KELSEYVILLE FIRE PROTECTION DISTRICT,
CALIFORNIA

FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2024

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KELSEYVILLE FIRE PROTECTION DISTRICT
Annual Financial Report
For the Year Ended June 30, 2024

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INTRODUCTORY SECTION

- **List of Officials**

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KELSEYVILLE FIRE PROTECTION DISTRICT
List of Officials
For the Year Ended June 30, 2024

Board of Directors

Beau-Jean Maddox	Chairperson
Michele Rohner	Vice-Chairperson
Mario Villalobos	Member
Paul Lauenroth	Member
Steve Brookes	Member

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FINANCIAL SECTION

- Independent Auditor's Report
- Basic Financial Statements
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kelseyville Fire Protection District
Kelseyville, California

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Kelseyville Fire Protection District, California (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

Basis for Opinions

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 opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1C of the financial statements which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1C, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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To the Board of Directors
Kelseyville Fire Protection District
Kelseyville, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

- Evaluate the appropriateness of accounting policies used 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.

To the Board of Directors
Kelseyville Fire Protection District
Kelseyville, California

Other Matters

Supplementary and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The District pension plan information and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1C.

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Smith & Newell

Smith & Newell CPAs
Yuba City, California
April 22, 2025

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Basic Financial Statements

- **Government-Wide Financial Statements**

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KELSEYVILLE FIRE PROTECTION DISTRICT
Modified Cash Basis Statement of Net Position
June 30, 2024

	Total Governmental Activities
ASSETS	
Cash and investments	$ 3,414,931
Capital assets:	
Non-depreciable	221,134
Depreciable, net	3,495,708
Total capital assets	3,716,842
Total Assets	7,131,773
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension adjustments	2,145,532
Total Deferred Outflows of Resources	2,145,532
LIABILITIES	
Long-term liabilities:	
Due within one year	457,715
Due in more than one year	612,694
Net pension liability	5,026,187
Total Liabilities	6,096,596
DEFERRED INFLOWS OF RESOURCES	
Deferred pension adjustments	381,939
Total Deferred Inflows of Resources	381,939
NET POSITION	
Net investment in capital assets	2,949,217
Restricted for capital improvement	216,965
Unrestricted	(367,412)
Total Net Position	$ 2,798,770

The notes to the basic financial statements are an integral part of this statement.

KELSEYVILLE FIRE PROTECTION DISTRICT
Modified Cash Basis Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Total Governmental Activities**
Governmental activities:					
Public protection	$ 4,180,964	$ 2,346,676	$ 75,419	$ -	$ (1,758,869)
Interest on long-term debt	40,824	-	-	-	(40,824)
Total Governmental Activities	4,221,788	2,346,676	75,419	-	(1,799,693)
Total	$ 4,221,788	$ 2,346,676	$ 75,419	$ -	(1,799,693)
General revenues:					
Taxes:					
Property taxes					1,953,577
Interest and investment earnings					66,977
Miscellaneous					18,166
Loss on sale of capital assets					53,410
Total General Revenues					2,092,130
Change in Net Position					292,437
Net Position - Beginning					2,364,563
Prior period adjustment					141,770
Net Position - Beginning, Restated					2,506,333
Net Position - Ending					$ 2,798,770

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Fund Financial Statements**

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KELSEYVILLE FIRE PROTECTION DISTRICT
Modified Cash Basis Balance Sheet
Governmental Funds
June 30, 2024

	General	Mitigation Fees	Totals
ASSETS			
Cash and investments	$ 3,197,966	$ 216,965	$ 3,414,931
Total Assets	$ 3,197,966	$ 216,965	$ 3,414,931
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Total Liabilities	-	-	-
FUND BALANCES			
Restricted	-	216,965	216,965
Assigned	2,212,606	-	2,212,606
Unassigned	985,360	-	985,360
Total Fund Balances	3,197,966	216,965	3,414,931
Total Liabilities and Fund Balances	$ 3,197,966	$ 216,965	$ 3,414,931

The notes to the basic financial statements are an integral part of this statement.

