# Lake Valley Fire Protection District

**FINANCIAL STATEMENTS**

**AUDIT REPORT**

**June 30, 2024**

**May 8, 2025**

Lake Valley Fire Protection District

South Lake Tahoe, CA

**INDEPENDENT AUDITOR'S REPORT**

**Opinions**

We have audited the accompanying financial statements of Lake Valley Fire Protection District as of and for the year-ended June 30, 2024, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Valley Fire Protection District as of June 30, 2024, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with Government Auditing Standards (GAGAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 statem ent date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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



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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 GAGAS, 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.

**Other Matters**

The District has not presented Management's Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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 financial statements in an appropriate operational, economic, or historical context.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated **May 8, 2025**, on our consideration of the Lake Valley Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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# Lake Valley Fire Protection District

**Audit Report**
**June 30, 2024**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

## Lake Valley Fire Protection District

### Statement of Net Position
### June 30, 2024

| ASSETS | 2024 | 2023 |
|---|---|---|
| Current Assets: | | |
| Cash (Note 2) | $ 6,119,074 | $ 4,786,172 |
| Accounts Receivable (Note 3) | 164,848 | 436,956 |
| Total Current Assets | 6,283,922 | 5,223,128 |
| Capital Assets: (Note 1 - Capital Assets) | | |
| Land | 131,232 | 131,232 |
| Buildings & Improvements | 2,068,812 | 2,004,705 |
| Vehicles | 3,695,776 | 3,513,506 |
| Firefighting Equipment | 1,259,460 | 1,304,191 |
| Construction in Progress | 1,485,269 | 1,485,269 |
| Right to Use Asset | 169,946 | - |
| Less: Accumulated Depreciation | (4,233,260) | (3,923,966) |
| Total Capital Assets | 4,577,235 | 4,514,937 |
| Other Assets | | |
| Net Pension Asset | - | - |
| Total Other Assets | - | - |
| **TOTAL ASSETS** | 10,861,157 | 9,738,065 |
| **DEFERRED OUTFLOW** | | |
| Deferred Grant Retention ( Note 1 - Deferred Outflows) | - | - |
| GASB 75 - OPEB | 323,877 | 334,877 |
| GASB 68 Pension (Note 7) | 1,958,675 | 3,610,916 |
| **TOTAL DEFERRED OUTFLOW** | 2,282,552 | 3,945,793 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS** | 13,143,709 | 13,683,858 |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | 87,648 | 238,349 |
| Accrued Payroll Liabilities | 209,255 | 252,528 |
| Accrued Compensated Absences (Note 4) | 1,249,412 | 1,218,244 |
| Unearned Revenue (Note 1 - Unearned Revenue) | 62,270 | 100 |
| Current Portion of Long-term Debt | 222,589 | 246,481 |
| Total Current Liabilities | 1,831,174 | 1,955,702 |
| Long-term Liabilities: | | |
| Lease Liability | 174,858 | - |
| Long Term Debt (Note 5) | 9,412,437 | 9,835,852 |
| Net Pension Liability (Note 7) | 2,533,967 | 2,006,974 |
| Net Other Post Employment Benefit (Note 6) | 2,280,953 | 2,208,133 |
| Total Long-term Liabilities | 14,402,215 | 14,050,959 |
| **TOTAL LIABILITIES** | 16,233,389 | 16,006,661 |
| **DEFERRED INFLOWS** | | |
| GASB 75 OPEB | 228,341 | 258,510 |
| GASB 68 Pension (Note 7) | 266,067 | 355,745 |
| **TOTAL DEFERRED INFLOWS** | 494,408 | 614,255 |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS** | 16,727,797 | 16,620,916 |
| **NET POSITION** | | |
| Net Investment in Capital Assets | 4,577,235 | 4,514,937 |
| Restricted | | |
| Capital Projects | 573,746 | 573,746 |
| Other Purposes | 3,670 | 3,670 |
| Unrestricted | (8,738,739) | (8,029,411) |
| **TOTAL NET POSITION** | $ (3,584,088) | $ (2,937,058) |

The accompanying notes are an integral part of these financial statements.

