

**ALPINE FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts for June 30, 2024)**

NIGRO & NIGRO^{PC}

ALPINE FIRE PROTECTION DISTRICT
For the Fiscal Year Ended June 30, 2025
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Financial Section



NIGRO & NIGRO^{PC}

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Alpine Fire Protection District
Alpine, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine Fire Protection District as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine Fire Protection District, as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1 and 7 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability and schedule of pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
September 16, 2025

ALPINE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
 For the Fiscal Year Ended June 30, 2025

Management's Discussion and Analysis (MD&A) offers readers of Alpine Fire Protection District's (the District) financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

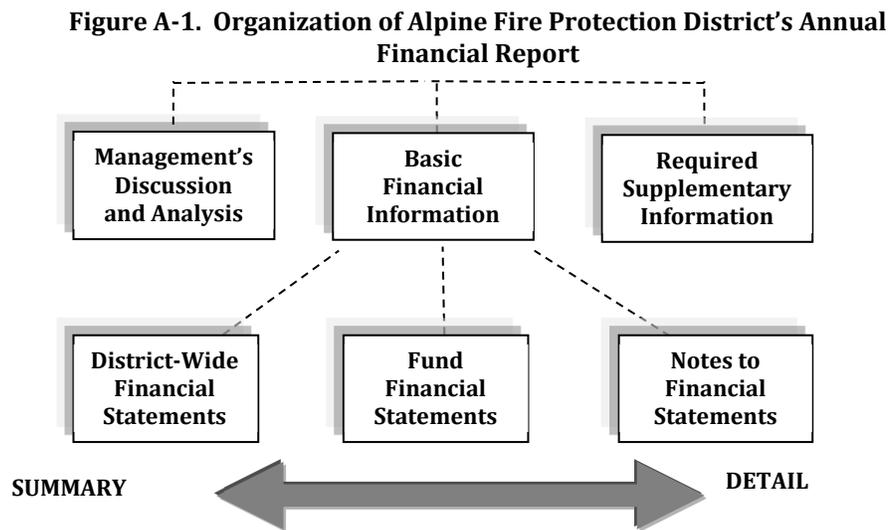
- The District's net position increased 17.67% or \$723,838 from \$4,095,679 to \$4,819,517 as a result of this year's operations.
- Total revenues from all sources increased by 14.08%, or \$857,221 from \$6,084,567 to \$6,941,888, from the prior year, primarily due to an increase in charge for services of \$320,342.
- Total expenses for the District's operations decreased by 4.98% or \$325,612 from \$6,543,662 to \$6,218,050 from the prior year, primarily due to a \$353,564 decrease in operations expense.
- The District purchased new capital assets during the year in the amount of \$264,811. Depreciation expense was \$310,969.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



ALPINE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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

ALPINE FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as fire protection, medical transport, and administration. Local property taxes finance most of these activities.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

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

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

ALPINE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Assets:			
Current assets	\$ 9,231,108	\$ 8,693,083	\$ 538,025
Non-current assets	203,265	96,354	106,911
Capital assets, net	<u>4,680,292</u>	<u>4,726,450</u>	<u>(46,158)</u>
Total assets	<u>14,114,665</u>	<u>13,515,887</u>	<u>598,778</u>
Deferred outflows of resources	<u>1,950,559</u>	<u>3,482,460</u>	<u>(1,531,901)</u>
Liabilities:			
Current liabilities	651,366	660,724	(9,358)
Non-current liabilities	<u>8,315,924</u>	<u>8,548,929</u>	<u>(233,005)</u>
Total liabilities	<u>8,967,290</u>	<u>9,209,653</u>	<u>(242,363)</u>
Deferred inflows of resources	<u>2,278,417</u>	<u>3,693,015</u>	<u>(1,414,598)</u>
Net position (Deficit):			
Net investment in capital assets	4,249,332	4,252,660	(3,328)
Restricted	21,901	96,354	(74,453)
Unrestricted (Deficit)	<u>548,284</u>	<u>(253,335)</u>	<u>801,619</u>
Total net position (deficit)	<u>\$ 4,819,517</u>	<u>\$ 4,095,679</u>	<u>\$ 723,838</u>

At the end of fiscal year 2025, the District shows a deficit balance in its unrestricted net position of \$548,284

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Program revenues	\$ 1,878,746	\$ 1,298,574	\$ 580,172
Expenses	<u>(6,218,050)</u>	<u>(6,543,662)</u>	<u>325,612</u>
Net program expense	(4,339,304)	(5,245,088)	905,784
General revenues	<u>5,063,142</u>	<u>4,786,093</u>	<u>277,049</u>
Change in net position	723,838	(458,995)	1,182,833
Net position:			
Beginning of year	<u>4,095,679</u>	<u>4,554,674</u>	<u>(458,995)</u>
End of year	<u>\$ 4,819,517</u>	<u>\$ 4,095,679</u>	<u>\$ 723,838</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased its net position by \$723,838.