KELSEYVILLE FIRE PROTECTION DISTRICT
Reconciliation of the Governmental Funds Modified Cash Basis Balance Sheet to the Government-Wide Modified Cash Basis Statement of Net Position - Governmental Activities
June 30, 2024

Total Fund Balance - Total Governmental Funds	$ 3,414,931
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet.	3,705,547
Right-to-use capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	11,295
Deferred outflows of resources related to pension are not reported in the governmental funds.	2,145,532
Deferred inflows of resources related to pension are not reported in the governmental funds.	(381,939)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Financed purchases	(755,237)
Right-to-use leases payable	(12,388)
Compensated absences	(302,784)
Net pension liability	(5,026,187)
Net Position of Governmental Activities	$ 2,798,770

The notes to the basic financial statements are an integral part of this statement.

KELSEYVILLE FIRE PROTECTION DISTRICT
Modified Cash Basis Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Mitigation Fees	Totals
REVENUES			
Taxes	$ 1,953,577	$ -	$ 1,953,577
Licenses and permits	14,053	-	14,053
Use of money and property	60,887	6,090	66,977
Intergovernmental revenues	75,419	-	75,419
Charges for services	2,294,357	38,266	2,332,623
Other revenues	18,166	-	18,166
Total Revenues	4,416,459	44,356	4,460,815
EXPENDITURES			
Current public protection:			
Salaries and benefits	2,629,154	-	2,629,154
Services and supplies	1,085,455	-	1,085,455
Debt service:			
Principal	178,857	-	178,857
Interest and other charges	40,824	-	40,824
Capital outlay	785,052	-	785,052
Total Expenditures	4,719,342	-	4,719,342
Excess of Revenues Over (Under) Expenditures	(302,883)	44,356	(258,527)
OTHER FINANCING SOURCES (USES)			
Transfers in	79,487	-	79,487
Transfers out	-	(79,487)	(79,487)
Debt proceeds	546,228	-	546,228
Proceeds from sale of capital assets	109,448	-	109,448
Total Other Financing Sources (Uses)	735,163	(79,487)	655,676
Net Change in Fund Balances	432,280	(35,131)	397,149
Fund Balances - Beginning	2,765,686	252,096	3,017,782
Fund Balances - Ending	$ 3,197,966	$ 216,965	$ 3,414,931

The notes to the basic financial statements are an integral part of this statement.

KELSEYVILLE FIRE PROTECTION DISTRICT
Reconciliation of the Modified Cash Basis Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Modified Cash Basis Statement of Activities - Governmental Activities
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	$ 397,149
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	784,048
Capital outlay related to the right-to-use capital assets	1,004
Less current year depreciation/amortization	(267,884)
Less various adjustments	(318)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the net cost of the capital assets disposed. Proceeds from the sale of capital assets were $109,448.	(56,038)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal retirements	175,568
Right-to-use lease retirements	3,289
Proceeds from the issuance of debt	(546,228)
Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.	
Change in deferred outflows of resources related to pension	1,654
Change in deferred inflows of resources related to pension	192,202
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in compensated absences	(84,414)
Change in net pension liability	(307,595)
Change in Net Position of Governmental Activities	$ 292,437

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Modified Cash Basis Financial Statements**

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Kelseyville Fire Protection District was organized pursuant to Section 14001-14314 of the California Health and Safety Code. On March 17, 1959, the Board of Supervisors of the County of Lake passed a resolution consolidating the Kelseyville and Big Valley Fire Protection Districts. The District provides fire protection services to the Kelseyville and Clearlake Riviera areas of Lake County.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

Joint Agencies

The District is a participant in Fire District's Association of California - Fire Agencies Self Insurance System (FDAC-FASIS), the purpose of which is to provide workers' compensation benefits to each member agency including claims administration and program administration. FDAC-FASIS is composed of approximately 200 members and is governed by a board of directors appointed by the members. Complete financial information can be obtained from the Association office at 700 R Street, Suite 200, Sacramento, CA 95811. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. These statements report the governmental activities of the District, which are normally supported by taxes, intergovernmental revenues, and charges for services. The District had no business-type activities at June 30, 2024.