**Lake Valley Fire Protection District**
**Statement of Activities**
**For the Year-Ended**
**June 30, 2024**

| | | Operating Revenues | | 2024 | 2023 |
|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Excess of Revenues/(Expenses) | Excess of Revenues/(Expenses) |
| **Governmental Activities** | | | | | |
| Public Protection | $ 8,811,860 | $ 1,333,492 | $ 39,086 | $ (7,439,282) | $ (13,948,743) |
| Interest on Long-Term Debt | 416,340 | - | - | (416,340) | (424,942) |
| Depreciation (Unallocated) | 338,503 | - | - | (338,503) | (292,571) |
| **Total Governmental Activites** | | | | (8,194,125) | (14,666,256) |
| **General Revenues:** | | | | | |
| Tax Revenue | | | | 6,819,103 | 5,998,361 |
| Direct Assesment | | | | 150,868 | 152,048 |
| Developer Fees | | | | 46,927 | 98,311 |
| Interest & Investment Earnings | | | | 149,017 | 73,835 |
| Admin Income | | | | - | 5,766 |
| Miscellaneous | | | | 310,315 | 1,435,153 |
| Rent | | | | 57,911 | 49,080 |
| Sale of Fixed Assets | | | | 12,954 | - |
| **Total General Revenues** | | | | 7,547,095 | 7,812,554 |
| **NET CHANGE IN NET POSITION** | | | | (647,030) | (6,853,702) |
| **NET POSITION, BEGINNING OF YEAR** | | | | (2,937,058) | 3,916,644 |
| **NET POSITION, END OF YEAR** | | | | $ (3,584,088) | $ (2,937,058) |

The accompanying notes are an integral part of these financial statements.

# GOVERNMENT FUNDS FINANCIAL STATEMENTS

# Lake Valley Fire Protection District

## Balance Sheet
## June 30, 2024

| | 2024 | 2023 |
|---|---|---|
| **ASSETS & DEFERRED OUTFLOW** | | |
| Assets: | | |
| Cash (Note 2) | 6,119,074 | 4,786,172 |
| Accounts Receivable (Note 3) | 164,848 | 436,956 |
| Total Assets | 6,283,922 | 5,223,128 |
| Deferred Outflow: | | |
| Due from Other Governments | - | - |
| Deferred Grant Retention ( Note 1 - Deferred Outflows) | - | - |
| Total Deferred Outflow | - | - |
| TOTAL ASSETS & DEFERRED OUTFLOWS | 6,283,922 | 5,223,128 |
| **LIABILITIES, DEFERRED INFLOWS & FUND BALANCES** | | |
| Liabilities: | | |
| Accounts Payable | 87,648 | 238,349 |
| Accrued Payroll | 209,192 | 252,465 |
| Unearned Revenue (Note 1 - Unearned Revenue) | 62,333 | 163 |
| Total Liabilities | 359,173 | 490,977 |
| Deferred Inflow: | | |
| Due to Other Governments | - | - |
| TOTAL LIABILITIES & DEFERRED INFLOWS | 359,173 | 490,977 |
| Fund Balances: | | |
| Unassigned | 3,012,562 | 2,091,863 |
| NonSpendable | 500 | 500 |
| Restricted | 576,446 | 577,416 |
| Committed | 2,335,241 | 2,062,372 |
| Total Fund Balance | 5,924,749 | 4,732,151 |
| **TOTAL LIABILITIES & FUND BALANCE** | $ 6,283,922 | $ 5,223,128 |

The accompanying notes are an integral part of these financial statements.

**Lake Valley Fire Protection District**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

| Lake Valley Fire | 2024 |
|---|---|
| Total Fund Balances - Governmental Funds | $ 5,924,749 |
| Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds. | |
| Total Historical Cost of Capital Assets | 8,810,495 |
| Less: Accumulated Depreciation | (4,233,260) |
| Net Pension Liability is not avaiable in the curent period and therefore is not reported as a Liability in the Governmental Funds. Net Pension Liability at June 30 were: | (2,533,967) |
| Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds. | (1,249,412) |
| Net Other Postemployment Benefits Obligation is not do and payable in the current period and therefore is not reported as a liability in the Governmental Funds. Net Other Postemployment Benefits Obligation at June 30 were: | (2,280,953) |
| Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was: | 2,282,552 |
| Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was: | (494,408) |
| Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds. | (9,809,884) |
| Net Position | $ (3,584,088) |