ALPINE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-3: Total Revenues

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 1,158,843	\$ 838,501	\$ 320,342
Mitigation fees	85,915	85,342	573
Operating and capital grant funding	525,547	374,731	150,816
	<u>108,441</u>	<u>-</u>	<u>108,441</u>
Total program revenues	<u>1,878,746</u>	<u>1,298,574</u>	<u>580,172</u>
General revenues:			
Property taxes	4,512,615	4,321,254	191,361
Lease revenue	99,173	8,000	91,173
Investment earnings	419,896	418,737	1,159
Other revenue	<u>31,458</u>	<u>38,102</u>	<u>(6,644)</u>
Total general revenues	<u>5,063,142</u>	<u>4,786,093</u>	<u>277,049</u>
Total revenues	<u>\$ 6,941,888</u>	<u>\$ 6,084,667</u>	<u>\$ 857,221</u>

Total revenues from all sources increased by 14.09%, or \$857,221 from \$6,084,667 to \$6,941,888, from the prior year, primarily due to an increase in charges for services of \$320,342.

Table A-4: Total Expenses

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 5,734,328	\$ 6,087,892	\$ (353,564)
Depreciation expense	310,969	301,423	9,546
Interest expense	<u>172,753</u>	<u>154,347</u>	<u>18,406</u>
Total expenses	<u>\$ 6,218,050</u>	<u>\$ 6,543,662</u>	<u>\$ (325,612)</u>

Total expenses for the District's operations decreased by 4.98% or \$325,612 from \$6,543,662 to \$6,218,050, from the prior year, primarily due to a \$353,564 decrease in operations expense.

ALPINE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

As of June 30, 2025, the District reported a total fund balance of \$9,032,712. An amount of \$4,327,158 constitutes the District's *unassigned fund balance*.

OPERATIONS FUND BUDGETARY HIGHLIGHTS

By the end of the 2025 fiscal year, the District's general fund came in better than expected. The District spent \$703,079 less than planned. The District brought in \$522,947 more revenue than expected. Altogether, the District finished the year \$1,226,026 ahead of the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the District had invested \$4,680,292 in capital assets, related to the purchase of equipment for use in fire protection. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$310,969

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Capital assets:		
Non-depreciable assets	\$ 660,794	\$ 663,453
Depreciable assets	8,293,983	8,026,513
Accumulated depreciation	<u>(4,274,485)</u>	<u>(3,963,516)</u>
Total capital assets, net	<u><u>\$ 4,680,292</u></u>	<u><u>\$ 4,726,450</u></u>

Long-Term Debt

At year-end the District had \$5,083,960 in outstanding long-term debt – a net decrease of \$257,830 from last year – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 7 and 8 to the financial statements).

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Long-term debt	<u><u>\$ 5,083,960</u></u>	<u><u>\$ 5,341,790</u></u>

ALPINE FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FACTORS AFFECTING CURRENT FINANCIAL POSITION

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Fire Chief at the Alpine Fire Protection District at 1364 Tavern Rd, Alpine, CA 91901 or (619) 445-2635.

Basic Financial Statements

ALPINE FIRE PROTECTION DISTRICT

Statements of Net Position

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 8,538,649	\$ 7,922,797
Accrued interest receivable	13,575	10,201
Property taxes and assessments receivable	18,706	18,341
Other receivables	22,582	185,303
Lease receivable – current (Note 4)	53,476	-
Deposits with Public Agencies Self Insurance System (Note 5)	584,120	556,441
Total current assets	9,231,108	8,693,083
Non-current assets:		
Restricted – cash and investments (Note 2 and 3)	5,431	68,445
Restricted – accrued interest receivable (Note 3)	432	299
Restricted – other receivables (Note 3)	16,038	27,610
Lease receivable – non-current (Note 4)	181,364	-
Capital assets – not being depreciated (Note 6)	660,794	663,453
Capital assets – being depreciated, net (Note 6)	4,019,498	4,062,997
Total non-current assets	4,883,557	4,822,804
Total assets	14,114,665	13,515,887
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to net pension liability (Note 11)	1,950,559	3,482,460
Total deferred outflows of resources	1,950,559	3,482,460
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	2,348	5,512
Accrued interest payable	63,104	53,386
Unearned revenue	166,199	222,857
Long-term liabilities – due in one year:		
Compensated absences (Note 7)	144,669	121,139
Pension obligation bonds (Note 8)	230,000	215,000
Long-term debt (Note 9)	45,046	42,830
Total current liabilities	651,366	660,724
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	144,669	121,139
Pension obligation bonds (Note 8)	4,423,000	4,653,000
Long-term debt (Note 9)	385,914	430,960
Workers' compensation claims payable (Note 10)	1,160,645	814,738
Net pension liability (Note 11)	2,201,696	2,529,092
Total non-current liabilities	8,315,924	8,548,929
Total liabilities	8,967,290	9,209,653
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to leases (Note 4)	233,114	-
Deferred amounts related to net pension liability (Note 11)	2,045,303	3,693,015
Total deferred inflows of resources	2,278,417	3,693,015
NET POSITION		
Net investment in capital assets (Note 12)	4,249,332	4,252,660
Restricted for capital improvements (Note 3)	21,901	96,354
Unrestricted (Deficit)	548,284	(253,335)
Total net position	\$ 4,819,517	\$ 4,095,679