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 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the District are organized into two funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds within the governmental category.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.

- The Mitigation Fees fund is a special revenue fund used to account for revenues and expenditures related to mitigation fees. Funding comes primarily from mitigation fees collected and interest earnings.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of presentation differs from accounting principles generally accepted in the United States of America (GAAP) in that certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Such variances are presumed to be material. However, similar to financial statements prepared in accordance with GAAP, these financial statements reflect the capitalized cost of equipment and related depreciation, and long-term debt.

Governmental funds are reported using the current financial resources measurement focus, within the limitations of the modified cash basis of accounting. In the governmental funds general capital asset acquisitions are reported as expenditures and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Investments

The District pools all cash and investments, other than cash on hand and cash in checking accounts, with the County of Lake. The Lake County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums and realized gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains and losses are not apportioned to pool participants. During the fiscal year ended June 30, 2024, the County had not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

F. Inventory

Inventories are recorded as expenditures at the time inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

G. Capital Assets

Capital assets, which include property, plant and equipment, are defined by the District as assets with a cost of more than $5,000. Capital assets are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

Depreciable Asset	Estimated Lives
Equipment	5 to 20 years
Buildings and Improvements	10 to 50 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Property Tax

Lake County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Lake up to 1 percent of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is due on March 1, and becomes delinquent if unpaid on August 31.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Tax (Continued)

The County uses the alternative method of property tax apportionment known as the "Teeter Plan". Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide Statement of Activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

J. Compensated Absences

The District has adopted the requirements for recording compensated absences as outlined in GASB Statement No. 16. The District's policy regarding compensated absences is to permit employees to accumulate earned but unused vacation and sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. The District includes its share of payroll taxes payable on behalf of the employees in the accrual for compensated absences.

K. Pension

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Pension (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 future periods and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category. This item relates to the outflows from changes in the net pension liability and is reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. This item relates to the inflows from changes in the net pension liability and is reportable on the Statement of Net Position.

M. Estimates

The preparation of basic financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 99, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Implementation of Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement No. 100, Accounting Changes and Error Corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

O. Future Accounting Pronouncements

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 101 "Compensated Absences" The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

Statement No. 102 "Certain Risk Disclosures" The requirements of this statement are effective for fiscal years beginning after June 15, 2024. (FY 24/25)

Statement No. 103 "Financial Reporting Model Improvements" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

Statement No. 104 "Disclosure of Certain Capital Assets" The requirements of this statement are effective for fiscal years beginning after June 15, 2025. (FY 25/26)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position

During fiscal year ended June 30, 2024, the District made corrections to accumulated depreciation that had not been calculated correctly in the prior year. Therefore, accumulated depreciation and capital assets were understated by $141,770 for the fiscal year ended June 30, 2023. The effect of the correction is shown below.

During fiscal year 2024, error corrections resulted in a restatement of beginning net position as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances
	Governmental Activities
Net Position, June 30, 2023, as previously reported	$ 2,364,563
Error correction of capital assets/accumulated depreciation	141,770
Net Position, July 1, 2023, as restated	$ 2,506,333

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2024, the District's cash and investments consisted of the following:

Cash:	
Cash on hand	$ 100
Deposits (less outstanding checks)	5,200
Total Cash	5,300
Investments:	
Lake County Treasurer's Pool	3,409,631
Total Investments	3,409,631
Total Cash and Investments	$ 3,414,931

B. Cash

At year end, the carrying amount of the District's cash deposits (including amounts in checking accounts) was $5,200 and the bank balance was $787,316. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the District had cash on hand of $100.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than $250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first $250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the $250,000 insured amount are collateralized.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments

The District has a formal investment policy. At June 30, 2024, all investments of the District were in the County of Lake investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund (LAIF)
- Mutual Funds and Money Market Mutual Funds
- Corporate Medium-Term Notes
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Securities of the Federal government or its agencies
- Supranationals
- Federally Insured Time Deposits
- Collateralized Time Deposits
- Certificate of Deposit Placement Service (CDARS)
- Local Government Investment Pools
- Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities and Collateralized Mortgage Obligations
- Municipal Securities: Obligations of the County, State of California and any local agency within the State of California
- Municipal Securities (Registered Treasury Notes of Bonds) of any of the other 49 states in addition to California
- U.S. Treasuries

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

At June 30, 2024, the District had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
None	$ -	$ -	$ -	$ -
Total Investments Measured at Fair Value	-	$ -	$ -	$ -
Investments in External Investment Pool				
Lake County Treasurer's Pool	3,409,631			
Total Investments	$ 3,409,631			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by the type of investment to be met at the time of purchase. As of June 30, 2024, the District's investments were all held with the County of Lake investment pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the District are in the Lake County investment pool which contains a diversification of investments.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investments in External Pool

The Lake County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Lake County Pooled Investment fund are regarded as highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Lake's financial statements may be obtained by contacting the County of Lake Auditor-Controller's office at 255 North Forbes Street, Lakeport, CA 95453.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Adjustments/ Retirements	Balance June 30, 2024
Capital Assets, Not Being Depreciated				
Land	$ 156,285	$ -	$ -	$ 156,285
Construction in progress	-	64,849	-	64,849
Total Capital Assets, Not Being Depreciated	156,285	64,849	-	221,134
Capital Assets, Being Depreciated				
Buildings and improvements	2,436,102	31,650	-	2,467,752
Equipment	2,937,551	687,550	(324,892)	3,300,209
Right-to-use leased equipment	16,530	1,003	-	17,533
Total Capital Assets, Being Depreciated	5,390,183	720,203	(324,892)	5,785,494
Less Accumulated Depreciation For:				
Buildings and improvements	(860,225)	(53,218)	-	(913,443)
Equipment	(1,570,054)	(211,360)	410,624	(1,370,790)
Right-to-use leased equipment	(1,929)	(3,306)	(318)	(5,553)
Total Accumulated Depreciation	(2,432,208)	(267,884)	410,306	(2,289,786)
Total Capital Assets, Being Depreciated, Net	2,957,975	452,319	85,414	3,495,708
Total Capital Assets, Net	$ 3,114,260	$ 517,168	$ 85,414	$ 3,716,842

Depreciation

Depreciation expense was charged to governmental functions as follows:

Public Protection	$ 267,884
Total Depreciation Expense	$ 267,884

NOTE 5: INTERFUND TRANSACTIONS

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2024.

	Transfers In	Transfers Out
General	$ 79,487	$ -
Mitigation Fees	-	79,487
Total	$ 79,487	$ 79,487

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

Type of Indebtedness	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Amounts Due Within One Year
Financed purchase agreements	$ 385,580	$ 545,225	($ 175,568)	$ 755,237	$ 181,668
Right-to-use lease payable	14,674	1,003	(3,289)	12,388	3,521
Compensated absences	218,370	198,220	(113,806)	302,784	272,506
Total	$ 618,624	$ 744,448	($ 292,663)	$ 1,070,409	$ 457,715

NOTE 7: LEASES

Right-To-Use Leases

The District has entered into certain lease agreements, which were required to be reported under GASB 87.

	Incremental Borrowing Rate	Present Value of Remaining Payments at June 30, 2024
Governmental activities	2.40%	$ 12,388
Total		$ 12,388

Equipment and related accumulated depreciation under right-to-use leases are as follows:

	Governmental Activities
Equipment	$ 12,915
Less: accumulated depreciation	(527)
Net Value	$ 12,388

NOTE 7: LEASES (CONTINUED)

Right-To-Use Leases (Continued)

As of June 30, 2024, right-to-use lease annual amortization is as follows:

Year Ended June 30	Governmental Activities
2025	$ 3,780
2026	3,780
2027	3,780
2028	1,575
Total Requirements	12,915
Less Interest	(527)
Present Value of Remaining Payments	$ 12,388