The accompanying notes are an integral part of these financial statemnets

# Lake Valley Fire Protection District

## Statement of Revenues, Expenditures & Change in Fund Balance
## For the Year Ended
## June 30, 2024

| REVENUE | 2024 | 2023 |
|---|---|---|
| Taxes and Intergovernmental | 6,819,103 | 5,998,361 |
| Charges for Services | 1,333,512 | 1,254,898 |
| Direct Assessment | 150,868 | 152,048 |
| Developer Fees | 46,927 | 98,311 |
| Grant Revenue | 39,086 | 185,439 |
| Other Revenue | 310,315 | 1,435,153 |
| Admin Income | - | 5,766 |
| Sale of Fixed Assets | 235,398 | 1 |
| Rent | 57,911 | 49,080 |
| Use of Money & Property | 149,017 | 73,835 |
| **TOTAL REVENUE** | 9,142,137 | 9,252,892 |
| **EXPENDITURES** | | |
| Debt Service | | |
| Principle Retirement | 461,278 | 1,141,406 |
| Interest Expense | 416,340 | 424,942 |
| Capital Assets | 596,265 | 842,121 |
| Insurance | 80,131 | 62,497 |
| Maintenance | 197,271 | 304,406 |
| Other Charges | - | - |
| Professional Fees | 116,757 | 189,825 |
| Salaries and Employee Benefits | 5,814,019 | 5,594,286 |
| Services, Supplies and Refunds | 269,569 | 302,253 |
| Special Department Expense | 63,022 | 79,826 |
| Transportation & Travel | 69,276 | 78,392 |
| Utilities | 54,440 | 53,893 |
| **TOTAL EXPENDITURES** | 8,138,368 | 9,073,847 |
| **Excess (Deficit) Revenues over Expenditures** | 1,003,769 | 179,045 |
| **Other Financing Sources** | 188,829 | - |
| **CHANGE IN FUND BALANCE** | 1,192,598 | 179,045 |
| **FUND BALANCE, BEGINNING OF YEAR** | 4,732,151 | 4,553,106 |
| **FUND BALANCE, END OF YEAR** | $ 5,924,749 | $ 4,732,151 |

The accompanying notes are an integral part of these financial statements.

**Lake Valley Fire Protection District**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

| Lake Valley Fire Protection District | 2024 |
|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ 1,192,598 |
| Amounts reported for governmental activities in the Statement of Activities are different as follows: | |
| Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year | |
| Current Year Capital Outlays | 623,265 |
| Less: Current Year Depreciation Expense | (338,503) |
| In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year | (222,464) |
| In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts spent during the year | (2,089,556) |
| In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year | (31,168) |
| Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of: | 272,449 |
| In the Government Funds Retiree healthcare expenditures is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities,Retiree healthcare expense is measured by the amounts accrued during the year. Retiree healthcare paid was more of (less) than accrued. | (53,651) |
| Change in Net Position of Governmental Activities | $ (647,030) |

The accompanying notes are an integral part of these financial statements

Lake Valley Fire Protection District (the "District") was organized in 1947 to provide fire protection within an area surrounding Lake Tahoe, of incorporated areas of the City of South Lake Tahoe. Powers of the District are exercised through a five member Board of Directors elected by the voting population within the District.

The District operates three fire stations, employs twenty six (26) full time firefighters, an administrative Assistant/PIO, a Fire Mechanic, a part-time Fuels Division Office Manager. In addition, the District is a member agency of the Cal Tahoe Emergency Services Operations Authority, which provides advanced life support emergency medical services, including ambulance transport within the South Lake Tahoe Region (El Dorado County Service Area 3).

The District's mission is to protect its community, it's people, and environment by providing the highest level of fire suppression, emergency medical, rescue, disaster, hazardous materials and fire prevention services to all residents and visitors in the District.

# Note 1 - Significant Accounting Policies

## Accounting Principles

The financial statements of the District have been prepared in conformity with general accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) are the accepted standard-setting bodies for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below

## Basis of Accounting and Measurement Focus

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

## Financial Statement Presentation

### Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for

the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

> Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.
>
> Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.
>
> Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

## Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

> Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

## Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

## Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

## Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

## Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

## Grants Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that receivables are fully collectable.

## Capital Assets

Capital assets purchased or acquired with an original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over and estimated useful life of 5 to 10 years depending on the asset class. The District currently does not have formal capitalization and depreciation policies.

## Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

## Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

## Unearned Revenue

The District recognizes a liability when it receives money in advance of providing services. Other unearned revenues are recorded as an offset for deferred outflows relating to retention. Upon final grant closeout revenues will be released to the District.

## Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

## Property Taxes

The District receives property taxes from El Dorado County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10 respectively. The District elected to receive the property taxes from the County under the Teeter Bill Program which results in the District receiving the cash equivalent of 100% of the taxes for that year regardless of their collection

status. The County retains all penalties and interest which are collected with delinquent taxes. The District currently levies a direct assessment at a tax rate of $10 per unimproved parcel, $20 per residential parcel and $40 per commercial parcel. This assessment was approved by the voters. The District receives these taxes in installments as they are collected.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Note 2 – Cash

### Summary of Cash

| | Amount | Credit Quality Rating |
|---|---|---|
| County Treasury | $ 6,118,574 | Not Rated |
| Commercial Banks | 500 | Not Rated |
| Total Cash | $ 6,119,074 | |

### Cash in County Treasury

The District maintains substantially all of its cash with the county treasurer as an involuntary participant of a common investment pool. Interest is deposited into participating funds. The balance available for withdrawl is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

### Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to $250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions. As of June 30, 2024 the carrying amount of the District's account was $500, all of which was insured

### Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk – Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State

Treasurer's investment pool. Bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial risk.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Foreign Currency Risk – This risk is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign credit risk.

## Note 3 –Accounts Receivable

On June 30, 2024, the District had $ 385,459 in Accounts Receivable as detailed below:

| | |
|---|---|
| Cal Tahoe JPA | $ 124,615 |
| Other | 339,041 |
| Total Accounts Receivable | $ 463,656 |

## Note 4 – Compensated Absences

On June 30, 2024, the liability for compensated absences was $ 1,249,412

On June 30, 2023, the liability for compensated absences was $ 1,218,244

## Note 5 - Long-Term Debt

Long-term liabilities at June 30,2024, consisted of the following:

| | Beginning | Additions | Reductions | Ending |
|---|---|---|---|---|
| Lease Payable | 96,746 | | (43,784) | 52,962 |
| Zoll Lease Payable | - | 188,829 | (13,971) | 174,858 |
| Commercial Loan | 9,986,901 | | (403,523) | 9,583,378 |
| | $ 10,083,647 | $ 188,829 | $ (461,278) | $ 9,811,198 |

As of January 1, 2021 the District entered into a financing agreement with First Foundation Public Finance Trust to fund the CalPers UAL Prepayment project. Under this agreement the District is require to make semi-annual payments in the amount of $399,505 to First Foundation Public Finance beginning July 1, 2022, with a final payment due January 1, 2041. The effective interest rate is 4%.

| | |
|---|---|
| 2025 | 207,654 |
| 2026 | 428,222 |
| 2027 | 445,521 |
| 2028 | 463,521 |
| 2029 | 482,247 |
| 2030 | 501,730 |
| 2031 | 522,000 |
| 2032 | 543,089 |
| 2033 | 565,029 |
| 2034 | 587,856 |
| 2035 | 611,606 |
| 2036 | 636,314 |
| 2037 | 662,021 |
| 2038 | 688,767 |
| 2039 | 716,593 |
| 2040 | 745,544 |
| 2041 | 775,664 |
| | $ 9,583,378 |

As of December 1, 2019, the District entered into a lease-purchase agreement with Community First National Bank for the purpose of acquiring Self-Contained Breathing Apparatus (SCBA) equipment. This lease meets the criteria of a capital lease as defined by GASB Statement 62, paragraph 213 which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Under the terms of the lease, title to the asset automatically transfers to the District after all lease payments are made on a timely basis, and the District also has the option to purchase the property prior to expiration of the lease for a predetermined amount based on the remaining payments due at the time the option is exercised.

The SCBA equipment acquired by this lease have been capitalized in the amount of $226,835.95. This $226,835.95 represents the present value of future minimum lease payments at the time of the acquisition. Principal payments during the fiscal year ended June 30, 2024 were $43,784 and interest paid was $6,447. The effective interest rate per year on the capital lease is 9.68 percent.

The cost of the leased assets and accumulated depreciation attributable to them as are follows:

| | **SCBA Equipment** |
|---|---|
| Cost | $ 226,835.95 |
| Less Accumulated Depreciation at June 30, 2024 | $ (126,883.39) |
| Remaining Book Value at June 30, 2024 | $ 99,952.56 |

The lease was paid off and agreement successfully closed out in the year ended June 30, 2025.