ALPINE FIRE PROTECTION DISTRICT

Statements of Activities

For the Fiscal Year Ended June 30, 2025

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

	Governmental Activities	
	2025	2024
Expenses:		
Fire related services:		
Operations:		
Salaries and wages	\$ 3,226,056	\$ 2,691,615
Employee benefits	618,058	1,424,892
Materials and services	1,890,214	1,971,385
Depreciation expense	310,969	301,423
Interest expense	172,753	154,347
Total expenses	6,218,050	6,543,662
Program revenues:		
Charges for services:		
Property assessment	645,919	608,441
Fire services – California Office of Emergency Services	460,934	172,361
Fire prevention – plan check and inspections	51,990	57,699
Mitigation fees	85,915	85,342
Operating and capital grant funding	525,547	374,731
Other revenue	108,441	-
Total program revenues	1,878,746	1,298,574
Net program expense	(4,339,304)	(5,245,088)
General revenues:		
Property taxes	4,512,615	4,321,254
Lease revenue	99,173	8,000
Investment earnings	419,896	418,737
Other revenue	31,458	38,102
Total general revenues	5,063,142	4,786,093
Change in net position	723,838	(458,995)
Net position:		
Beginning of year	4,095,679	4,554,674
End of year	\$ 4,819,517	\$ 4,095,679

ALPINE FIRE PROTECTION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2025

<u>ASSETS</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 8,538,649	\$ 5,431	\$ 8,544,080
Accrued interest receivable	13,575	432	14,007
Property taxes receivable	18,706	-	18,706
Other receivables	22,582	16,038	38,620
Lease receivable	234,840	-	234,840
Deposits with PASIS	584,120	-	584,120
Total assets	<u>\$ 9,412,472</u>	<u>\$ 21,901</u>	<u>\$ 9,434,373</u>
 <u>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 2,348	\$ -	\$ 2,348
Unearned revenue	166,199	-	166,199
Total liabilities	<u>168,547</u>	<u>-</u>	<u>168,547</u>
 Deferred inflow of resources:			
Deferred amount related to leases	233,114	-	233,114
Total deferred infows	<u>233,114</u>	<u>-</u>	<u>233,114</u>
 Fund Balances: (Note 14)			
Restricted	-	21,901	21,901
Committed	2,640,126	-	2,640,126
Assigned	2,043,527	-	2,043,527
Unassigned	4,327,158	-	4,327,158
Total fund balance	<u>9,010,811</u>	<u>21,901</u>	<u>9,032,712</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 9,412,472</u>	<u>\$ 21,901</u>	<u>\$ 9,434,373</u>

ALPINE FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

Fund Balances - Governmental Funds	<u>\$ 9,032,712</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and right to use leased assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	4,680,292
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	1,950,559
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(63,104)
Compensated absences	(289,338)
Long-term debt	(430,960)
Workers' compensation claims payable	(1,160,645)
Pension obligation bonds	(4,653,000)
Net pension liability	(2,201,696)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(2,045,303)</u>
Total adjustments	<u>(4,213,195)</u>
Net Position of Governmental Activities	<u><u>\$ 4,819,517</u></u>

ALPINE FIRE PROTECTION DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2025*

	Major Funds		
	General Fund	Fire Mitigation Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 4,512,615	\$ -	\$ 4,512,615
Property assessment	645,919	-	645,919
Fire services – California Office of Emergency Services	460,934	-	460,934
Fire prevention – plan check and inspections	51,990	-	51,990
Mitigation fees	-	85,915	85,915
Operating and capital grant funding	525,547	-	525,547
Lease revenue	99,173	-	99,173
Investment earnings	416,325	3,571	419,896
Other revenue	139,899	-	139,899
Total revenues	6,852,402	89,486	6,941,888
EXPENDITURES:			
Fire related services:			
Salaries and wages	3,178,996	-	3,178,996
Employee benefits	1,061,265	-	1,061,265
Materials and services	1,544,307	-	1,544,307
Capital outlay	264,811	-	264,811
Debt service:			
Principal	257,830	-	257,830
Interest	163,035	-	163,035
Total expenditures	6,470,244	-	6,470,244
REVENUES OVER(UNDER) EXPENDITURES	382,158	89,486	471,644
OTHER FINANCING SOURCES(USES):			
Transfers in (Note 12)	163,939	-	163,939
Transfers (out) (Note 12)	-	(163,939)	(163,939)
Total other financing sources(uses)	163,939	(163,939)	-
NET CHANGES IN FUND BALANCE	546,097	(74,453)	471,644
FUND BALANCE:			
Beginning of year	8,464,714	96,354	8,561,068
End of year	\$ 9,010,811	\$ 21,901	\$ 9,032,712