Financed Purchase Agreements

The District has entered into certain financed purchase agreements under which the related buildings and equipment will become the property of the District when all terms of the agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2024
Governmental activities	4.150%-5.878%	$ 755,237
Total		$ 755,237

Buildings and equipment and related accumulated depreciation under financed purchase agreements are as follows:

	Governmental Activities
Buildings	$ 2,231,189
Equipment	515,784
Less: accumulated depreciation	(803,228)
Net Value	$ 1,943,745

As of June 30, 2024, annual amortization is as follows:

Year Ended June 30	Governmental Activities
2025	$ 218,918
2026	136,700
2027	55,477
2028	55,477
2029	55,477
2030-2034	277,383
2035-2039	221,906
Total Requirements	1,021,338
Less Interest	(266,101)
Present Value of Remaining Payments	$ 755,237

NOTE 8: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets -** 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.

- **Restricted net position -** consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 9: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Non-spendable fund balance -** amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

- **Restricted fund balance -** amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with consent of resource providers.

- **Committed fund balance -** amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- **Assigned fund balance -** amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.

NOTE 9: FUND BALANCES (CONTINUED)

- **Unassigned fund balance -** the residual classification for the District's General fund that includes all amounts not contained in the other classifications.

The fund balances for all governmental funds as of June 30, 2024, were distributed as follows:

	General	Mitigation Fees	Total
Restricted for:			
Capital projects	$ -	$ 216,965	$ 216,965
Subtotal	-	216,965	216,965
Assigned to:			
General reserve	27,728	-	27,728
Equipment	325,495	-	325,495
Building	205,643	-	205,643
Medical insurance	416,267	-	416,267
Medical services and equipment	1,237,473	-	1,237,473
Subtotal	2,212,606	-	2,212,606
Unassigned	985,360	-	985,360
Total	$ 3,197,966	$ 216,965	$ 3,414,931

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Directors adopted the Kelseyville Fire Protection District's Fund Balance Policy for Financial Statement Reporting in 2013. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

NOTE 10: PENSION PLAN

A. General Information about the Pension Plan

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

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Effective January 1, 2013, the District added retirement tiers for both Miscellaneous and Safety Benefit Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than six months since a break in service. Applicable new hires to the District defined as classic employees as determined by CalPERS will be subject to the appropriate non-PEPRA benefit tier (i.e., Safety or Miscellaneous). New non-classic employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new non-classic employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the District's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety PEPRA	Safety members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety	Safety members hired before January 1, 2013

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. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 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 the plan are applied as specified by the Public Employees' Retirement Law.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Benefit Formula	Retirement Age	Monthly Benefits as a % of Eligible Compensation
Miscellaneous	2.0% @ 60	50-67	1.092% to 2.418%
Miscellaneous PEPRA	2.0% @ 62	52-67	1.000% to 2.500%
Safety	2.0% @ 50	50-55	2.000% to 2.700%
Safety PEPRA	2.7% @ 57	50-57	2.000% to 2.700%

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (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 all 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.

	Employer Contribution Rates	Employee Contribution Rates	Employer Paid Member Contribution Rates
Miscellaneous	10.100%	7.000%	0.000%
Miscellaneous PEPRA	7.680%	6.750%	0.000%
Safety	21.780%	9.000%	0.000%
Safety PEPRA	14.500%	12.750%	0.000%

For the year ended June 30, 2024, the contributions recognized as part of pension expense were as follows:

	Contributions-Employer	Contributions-Employee (Paid by Employer)
Miscellaneous	$ 14,968	$ -
Safety	558,388	-

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

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	Proportion June 30, 2023	Proportion June 30, 2024	Change - Increase (Decrease)
Miscellaneous	0.00053%	0.00083%	0.00030%
Safety	0.06831%	0.06668%	(0.00163%)

NOTE 10: PENSION PLAN (CONTINUED)

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 41,549
Safety	4,984,638
Total Net Pension Liability	$ 5,026,187

For the year ended June 30, 2024, the District recognized a pension credit of $704,297. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 590,557	$ -
Change in assumptions	293,419	-
Change in employer proportion	93,677	(34,004)
Difference between expected and actual experience	368,087	(31,660)
Difference between projected and actual earnings on pension plan investments	688,873	-
Differences between District contributions and proportionate share of contributions.	110,919	(316,275)
Total	$ 2,145,532	($ 381,939)

$590,557 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 fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2025	$ 335,946
2026	242,590
2027	575,267
2028	19,233
Thereafter	-
Total	$ 1,173,036

NOTE 10: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuations was determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	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

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the CalPERS 2021 experience study 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 liability was informed by the long-term projected portfolio return.