As of September 6, 2023 the District entered into a lease agreement with Zoll Medical for the acquisition of 3 defibrillators and accessories. The lease agreement is for 10 years with annual payment of $25,661 with an implicit interest rate of 6.9%.

| | |
|---|---|
| 9/6/2024 | $ 14,935 |
| 9/6/2025 | 15,965 |
| 9/6/2026 | 17,067 |
| 9/6/2027 | 18,245 |
| 9/6/2028 | 19,503 |
| 9/6/2029 | 20,849 |
| 9/6/2030 | 22,288 |
| 9/6/2031 | 23,826 |
| 9/6/2032 | 22,181 |
| | |
| | $ 174,858 |

# Note 6 - Other Post Employment Benefits

## Plan Description

In addition to pension benefits described in Note 6, the District provides lifetime healthcare benefits through CalPERS Health Benefits Program, which covers both active and retired members. The District only pays up to the required minimum employee premium contribution calculated using the unequal contribution method. At June 30, 2024, twelve (14) retired employees met those eligibility requirements.

**Requirements of GASB 75**

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

## Funding Policy

The contribution requirements of the District and plan members are established and may be amended by the District's Board of Directors.

On an ongoing basis, the District will be reviewing its assumptions, comparing them to actual experience and recalculating the needed funding with the goal of payment for post employment benefits out of interest earned on designated funds.

## Annual OPEB Expense

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB:

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

| | |
|---|---|
| Fiscal Year End | June 30, 2024 |
| Measurement Date | June 30, 2023 |
| Measurement Period | June 30, 2022, to June 30, 2023 |
| Valuation Date | June 30, 2022 |

| Items | For Reporting At Fiscal Year Ending June 30, 2024 |
|---|---|
| Total OPEB Liability | $ 2,280,953 |
| Fiduciary Net Position | - |
| **Net OPEB Liability** | **$ 2,280,953** |
| *Adjustment for Deferred Resources:* | |
| Deferred (Outflows) | (323,877) |
| Deferred Inflows | 228,341 |
| **Impact on Statement of Net Position** | **$ 2,185,417** |
| | |
| **OPEB Expense, FYE 6/30/2024** | **$ 166,723** |

| **Plan Summary Information for FYE June 30, 2024**<br>*Measurement Date is June 30, 2023* | **Lake Valley Fire Protection District** |
|---|---|
| ***Items Impacting Net Position:*** | |
| Total OPEB Liability | $ 2,280,953 |
| Fiduciary Net Position | - |
| Net OPEB Liability (Asset) | 2,280,953 |
| *Deferred (Outflows) Due to:* | |
| Assumption Changes | (145,473) |
| Plan Experience | (64,882) |
| Investment Experience | - |
| Deferred Contributions | (113,522) |
| *Deferred Inflows Due to:* | |
| Assumption Changes | 228,341 |
| Plan Experience | - |
| Investment Experience | - |
| **Impact on Statement of Net Position, FYE 6/30/2024** | **$ 2,185,417** |
| ***Items Impacting OPEB Expense:*** | |
| Service Cost | $ 78,339 |
| Cost of Plan Changes | - |
| Interest Cost | 91,777 |
| Expected Earnings on Assets | - |
| *Recognition of Deferred Outflows:* | |
| Assumption Changes | 28,091 |
| Plan Experience | 10,483 |
| Investment Experience | - |
| *Recognition of Deferred (Inflows):* | |
| Assumption Changes | (41,967) |
| Plan Experience | - |
| Investment Experience | - |
| **OPEB Expense, FYE 6/30/2024** | **$ 166,723** |

### Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2024.

| Lake Valley Fire Protection District | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes of Assumptions | $ 145,473 | $ 228,341 |
| Differences Between Expected and Actual Experience | 64,882 | - |
| Net Difference Between Projected and Actual Earnings on Investments | - | - |
| Deferred Contributions | 113,522 | - |
| **Total** | $ 323,877 | $ 228,341 |

The District will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

| For the Fiscal Year Ending June 30 | Recognized Net Deferred Outflows (Inflows) of Resources |
|---|---|
| 2025 | $ (3,393) |
| 2026 | (3,393) |
| 2027 | 3,493 |
| 2028 | 6,279 |
| 2029 | 1,156 |
| Thereafter | (22,128) |

### Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for accounting purposes for the fiscal year end 2024 is 4.13%. Healthcare Cost Trend Rate was assumed to start at 10.95% pre-Medicare and 9.55% post-Medicare (increase effective January 1, 2024) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

| Sensitivity to: | | | |
|---|---|---|---|
| **Change in Discount Rate** | **Current - 1% 3.13%** | **Current 4.13%** | **Current + 1% 5.13%** |
| **Net OPEB Liability (Asset)** | 2,606,155 | 2,280,953 | 2,014,203 |
| Increase (Decrease) | 325,202 | | (266,750) |
| % Increase (Decrease) | 14.3% | | -11.7% |
| **Change in Healthcare Cost Trend Rate** | **Current Trend - 1%** | **Current Trend** | **Current Trend + 1%** |
| **Net OPEB Liability (Asset)** | 1,978,213 | 2,280,953 | 2,659,623 |
| Increase (Decrease) | (302,740) | | 378,670 |
| % Increase (Decrease) | -13.3% | | 16.6% |