ALPINE FIRE PROTECTION DISTRICT

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

For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances – Governmental Funds	<u>\$ 471,644</u>
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Change in compensated absences	(47,060)
Change in accrued interest payable	(9,718)
Change in workers' compensation claims payable	(345,907)
Change in net pension liability	443,207
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	264,811
Depreciation expense	(310,969)
Principal repayment of long-term debt obligations are reported as expenditures in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	257,830
Total adjustments	<u>252,194</u>
Change in Net Position of Governmental Activities	<u><u>\$ 723,838</u></u>

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Alpine Fire Protection District (District) is located in San Diego County and was formed in 1957 to provide fire protection and emergency services to the community of Alpine. It covers approximately 37.10 square miles with a population of 17,000. The District is located in semi-rural community and is primarily residential with light commercial occupancies. The federal Register lists the District as an Urban Wildland Interface Community within the vicinity of Federal lands that is in high risk from wildfire. Most of the District is located in the State Responsibility Area (SRA) lands except for the eastern third which is in the Cleveland National Forest.

B. Reporting Entity

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

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

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

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Major Governmental Funds

The District maintains the following major governmental funds:

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

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

1. Basis of Presentation (continued)

Major Governmental Funds (continued)

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

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

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

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

1. Cash and Investments

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

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

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

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

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

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

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

2. Lease Receivable and Deferred Inflow of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions.

The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

3. Capital Assets

Capital assets are those purchases or acquired with an original cost of \$5,000 or more and 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. The costs of normal maintenance and reports that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over their useful life.

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

Description	Estimated Lives
Structures and Improvements	20-25 years
Equipment and vehicles	5-20 years

4. Deferred Outflows/Inflows of Resources

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

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

5. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Employees shall start to earn vacation allowance as of their first date of employment. The maximum accumulated total of vacation/holiday time that may be carried from one fiscal budget year to the next is 96 hours for safety personnel, 72 hours for the fire chief, and 40 hours for administrative staff. Personnel continue to accrue sick leave until they have accumulated 2,880 hours. Sick leave may be converted to vacation at the rate of 3 hours of sick leave for one hour of vacation so that no employee exceeds the max. Safety and non-safety employees shall be compensated in cash for unused sick leave at the rate of one quarter of their regular rate of pay for any unused accumulation of sick leave when they are permanently separated from service so long as the employee has previously completed five years of full-time service to the district. The measurement of compensated absences includes salary-related payment such as the employer portion of social security and medicare taxes.

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

6. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

7. Net Position

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

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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

Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted". When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

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

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

E. Use of Estimates

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

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

F. Property Taxes

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

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

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

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

G. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented a new pronouncement as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employers and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 7 for the effect of this Statement.

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025, were categorized on the statement of net position as follows:

Description	Balance
Cash and Investments	\$ 8,538,649
Restricted – cash	5,431
Total cash and investments	<u>\$ 8,544,080</u>

Cash and investments at June 30, 2025, consisted of the following:

Description	Balance
Cash on hand	\$ 176
Demand deposits held with financial institutions	223,140
San Diego County Pooled Investment Fund (SDCPIF)	1,436,707
California CLASS	6,061,976
Local Agency Investment Fund (LAIF)	6,144
Investments	<u>815,937</u>
Total cash and investments	<u>\$ 8,544,080</u>

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the District’s demand deposits was \$223,140 and the financial institution’s balance was \$284,594. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution’s balance and the District’s balance for each year.

Custodial Credit Risk – Deposits

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

San Diego County Treasury Investment Pool (SDCTIP)

The District is a voluntary participant in the San Diego County Treasury Investment Pool (SDCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Diego County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the Treasurer-Tax Collector – San Diego Administration Center – 1600 Pacific Hwy, Room 162 – San Diego, CA 92101 or the Treasurer and Tax Collector’s office website at www.sdttc.com. As of June 30, 2025, the District had \$1,436,707 in the SDCTIP.

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

California Cooperative Liquid Assets Securities System (California CLASS)

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

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

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAm (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held \$6,061,976 in California CLASS.

Local Agency Investment Fund (LAIF)

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

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held \$6,144 in LAIF.

