FIRE PROTECTION DISTRICT
Balance Sheets – Other Governmental Funds
For the Fiscal Year Ended June 30, 2023

	Rainbow Subzone		
ASSETS	**Operations Fund**	**Fire Mitigation Fund**	**Total**
Assets:			
Cash and investments	$ 2,249,420	$ 4,061	$ 2,253,481
Accrued interest receivable	6,965	13	6,978
Property taxes receivable	2,437	-	2,437
Total assets	$ 2,258,822	$ 4,074	$ 2,262,896
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	$ -	$ -	$ -
Total liabilities	-	-	-
Fund Balances:			
Restricted	$ 2,258,822	$ 4,074	$ 2,262,896
Total fund balance	2,258,822	4,074	2,262,896
Total liabilities and fund balance	$ 2,258,822	$ 4,074	$ 2,262,896

NORTH COUNTY FIRE PROTECTION DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Other Governmental Funds For the Fiscal Year Ended June 30, 2023

	Rainbow Subzone		
	Operations Fund	Fire Mitigation Fund	Total
REVENUES:			
Property taxes	$ 402,666	$ -	$ 402,666
Investment earnings	22,085	67	22,152
Other revenues	9	-	9
Total revenues	424,760	67	424,827
EXPENDITURES:			
Current:			
Materials and services	4,008	-	4,008
Total expenditures	4,008	-	4,008
REVENUES OVER(UNDER) EXPENDITURES	420,752	67	420,819
FUND BALANCE:			
Beginning of year	1,838,070	4,007	1,842,077
End of year	$ 2,258,822	$ 4,074	$ 2,262,896

Other Independent Auditors' Report

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
North County Fire Protection District
Fallbrook, 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 the North County Fire Protection District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise North County Fire Protection District's basic financial statements, and have issued our report thereon dated January 23, 2024.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered North County Fire Protection 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 North County Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the North County 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 North County Fire Protection 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.

Nigro & Nigro, PC

Murrieta, California
January 23, 2024