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

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Years since GASB 75 was implemented are shown.

| Fiscal Year Ending June 30 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| *Measurement Date* | *6/30/2023* | *6/30/2022* | *6/30/2021* | *6/30/2020* | *6/30/2019* | *6/30/2018* | *6/30/2017* |
| *Discount Rate on Measurement Date* | *4.13%* | *4.09%* | *2.18%* | *2.66%* | *2.79%* | *2.92%* | *3.13%* |
| **Total OPEB liability** | | | | | | | |
| Service Cost | $ 78,339 | $ 127,145 | $ 109,629 | $ 107,338 | $ 100,461 | $ 92,104 | $ 100,392 |
| Interest | 91,777 | 50,815 | 54,758 | 55,057 | 53,311 | 52,174 | 45,282 |
| Changes of benefit terms | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | 51,380 | - | 44,372 | - | - | - |
| Changes of assumptions | (11,798) | (192,581) | 157,322 | (62,537) | 40,519 | 59,225 | (122,984) |
| Benefit payments | (85,948) | (64,029) | (69,581) | (53,085) | (53,939) | (52,119) | (22,176) |
| **Net change in total OPEB liability** | 72,370 | (27,270) | 252,128 | 91,145 | 140,352 | 151,384 | 514 |
| **Total OPEB liability - beginning** | 2,208,583 | 2,235,853 | 1,983,725 | 1,892,580 | 1,752,228 | 1,600,844 | 1,600,330 |
| **Total OPEB liability - ending (a)** | $ 2,280,953 | $ 2,208,583 | $ 2,235,853 | $ 1,983,725 | $ 1,892,580 | $ 1,752,228 | $ 1,600,844 |
| **Plan fiduciary net position - beginning** | - | - | - | - | - | - | - |
| **Plan fiduciary net position - ending (b)** | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Net OPEB liability - ending (a) - (b)** | $ 2,280,953 | $ 2,208,583 | $ 2,235,853 | $ 1,983,725 | $ 1,892,580 | $ 1,752,228 | $ 1,600,844 |
| Covered-employee payroll | $ 3,593,279 | $ 3,368,561 | $ 3,628,658 | $ 3,299,589 | $ 3,853,931 | $ 3,296,381 | $ 2,908,837 |
| Net OPEB liability as a % of covered payroll | 63.48% | 65.56% | 61.62% | 60.12% | 49.11% | 53.16% | 55.03% |

**Employer Contributions District Service Benefit**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

## Note 7 - Public Employees' retirement Plan:

Plan Description - The Lake Valley Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Lake Valley Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Lake Valley Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local ordinance (other local methods). CalPERS

issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

**Summary of Significant Accounting Policies**

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

| | |
|---|---|
| Validation Date (VD) | June 30, 2022 |
| Measurement Date (MD) | June 30, 2023 |
| Measurement Period (MP) | July 1, 2022 to June 30, 2023 |

**General Information about the Pension Plan**

*Plan Description, Benefits Provided and Employees Covered*

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

*Contribution Description*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to

contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. Both the June 30, 2023 total pension liability and the June 30, 2023 total pension liability were based on the following actuarial methods and assumptions:

**Employer Rate Plans in the Miscellaneous Risk Pool**

| Employer rate plan | **Miscellaneous** | **PEPRA Misc.** |
|---|---|---|
| Hire Date | Prior to January 01, 2013 | On or after January 01, 2013 |
| Benefit formula | 2.0% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 | 52 |
| Monthly benefits, as of % of eligible compensation | 1.426% to 2.418% | 1.0% to 2.5% |

**Employer Rate Plans in the Safety Risk Pool**

| Employer rate plan | **Safety** | **PEPRA Fire** |
|---|---|---|
| Hire Date | Prior to January 01, 2013 | On or after January 01, 2013 |
| Benefit formula | 3.0% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 | 50 |
| Monthly benefits, as of % of eligible compensation | 2.4% to 3.0% | 2.0% to 2.7% |

### *Actuarial Methods and Assumptions*

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

| | |
|---|---|
| Investment rate of return | 6.90% |
| Inflation | 2.30% |
| Salary increases | Varies by Entry Age and Service |
| Mortality rate table[1] | Derived using CalPERS' Membership Data for all Funds |
| Post-retirement benefit increase | Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