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments at June 30, 2025, consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Maturity			
			Fair Value	12 Months or Less	13 to 24 Months	25 to 120 Months
Certificates-of-deposit	Level 2	N/A	\$ 525,941	\$ -	\$ 180,031	\$ 345,910
Corporate and other bonds	Level 2	AA+	132,058	-	-	132,058
Government sponsored agency securities	Level 2	AA+	124,910	124,910	-	-
Money market mutual funds	Level 2	N/A	33,028	33,028	-	-
Total investments			\$ 815,937	\$ 157,938	\$ 180,031	\$ 477,968

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the District Manager to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the previous table.

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.

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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Custodial Credit Risk – Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District’s investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 3 – RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets and restricted net position as of June 30, 2025, were categorized as follows:

<u>Description</u>	<u>Balance</u>
Restricted – cash and cash equivalents	\$ 5,431
Restricted – accrued interest receivable	432
Restricted – other receivables	<u>16,038</u>
Total restricted net position	<u>\$ 21,901</u>

Restricted assets and restricted net position as of June 30, 2025, were received from mitigation fees for capital expenditures.

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

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

<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>
\$ -	\$ 274,252	\$ (39,412)	<u>\$ 234,840</u>

The District is reporting a total lease receivable of \$234,840 and a total related deferred inflows of resources of \$233,114 for the year ending June 30, 2025. Also, the District is reporting total lease revenue of \$39,412 and interest revenue of \$3,780 related to lease payments received.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2% to discount the lease revenue to the net present value. In some cases the leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The Included Leases are summarized as follows:

Building Lease

On October 1, 2025, the District renewed a 60 month lease as lessor for the use of the building. An initial lease receivable was recorded in the amount of \$274,252. As of June 30, 2025, the value of the lease receivable was \$234,840. The lease is required to make monthly fixed payments of \$4,799 for the first 12 months and increases 3% every 12 months. The lease has an interest rate of 2%. The value of the deferred inflow of resource was \$233,114 as of June 30, 2025. The District recognized lease revenue of \$39,412 and interest revenue of \$13,780 during the fiscal year.

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 4 - LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES - LEASES (continued)

Minimum future lease receipts are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 53,476	\$ 5,408	\$ 58,884
2027	54,555	6,095	60,650
2028	55,656	6,814	62,470
2029	56,780	7,564	64,344
2030	<u>14,373</u>	<u>1,831</u>	<u>16,204</u>
Total	234,840	<u>\$ 27,712</u>	<u>\$ 262,552</u>
Current	<u>(53,476)</u>		
Long-term	<u>\$ 181,364</u>		

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

<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>
<u>\$ -</u>	<u>\$ 274,252</u>	<u>\$ (41,138)</u>	<u>\$ 233,114</u>

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

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred Inflows</u> <u>of Resources</u>
2026	\$ 54,850
2027	54,850
2028	54,850
2029	54,851
2030	<u>13,713</u>
Total	<u>\$ 233,114</u>

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

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

As of June 30, 2025, the District had \$584,119 on deposit with PASIS. Further information in regard to PASIS is as follows:

- A. **Entity** Public Agency Self-Insurance System (PASIS)
- B. **Purpose** To pool member resources and realize the advantages of a self-insurance reserve for workers' compensation
- C. **Participants** As of June 30, 2025 – Seven member agencies
- D. **Governing board** Seven representatives employed/appointed by members
- E. **District payments for FY 2025:**
 - Contribution \$0
- F. **Condensed financial information** June 30, 2025
- Audit signed** July 31, 2025

	<u>June 30, 2025</u>	<u>District Share</u>
Statement of net position:		
Total assets	\$ 3,981,639	\$ 584,120
Total liabilities	-	-
Net position	<u>\$ 3,981,639</u>	<u>\$ 584,120</u>
Statement of revenues, expenses and changes in net position:		
Total revenues	\$ 183,806	\$ 27,678
Total expenses	-	-
Change in net position	183,806	27,678
Beginning – net position	3,797,833	556,441
Ending – net position	<u>\$ 3,981,639</u>	<u>\$ 584,119</u>
G. District's share of year-end financial position	<u>100.00%</u>	<u>14.67%</u>

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 6 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2024</u>
Non-depreciable capital assets:				
Land	\$ 644,613	\$ -	\$ -	\$ 644,613
Construction-in-progress	<u>18,840</u>	<u>16,181</u>	<u>(18,840)</u>	<u>16,181</u>
Total non-depreciable capital assets	<u>663,453</u>	<u>16,181</u>	<u>(18,840)</u>	<u>660,794</u>
Depreciable capital assets:				
Structures and improvements	5,184,257	220,498	-	5,404,755
Equipment and vehicles	<u>2,842,256</u>	<u>46,972</u>	<u>-</u>	<u>2,889,228</u>
Total depreciable capital assets	<u>8,026,513</u>	<u>267,470</u>	<u>-</u>	<u>8,293,983</u>
Accumulated depreciation:				
Structures and improvements	(2,046,429)	(148,643)	-	(2,195,072)
Equipment and vehicles	<u>(1,917,087)</u>	<u>(162,326)</u>	<u>-</u>	<u>(2,079,413)</u>
Total accumulated depreciation	<u>(3,963,516)</u>	<u>(310,969)</u>	<u>-</u>	<u>(4,274,485)</u>
Total depreciable capital assets, net	<u>4,062,997</u>	<u>(43,499)</u>	<u>-</u>	<u>4,019,498</u>
Total capital assets, net	<u>\$ 4,726,450</u>	<u>\$ (27,318)</u>	<u>\$ (18,840)</u>	<u>\$ 4,680,292</u>