NOTE 10: PENSION PLAN (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 (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%)
Total	100.0%	

(1) An expected price inflation of 2.30% used for this period
(2) Figures are based on the 2021-2022 Asset Liability Management Study

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that 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.

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

The following presents the District's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Miscellaneous	$ 149,584	$ 41,549	($ 47,373)
Safety	7,072,471	4,984,638	3,277,685

NOTE 10: PENSION PLAN (CONTINUED)

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

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 11: RISK MANAGEMENT

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. The District has joined together with other fire districts in the state to participate in Fire District's Association of California - Fire Association Self Insurance System. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers compensation coverage for member fire districts. The District pays an annual premium to the joint venture for its insurance coverage. The agreement with the joint venture provides that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12: OTHER INFORMATION

A. Commitments and Contingencies

There are potential claims and legal actions pending against the District for which no provisions have been made in the financial statements. In the opinion of the District management and legal counsel, liabilities arising from these claims and legal actions, if any, either will not be material or cannot be estimated at this time.

Management has evaluated events subsequent to June 30, 2024 through April 22, 2025, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

Supplementary Information

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KELSEYVILLE FIRE PROTECTION DISTRICT
Supplementary Information
District Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024
Last 10 Years

Measurement Date	2013/2014	2014/2015	2015/2016	2016/2017
Miscellaneous				
Proportion of the net pension liability	-0.00164%	-0.00203%	-0.00097%	-0.00063%
Proportionate share of the net pension liability	$ (40,635)	$ (55,797)	$ (33,554)	$ (24,633)
Covered payroll	315,605	349,004	377,541	321,806
Proportionate share of the net pension liability as a percentage of covered payroll	-12.88%	-15.99%	-8.89%	-7.65%
Plan fiduciary net position as a percentage of the total pension liability	116.88%	119.93%	110.55%	106.08%
Safety				
Proportion of the net pension liability	0.06484%	0.06369%	0.06221%	0.06084%
Proportionate share of the net pension liability	$ 2,431,960	$ 2,624,163	$ 3,222,108	$ 3,635,306
Covered payroll	867,863	969,313	954,835	996,117
Proportionate share of the net pension liability as a percentage of covered payroll	280.22%	270.72%	337.45%	364.95%
Plan fiduciary net position as a percentage of the total pension liability	74.36%	73.25%	69.33%	69.08%

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
-0.00089%	-0.00053%	-0.00012%	-0.00533%	0.00053%	0.00083%
$ (33,365)	$ (21,242)	$ (4,923)	$ (101,266)	$ 24,771	$ 41,549
343,792	324,591	264,651	228,211	177,481	156,862
-9.70%	-6.54%	-1.86%	-44.37%	13.96%	26.49%
106.79%	103.73%	100.84%	114.83%	96.74%	94.80%
0.06218%	0.06222%	0.06270%	0.07972%	0.06831%	0.06668%
$ 3,648,439	$ 3,884,295	$ 4,177,222	$ 2,797,693	$ 4,693,821	$ 4,984,638
969,682	891,466	914,639	812,483	847,246	939,683
376.25%	435.72%	456.71%	344.34%	554.01%	530.46%
69.91%	70.08%	68.81%	79.74%	67.53%	67.25%

KELSEYVILLE FIRE PROTECTION DISTRICT
Supplementary Information
District Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2024
Last 10 Years