[1]The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

### *Long-Term Expected Rate of Return*

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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 (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The expected real rates of return by asset class are as followed:

| *Asset class* | Assumed Asset Allocation | Real Return Years 1 - 10[1,2] |
|---|---|---|
| Global equity - cap-weighted | 30.00 % | 4.45 % |
| Global equity non-cap-weighted | 12.00 | 3.84 |
| Private Equity | 13.00 | 7.28 |
| Treasury | 5.00 | 0.27 |
| Mortgage-backed Securities | 5.00 | 0.50 |
| Investment Grade Corporates | 10.00 | 1.56 |
| High Yield | 5.00 | 2.27 |
| Emerging Market Debt | 5.00 | 2.48 |
| Private Debt | 5.00 | 3.57 |
| Real Assets | 15.00 | 3.21 |
| Leverage | (5.00) | (0.59) |

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021-22 Asset Liability Management study.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relations ships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

(1) In determining a cost-sharing plans proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (2014). The

risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net position liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk Pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of the TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2024 Reporting Date:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes of Assumptions | 148,048 | - |
| Differences between Expected and Actual Experience | 168,175 | - |
| Differences between Projected and Actual Investment Earnings | 348,798 | - |
| Differences between Employer's Contributions and Proportionate Share of Contributions | - | 266,067 |
| Change in Employer's Proportion | 306,889 | - |
| Pension Contributions Made Subsequent to Measurement Date | 986,665 | - |
| | 1,958,576 | 266,067 |
| Net Pension Liability as of 6/30/2024 | 2,533,967 | |

**NOTE**: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the Jul 2023-Jun 2024 JE Flow worksheet

| | |
|---|---|
| Pension Expense as of June 30, 2023 | 9,275,249 |

At 6/30/2023, proportionate shares of Net Pension Liability/(Asset) by plan(s):

| | Proportionate Share of Net Pension Liability/(Asset) |
|---|---|
| Miscellaneous | 72,081 |
| Safety | 1,934,893 |
| **Total** | **2,006,974** |

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2022 and 6/30/2023:

| | Miscellaneous | Safety | Total |
|---|---|---|---|
| Proportion - June 30, 2022 | -0.00993% | -0.14235% | -0.09586% |
| Proportion - June 30, 2023 | 0.00154% | 0.02816% | 0.01738% |
| Change - Increase/(Decrease) | 0.01147% | 0.17051% | 0.11324% |

**Note**: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

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

| Fiscal Year Ending June 30: | Miscellaneous | Safety | Total |
|---|---|---|---|
| 2024 | $ 147,379 | $ 1,008,656 | $ 1,156,034 |
| 2025 | 169,087 | 769,842 | 938,928 |
| 2026 | 157,181 | 139,155 | 296,335 |
| 2027 | 8,076 | 186,387 | 194,463 |
| 2028 | - | - | - |
| Thereafter | - | - | - |
| | 481,722 | 2,104,039 | $ 2,585,761 |

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

| | Discount Rate -1% 5.90% | Current Discount Rate 6.90% | Discount Rate +1% 7.90% |
|---|---|---|---|
| Employer's Net Pension Liability/(Asset) - **Miscellaneous** | 291,089 | 72,081 | (108,108) |
| Employer's Net Pension Liability/(Asset) - **Safety** | 8,285,073 | 1,934,893 | (3,254,945) |
| Employer's Net Pension Liability/(Asset) - **Total** | 8,576,162 | 2,006,974 | (3,363,053) |