NOTE 7 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2025, were as follows:

<u>Balance July 1, 2024</u>	<u>Net Change</u>	<u>Balance June 30, 2025</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
<u>\$ 242,278</u>	<u>\$ 47,060</u>	<u>\$ 289,338</u>	<u>\$ 144,669</u>	<u>\$ 144,669</u>

As of June 30, 2025, the total liability for compensated absences was \$289,338, of which \$144,669 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 8 – PENSION OBLIGATION BONDS

Changes in pension obligation bonds amounts for the year ended June 30, 2025, was as follows:

<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2025</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 4,868,000	\$ -	\$ (215,000)	\$ 4,653,000	\$ 230,000	\$ 4,423,000

On January 18, 2022 the Board adopted Resolution No. 21/22-11 which approved the issuance of the 2022 Pension Obligation Bond structure, and unsecured obligation, for the purpose of reducing the District's long-term pension costs. The 2022 Bonds were issued in the amount of \$5,278,000. The proceeds financed an immediate contribution to CALPERS for the unfunded liability. The District also contributed an additional \$500,000 in cash to the unfunded liability as a part of the terms upon closing. The 2022 Bonds carry an interest rate of 3.29% and will be paid in semi-annual installments starting August 2022 through February 2042. Future remaining payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 230,000	\$ 149,300	\$ 379,300
2027	235,000	141,651	376,651
2028	240,000	133,837	373,837
2029	250,000	125,777	375,777
2030	260,000	177,387	437,387
2031-2035	1,425,000	451,635	1,876,635
2036-2040	1,522,000	204,638	1,726,638
2041-2042	491,000	15,150	506,150
Total	4,653,000	<u>\$ 1,399,375</u>	<u>\$ 6,052,375</u>
Current	<u>(230,000)</u>		
Long-term	<u>\$ 4,423,000</u>		

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 9 – LONG-TERM DEBT

Changes in long-term debt were as follows:

<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 473,790	\$ -	\$ (42,830)	\$ 430,960	\$ 45,046	\$ 385,914

ECAA Loan

The District constructed a solar project for \$479,790 during the 2025 fiscal year and financed the solar project under a loan agreement with the California Energy Commission. The loan carries an interest rate of 1% . At June 30, 2025, the future minimum lease payments under the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 45,046	\$ 4,198	\$ 49,244
2027	45,498	3,746	49,244
2028	45,945	3,299	49,244
2029	46,415	2,829	49,244
2030	46,880	2,364	49,244
2031-2035	<u>201,176</u>	<u>4,757</u>	<u>205,933</u>
Total	430,960	21,193	452,153
Current	<u>(45,046)</u>		
Long-term	<u>\$ 385,914</u>		

NOTE 10 – WORKERS’ COMPENSATION CLAIMS PAYABLE

The District is self-insured for workers’ compensation and has effectively managed this risk of loss through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Excess insurance is purchased above the self-insured retention through PASIS. As of June 30, 2025, the liability for workers’ compensation claims payable was estimated at \$1,160,645.

Changes in workers’ compensation claims payable for the year ended June 30, 2025, was as follows:

<u>Description</u>	<u>Balance</u>
Estimated claims balance – July 1, 2024	<u>\$ 814,738</u>
Claim payments	(169,760)
Revised claims estimate	<u>515,667</u>
Change in claims balance	<u>345,907</u>
Estimated claims balance – June 30, 2025	<u>\$ 1,160,645</u>

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN

Summary

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

<u>Description</u>	<u>Amount</u>
Pension related deferred outflows of resources	\$ 1,950,559
Net pension liability	2,201,696
Pension related deferred inflows of resources	2,045,303

A. General Information about the Pension Plans

The Plans Description Schedule

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

	Miscellaneous Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 2
Hire date	Prior to <u>December 31, 2012</u>	Prior to <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.0% to 2.7%	1.0% to 2.0%	1.0% to 2.5%
Required member contribution rates	0.000%	6.930%	8.000%
Required employer contribution rates	0.000%	10.430%	7.940%
	Safety Plans		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 2
Hire date	Prior to <u>December 31, 2012</u>	Prior to <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55 & up	50 - 55 & up	50 - 57 & up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 3.0%	2.0% to 2.7%
Required member contribution rates	8.990%	8.990%	13.750%
Required employer contribution rates	27.320%	23.000%	13.760%