Fiscal Year	2014/2015	2015/2016	2016/2017	2017/2018
Miscellaneous				
Contractually required contributions (actuarially determined)	$ 22,536	$ 24,461	$ 23,171	$ 23,381
Contributions in relation to the actuarially determined contributions	(22,536)	(24,461)	(23,214)	(23,496)
Contribution deficiency (excess)	$ -	$ -	$ (43)	$ (115)
Covered payroll	$ 349,004	$ 377,541	$ 321,806	$ 343,792
Contributions as a percentage of covered payroll	6.46%	6.48%	7.20%	6.80%
Safety				
Contractually required contributions (actuarially determined)	$ 187,811	$ 145,112	$ 156,093	$ 153,611
Contributions in relation to the actuarially determined contributions	(187,811)	(299,456)	(329,733)	(354,093)
Contribution deficiency (excess)	$ -	$ (154,344)	$ (173,640)	$ (200,482)
Covered payroll	$ 969,313	$ 954,835	$ 996,117	$ 969,682
Contributions as a percentage of covered payroll	19.38%	15.20%	15.67%	15.84%

2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
$ 22,860	$ 19,253	$ 18,388	$ 1,142	$ 14,968	$ 11,496
(23,149)	(20,878)	(20,197)	(3,500)	(14,968)	(11,496)
$ (289)	$ (1,625)	$ (1,809)	$ (2,358)	$ -	$ -
$ 324,591	$ 264,651	$ 228,211	$ 177,481	$ 156,862	$ 82,490
7.04%	7.27%	8.06%	0.64%	9.54%	13.94%
$ 149,996	$ 157,896	$ 149,843	$ 12,401	$ 558,388	$ 579,061
(387,997)	(437,567)	(462,381)	(80,227)	(558,388)	(579,061)
$ (238,001)	$ (279,671)	$ (312,538)	$ (67,826)	$ -	$ -
$ 891,466	$ 914,639	$ 812,483	$ 847,246	$ 939,683	$ 1,069,261
16.83%	17.26%	18.44%	1.46%	59.42%	54.16%

KELSEYVILLE FIRE PROTECTION DISTRICT
Supplementary Information
District Pension Plan
Notes to District Pension Plan
For the Year Ended June 30, 2024

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Changes of Benefits or Assumptions

Benefit Changes: None

Changes of Assumption: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2021
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level Percentage of Payroll (Pre-2019 basis), Level Dollar
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset valuation method	Fair value
Discount Rate	6.80%
Inflation	2.30%
Salary increases	Varies based on entry age and service

KELSEYVILLE FIRE PROTECTION DISTRICT
Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 1,847,562	$ 1,847,562	$ 1,953,577	$ 106,015
Licenses and permits	15,000	15,000	14,053	(947)
Use of money and property	20,000	20,000	60,887	40,887
Intergovernmental revenues	13,000	13,000	75,419	62,419
Charges for services	995,000	1,901,887	2,294,357	392,470
Other revenues	4,000	40,000	18,166	(21,834)
Total Revenues	2,894,562	3,837,449	4,416,459	579,010
EXPENDITURES				
Current public protection:				
Salaries and benefits	2,889,500	2,889,190	2,629,154	260,036
Services and supplies	736,949	1,201,743	1,085,455	116,288
Debt service	163,500	178,269	219,681	(41,412)
Capital outlay	232,000	304,294	785,052	(480,758)
Total Expenditures	4,021,949	4,573,496	4,719,342	(145,846)
Excess of Revenues Over (Under) Expenditures	(1,127,387)	(736,047)	(302,883)	433,164
OTHER FINANCING SOURCES (USES)				
Transfers in	37,000	116,487	79,487	(37,000)
Debt proceeds	-	-	546,228	546,228
	10,300	75,012	109,448	34,436
Total Other Financing Sources (Uses)	47,300	191,499	735,163	543,664
Net Change in Fund Balances	(1,080,087)	(544,548)	432,280	976,828
Fund Balances - Beginning	2,765,686	2,765,686	2,765,686	-
Fund Balances - Ending	$ 1,685,599	$ 2,221,138	$ 3,197,966	$ 976,828

The Kelseyville Fire Protection District budgets for debt service principal and interest expenditures as one item. For purposes of the budgetary comparison schedule, the debt service principal and interest expenditures have been combined.