Schedules of Employer Contributions

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability | 0.020310% | 0.017380% | -0.196360% | 0.100500% | 0.095690% | 0.095630% | 0.088892% | 0.086750% | 0.08152% |
| Proportionate share of the net pension liability | $ 2,533,967 | $ 2,006,974 | $ (5,184,456) | $ 10,935,198 | $ 9,805,763 | $ 9,215,622 | $ 8,815,690 | $ 7,506,852 | $ 5,595,676 |
| Covered - employee payroll - measurement period | 4,343,881 | 4,337,391 | 3,705,119 | 3,382,611 | 3,226,296 | 3,294,126 | 3,191,039 | 3,125,781 | 3,125,781 |
| Proportionate share of the net pension liability as a percentage of covered payroll | 58.33% | 46.27% | -139.93% | 323.28% | 303.93% | 279.76% | 276.26% | 240.16% | 179.02% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.94% | 95.78% | 1.15% | 74.98% | 76.48% | 76.50% | 75.84% | 76.44% | 81.91% |
| | 2021 | 2021 | 2021 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Contractually required contribution (actuarially determined) | $ 709,833 | $ 669,311 | $ 699,614 | $ 1,269,035 | $ 1,163,665 | $ 978,344 | $ 875,506 | $ 751,256 | $ 683,806 |
| Contributions in relation to the actuarially determined contributions | 709,833 | 669,311 | 699,614 | 1,269,035 | 1,163,665 | 978,344 | 875,506 | 751,256 | 683,806 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered - employee payroll - fiscal year | $ 4,216,420 | $ 4,343,881 | $ 4,337,391 | $ 3,705,119 | $ 3,382,611 | $ 3,226,296 | $ 3,294,126 | $ 3,191,039 | $ 3,125,781 |
| Contributions as a percentage of covered - employee payroll | 16.83% | 15.41% | 16.13% | 34.25% | 34.40% | 30.32% | 26.58% | 23.54% | 21.88% |
| Notes to Schedule: | | | | | | | | | |
| Valuation date: | June 30, 2020 | June 30, 2020 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

## Note 8 - Commitments and Contingencies

### Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

### Joint Ventures

The District is a member agency of a Joint Powers Authority (JPA), the Cal Tahoe Emergency Services Operations Authority that was formed in 2000 for the purpose of providing ambulance service and other pre-hospital emergency services for the area known in El Dorado County as CSA No. 3 South Shore area, except for the Tahoe West Shore Zone of Benefit. The other member agency is the City of South Lake Tahoe. The District is reimbursed for all authorized costs incurred if the furtherance of this contract. The JPA is independently accountable for its fiscal matters and maintains its own accounting records. Each of the two member Fire Districts approves the JPA budget and their vote is carried by their Fire Chief to the Board. Separate financial statements for the JPA are available.

The District is also a member of the Fire Agencies Insurance Risk Authority (FAIRA) and Northern California Special Districts Insurance Authority (NCSDIA). These JPA's arrange for and/or provide insurance coverage for their members. Each JPA is governed by a board consisting of a representative for each member district. Each JPA board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate to their participation in the JPA.

The relationship between the District and the JPA's identified above is such that that JPA's are not component units of the District for financial reporting purposes.

## Note 9 – Risk Management

### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2023-2024, the District contracted with Fire Agencies Insurance Risk Authority, JPA (FAIRA) for property and liability insurance coverage and also for theft insurance coverage. Settled claims have not exceeded this

commercial coverage in any of the past three years. There has not been significant change in coverage from the prior year.

### Workers Compensation

For fiscal year 2023-2024, the District participated in the Northern California Special Districts Insurance Authority (NCSDIA), an insurance purchasing pool. The intent of the NCSDIA pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the NCSDIA pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the NCSDIA pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the NCSDIA pool. Participation in the NCSDIA pool is limited to districts that can meet the NCSDIA criteria.

## Note 10 – Fund Equity

| | |
|---|---|
| Nonspendable: | |
| Revolving Fund | $ 500 |
| Total Unspendable | 500 |
| Restricted: | |
| Developer Fee Projects | 177,130 |
| Vision Self Insurance | 3,700 |
| Flexible Spending | 395,616 |
| PTEIR | - |
| Total Restricted | 576,446 |
| Committed: | |
| Compensated Absences | 526,021 |
| Other | 1,021,969 |
| Public Safety | 787,251 |
| Total Committed | 2,335,241 |
| Total Unassigned | $ 3,012,562 |

## Note 11 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2024 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **May 8, 2025**, the date the financial statements because available to be issued. The entity has not evaluated subsequent events after **May 8, 2025**. The District did not have any subsequent events that require recognition or disclosure in the financial statements for the year ended June 30, 2024.

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# Lake Valley Fire Protection District

## Supplemental Information

## June 30, 2024

May 8, 2025

Board of Directors
Lake Valley Fire Protection District

South Lake Tahoe, CA

**INDEPENDENT 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***

We have audited the financial statements of Lake Valley Fire Protection District as of and for the year ended June 30, 2024, and have issued our report thereon dated **May 8, 2025**. 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.

Internal Control Over Financial Reporting

Management of Lake Valley Fire Protection District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lake Valley Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Valley Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 controls such there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.



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**INDEPENDENT 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***
***(continued)***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Valley Fire Protection District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PNPCPA

PNPCPA