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2024 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2024, the following members were covered by the benefit terms:

Plan Members	Miscellaneous and Safety Plans		
	Classic	PEPRA	Total
Active members	8	12	20
Transferred and terminated members	12	2	14
Retired members and beneficiaries	34	-	34
Total plan members	54	14	68

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

Benefits Provided

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

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Contributions

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

Contributions for the year ended June 30, 2025, were as follows:

Contribution Type	Miscellaneous and Safety Plans		
	Classic	PEPRA	Total
Contributions – Miscellaneous Plans	\$ 18,277	\$ 18,667	\$ 36,944
Contributions – Safety Plans	296,087	156,115	452,202
Total contributions	\$ 314,364	\$ 174,782	\$ 489,146

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

Proportionate Share of Net Pension Liability and Pension Expense

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

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous and Safety Plans for the fiscal year ended June 30, 2024:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Total Plans:			
Balance as of June 30, 2023 (Measurement Date)	\$ 28,714,346	\$ 26,185,253	\$ 2,529,093
Balance as of June 30, 2024 (Measurement Date)	\$ 29,759,418	\$ 27,557,722	\$ 2,201,696
Change in Plan Net Pension Liability	\$ 1,045,072	\$ 1,372,469	\$ (327,397)

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

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

The District’s proportionate share percentage of the net pension liability for the June 30, 2024, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	
CalPERS – Safety and Miscellaneous			
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.01816%	0.02027%	-0.00212%

For the year ended June 30, 2025, the District recognized pension expense of \$45,940. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 489,146	\$ -
Difference between actual and proportionate share of employer contributions	926,635	(676,724)
Adjustment due to differences in proportions	193,035	(1,362,670)
Differences between expected and actual experience	180,126	(5,909)
Differences between projected and actual earnings on pension plan investments	107,273	-
Changes in assumptions	54,344	-
Total Deferred Outflows/(Inflows) of Resources	\$ 1,950,559	\$ (2,045,303)

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

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

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

An amount of \$489,146 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ (450,778)
2027	(38,354)
2028	(58,051)
2029	(36,707)
Total	\$ (583,890)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

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

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

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

Long-term Expected Rate of Return

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

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

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

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

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 11 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

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

Discount Rate

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

Subsequent Events

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

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

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

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Total Plans	\$ 6,263,881	\$ 2,201,696	\$ (1,121,857)

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2025, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 12 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2025, the net investment in capital assets was calculated as follows:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 660,794
Capital assets – being depreciated, net	4,019,498
Long-term debt – current portion	(45,046)
Long-term debt – noncurrent portion	<u>(385,914)</u>
Total net investment in capital assets	<u>\$ 4,249,332</u>

NOTE 13 – INTERFUND TRANSFERS

At June 30, 2025 interfund transfers of the District’s governmental funds were made as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Balance</u>	<u>Purpose</u>
General Fund	Fire Mitigation	<u>\$ 163,939</u>	Capital outlay funding

NOTE 14 – FUND BALANCES

At June 30, 2025, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total</u>
Restricted:			
Mitigation fees	\$ -	\$ 21,901	\$ 21,901
Committed:			
Economic stability	264,976	-	264,976
Apparatus/vehicle replacement	1,750,000	-	1,750,000
Equipment	203,729	-	203,729
Capital improvement	58,610	-	58,610
OPEB retirement	25,000	-	25,000
Calpers additional unfunded liability	<u>337,811</u>	<u>-</u>	<u>337,811</u>
Total assigned	<u>2,640,126</u>	<u>-</u>	<u>2,640,126</u>
Assigned:			
Deposits with Public Agencies Self Insurance System	584,120	-	584,120
Compensated absences	289,338	-	289,338
Workers' compensation claims payable	576,525	-	576,525
Long-term debt payment	49,244	-	49,244
Pension obligation bond payments	379,300	-	379,300
Budget stabilization	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Total assigned	<u>2,043,527</u>	<u>-</u>	<u>2,043,527</u>
Unassigned	<u>4,327,158</u>	<u>-</u>	<u>4,327,158</u>
Total fund balances	<u>\$ 9,010,811</u>	<u>\$ 21,901</u>	<u>\$ 9,032,712</u>

ALPINE FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 15 – RISK MANAGEMENT

Fire Agencies Insurance Risk Authority (FAIRA)

The District entered into a JPA, known as the Fire Agencies Insurance Risk Authority (FAIRA), a self-insurance plan for general liability insurance. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the FAIRA. The JPA is a separate entity which is independently audited. Condensed financial and other information available for the FAIRA as of June 30, 2024 is as follows:

A. Entity	Fire Agencies Insurance Risk Authority (FAIRA)	
B. Purpose	To pool member resources and realize the advantages of self-insurance for general liability insurance	
C. Participants	As of June 30, 2024 – Approx. 100 member agencies	
D. Governing board	13 representatives employed/appointed by members	
E. District payments for FY 2025:		
Insurance premium	\$65,348	
F. Condensed financial information	June 30, 2024	
Audit signed	May 27, 2025	
Statement of net position:		<u>June 30, 2024</u>
Total assets		<u>\$ 5,019,287</u>
Total liabilities		<u>3,980,607</u>
Net position		<u>\$ 1,038,680</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 13,290,863
Total expenses		<u>(14,317,342)</u>
Change in net position		(1,026,479)
Beginning - net position		<u>2,065,159</u>
Ending - net position		<u>\$ 1,038,680</u>

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

NOTE 16 – DEFERRED COMPENSATION SAVINGS PLAN

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

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

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

ALPINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

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

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

Grant Awards

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

Litigation

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

NOTE 18 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 16, 2025, the date which the financial statements were available to be issued.

Required Supplementary Information

ALPINE FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property taxes	\$ 4,232,870	\$ 4,512,615	\$ 279,745
Property assessment	641,919	645,919	4,000
Fire services – California Office of Emergency Services	135,000	460,934	325,934
Fire prevention – plan check and inspections	35,000	51,990	16,990
Operating and capital grant funding	1,081,160	525,547	(555,613)
Lease revenue	102,506	99,173	(3,333)
Investment earnings	96,000	416,325	320,325
Other revenue	5,000	139,899	134,899
Total revenues	6,329,455	6,852,402	522,947
EXPENDITURES:			
Fire related services:			
Salaries and wages	2,861,872	3,178,996	(317,124)
Employee benefits	1,275,538	1,061,265	214,273
Materials and services	2,229,446	1,544,307	685,139
Capital outlay	383,100	264,811	118,289
Debt service:			
Principal	257,830	257,830	-
Interest	165,537	163,035	2,502
Total expenditures	7,173,323	6,470,244	703,079
REVENUES OVER(UNDER) EXPENDITURES	(843,868)	382,158	1,226,026
OTHER FINANCING SOURCES(USES):			
Transfers in	1,055,388	163,939	(891,449)
Total other financing sources(uses)	1,055,388	163,939	(891,449)
NET CHANGES IN FUND BALANCE	\$ 211,520	546,097	\$ 334,577
FUND BALANCE:			
Beginning of year		8,464,714	
End of year		\$ 9,010,811	

ALPINE FIRE PROTECTION DISTRICT

Schedule of Proportionate Share of the Net Pension Liability – Total Plan For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.060370%	\$ 3,582,220	\$ 1,666,332	214.98%	80.55%
June 30, 2016	0.060430%	5,229,167	1,666,332	313.81%	76.12%
June 30, 2017	0.060420%	5,992,344	1,597,119	375.20%	71.49%
June 30, 2018	0.059710%	5,754,211	1,619,560	355.29%	73.56%
June 30, 2019	0.060870%	6,237,726	1,811,229	344.39%	74.08%
June 30, 2020	0.061695%	6,740,300	1,747,276	385.76%	73.63%
June 30, 2021	0.076250%	4,123,679	1,467,482	281.00%	73.63%
June 30, 2022	0.023422%	2,705,478	1,467,482	184.36%	73.63%
June 30, 2023	0.020273%	2,529,092	1,705,547	148.29%	91.19%
June 30, 2024	0.001816%	2,201,696	2,157,871	102.03%	92.60%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 30, 2022 to June 30, 2023:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

There were no significant changes in assumptions.

From fiscal year June 30, 2023 to June 30, 2024:

There were no significant changes in assumptions.

ALPINE FIRE PROTECTION DISTRICT
Schedule of Pension Contributions – Total Plan
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	\$ 423,203	\$ (423,203)	\$ -	\$ 1,666,332	28.78%
June 30, 2017	479,568	(479,568)	-	1,666,332	28.78%
June 30, 2018	479,568	(479,568)	-	1,597,119	50.83%
June 30, 2019	811,787	(811,787)	-	1,619,560	35.98%
June 30, 2020	582,758	(582,758)	-	1,811,229	37.28%
June 30, 2021	675,230	(675,230)	-	1,747,276	49.85%
June 30, 2022	870,961	(870,961)	-	1,467,482	23.51%
June 30, 2023	345,008	(345,008)	-	1,705,547	29.42%
June 30, 2024	501,832	(501,832)	-	2,157,871	23.26%
June 30, 2025	489,146	(489,146)	-	2,307,972	21.19%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

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

Other Independent Auditors' Report



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

Board of Directors
Alpine Fire Protection District
Alpine, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alpine Fire Protection District as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Alpine Fire Protection District's basic financial statements, and have issued our report thereon dated September 16, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Murrieta, California
September 16, 2025