KELSEYVILLE FIRE PROTECTION DISTRICT
Supplementary Information
Budgetary Comparison Schedule
Mitigation Fees - Major Special Revenue Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ -	$ -	$ 6,090	$ 6,090
Charges for services	40,000	40,000	38,266	(1,734)
Total Revenues	40,000	40,000	44,356	4,356
EXPENDITURES				
Current public protection:				
Salaries and benefits	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	40,000	40,000	44,356	4,356
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(79,487)	(79,487)
Total Other Financing Sources (Uses)	-	-	(79,487)	(79,487)
Net Change in Fund Balances	40,000	40,000	(35,131)	(75,131)
Fund Balances - Beginning	252,096	252,096	252,096	-
Fund Balances - Ending	$ 292,096	$ 292,096	$ 216,965	$ (75,131)

KELSEYVILLE FIRE PROTECTION DISTRICT
Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2024

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund and major special revenue fund. There were no expenditures in and the District did not adopt a budget for the Mitigation Fees major special revenue fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

(1) The Fire Chief submits to the Board of Directors a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.

(2) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.

(3) Prior to July 1, the budget is adopted through the passage of a resolution.

(4) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations to the District. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2024, the District incurred expenditures in excess of appropriations as follows:

	Appropriations	Expenditures	Excess of Expenditures Over Appropriations
General Fund	$ 4,573,496	$ 4,719,342	$ 145,846

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OTHER REPORT AND SCHEDULES

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Management's Corrective Action Plan**

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INDEPENDENT AUDITOR'S 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

To the Board of Trustees
Kelseyville Fire Protection District
Kelseyville, 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 modified cash basis financial statements of the governmental activities and each major fund of Kelseyville Fire Protection District, California (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 22, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Board of Trustees
Kelseyville Fire Protection District
Kelseyville, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

District's Responses to the Findings

Government auditing standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith ~ Newell

Smith & Newell CPAs
Yuba City, California
April 22, 2025

KELSEYVILLE FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2024

2024-001 Prior Period Adjustment (Significant Deficiency)

Criteria

Generally Accepted Accounting Principles require that errors of the prior year ending balances be corrected by a prior period adjustment to beginning net position.

Condition

We noted that accumulated depreciation was overstated in the prior year due to a formula error on the District's spreadsheet.

Cause

There was a formula error on the capital assets depreciation schedule that had not been corrected in the District's review process.

Effect

Net position was understated due to the overstatement of accumulated depreciation.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that schedules and balances be reviewed for accuracy.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

2024-002 Budget (Significant Deficiency)

Criteria

California Government Code requires that appropriate operating budgets be adopted and amended as needed and that expenditures not exceed the approved budget.

Condition

For the year ended June 30, 2024, we noted that the District incurred expenditures in excess of appropriations of $145,846.

Cause

The District did not amend its budget for changes in the estimate of expenditures during the fiscal year.

Effect

Expenditures exceeded appropriations by $145,846.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

KELSEYVILLE FIRE PROTECTION DISTRICT
Management's Corrective Action Plan
For the Year Ended June 30, 2024

Finding 2024-001 Prior Period Adjustment (Significant Deficiency)

We recommend that schedules and balances be reviewed for accuracy.

Management's Response: There was a formula error on the capital assets depreciation schedule that had not been corrected in the District's review process.

Responsible Individual: Kristina Navarro, Financial Analyst

Corrective Action Plan: The District will review all capital asset spreadsheet formulas for accuracy.

Anticipated Completion Date: July 30, 2025

Finding 2024-002 Budget (Significant Deficiency)

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget.

Management's Response: The District failed to accurately record the debt incurred from the purchase of the water tender.

Responsible Individual: Kristina Navarro, Financial Analyst

Corrective Action Plan: The District will accurately document all debts incurred from financed purchases going forward.

Anticipated Completion Date: April 21, 2025

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