

**RANCHO SANTA FE 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<sup>PC</sup>**

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*For the Fiscal Year Ended June 30, 2025*

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***Financial Section***

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**NIGRO & NIGRO**<sup>PC</sup>

*A Professional Accountancy Corporation*

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Rancho Santa Fe Fire Protection District  
Rancho Santa Fe, California

### **Opinion**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rancho Santa Fe 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 Rancho Santa Fe 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 February 18, 2026, 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  
February 18, 2026

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

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Management's Discussion and Analysis (MD&A) offers readers of Rancho Santa Fe 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 decreased 1.19% or \$418,553 from \$35,036,496 to \$34,617,963 as a result of this year's operations.
- Total revenues from all sources increased by 8.99%, or \$1,982,049 from \$22,056,107 to \$24,038,156, from the prior year, primarily due to an increase in charges for services of \$1,206,077.
- Total expenses for the District's operations decreased by 6.06% or \$1,576,569 from \$26,033,258 to \$24,456,689, from the prior year, primarily due to a \$3,439,892 decrease in employee benefits expense which is mainly due to pension related changes.
- The District purchased new capital assets during the year in the amount of \$983,531. Depreciation expense was \$1,205,765.

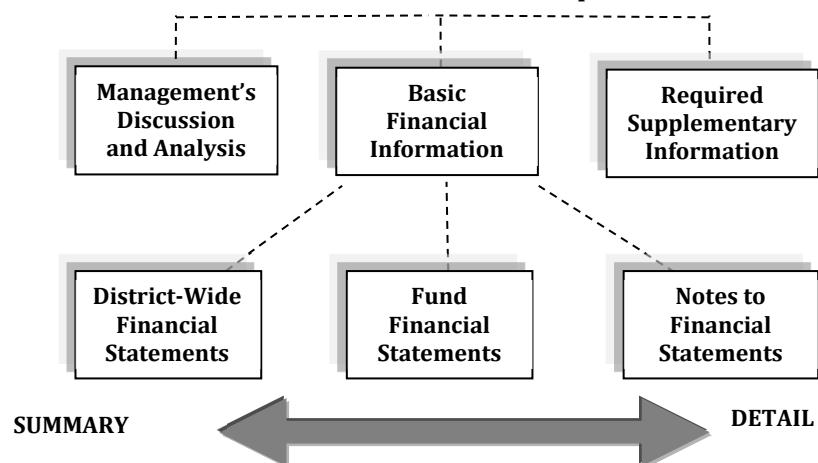
**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Figure A-1. Organization of Rancho Santa Fe Fire Protection District's Annual Financial Report**



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

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**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**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>
<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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>
<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.

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

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**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*.

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

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**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>
<b>Assets:</b>			
Current assets	\$ 23,502,106	\$ 23,981,939	\$ (479,833)
Non-current assets	3,245,346	2,784,394	460,952
Capital assets, net	<u>21,975,397</u>	<u>22,197,631</u>	<u>(222,234)</u>
<b>Total assets</b>	<u>48,722,849</u>	<u>48,963,964</u>	<u>(241,115)</u>
<b>Deferred outflows of resources</b>	<u>7,412,712</u>	<u>7,672,496</u>	<u>(259,784)</u>
<b>Liabilities:</b>			
Current liabilities	1,314,071	783,166	530,905
Non-current liabilities	<u>17,345,778</u>	<u>18,218,037</u>	<u>(872,259)</u>
<b>Total liabilities</b>	<u>18,659,849</u>	<u>19,001,203</u>	<u>(341,354)</u>
<b>Deferred inflows of resources</b>	<u>2,857,749</u>	<u>2,598,761</u>	<u>258,988</u>
<b>Net position (Deficit):</b>			
Net investment in capital assets	21,975,397	22,197,631	(222,234)
Restricted	2,427,187	1,644,211	782,976
Unrestricted	<u>10,215,379</u>	<u>11,194,654</u>	<u>(979,275)</u>
<b>Total net position</b>	<u>\$ 34,617,963</u>	<u>\$ 35,036,496</u>	<u>\$ (418,533)</u>

At the end of fiscal year 2025, the District shows a balance in its unrestricted net position of \$10,215,379.

**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>
<b>Program revenues</b>	\$ 5,318,578	\$ 4,034,421	\$ 1,284,157
<b>Expenses</b>	<u>(24,456,689)</u>	<u>(26,033,258)</u>	<u>1,576,569</u>
<b>Net program expense</b>	(19,138,111)	(21,998,837)	2,860,726
<b>General revenues</b>	<u>18,719,578</u>	<u>18,021,686</u>	<u>697,892</u>
<b>Change in net position</b>	(418,533)	(3,977,151)	3,558,618
<b>Net position:</b>			
<b>Beginning of year</b>	<u>35,036,496</u>	<u>39,013,647</u>	<u>(3,977,151)</u>
<b>End of year</b>	<u>\$ 34,617,963</u>	<u>\$ 35,036,496</u>	<u>\$ (418,533)</u>

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

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**FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)**

**Analysis of Revenues and Expenses (continued)**

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District decreased its net position by \$418,533.

**Table A-3: Total Revenues**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Program revenues:</b>			
Charges for services	\$ 4,378,896	\$ 3,172,819	\$ 1,206,077
Reimbursements	15,593	18,144	(2,551)
Mitigation fees	685,605	650,558	35,047
Operating and capital grant funding	<u>238,484</u>	<u>192,900</u>	<u>45,584</u>
<b>Total program revenues</b>	<u>5,318,578</u>	<u>4,034,421</u>	<u>1,284,157</u>
<b>General revenues:</b>			
Property taxes	16,899,539	16,074,060	825,479
Rental income	461,557	451,135	10,422
Developer payments	61,285	59,390	1,895
Reorganization revenue	-	312,500	(312,500)
Other revenue	82,798	11,841	70,957
Investment earnings	1,189,199	1,100,697	88,502
Sale of capital assets	<u>25,200</u>	<u>12,063</u>	<u>13,137</u>
<b>Total general revenues</b>	<u>18,719,578</u>	<u>18,021,686</u>	<u>697,892</u>
<b>Total revenues</b>	<u>\$ 24,038,156</u>	<u>\$ 22,056,107</u>	<u>\$ 1,982,049</u>

Total revenues from all sources increased by 8.99%, or \$1,982,032 from \$22,056,107 to \$24,038,156, from the prior year, primarily due to an increase in charges for services of \$1,206,077.

**Table A-4: Total Expenses**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
<b>Expenses:</b>			
Operations	\$ 23,250,924	\$ 24,921,990	\$ (1,671,066)
Depreciation expense	1,205,765	1,083,828	121,937
Amortization expense	<u>-</u>	<u>27,440</u>	<u>(27,440)</u>
<b>Total expenses</b>	<u>\$ 24,456,689</u>	<u>\$ 26,033,258</u>	<u>\$ (1,576,569)</u>

Total expenses for the District's operations decreased by 6.06% or \$1,576,569 from \$26,033,258 to \$24,456,689, from the prior year, primarily due to a \$1,671,066 decrease in operations expense.

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

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**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 \$24,522,537. An amount of \$18,449,438 constitutes the District's *unassigned fund balance*.

**OPERATIONS FUND BUDGETARY HIGHLIGHTS**

The final budgeted expenditures for the District's general fund at year-end were \$1,248,448 less than actual. Budgeted revenues were less than actual revenues by \$2,168,394. Actual revenues less expenses were over budget by \$919,946.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of fiscal year 2025, the District had invested \$21,975,397 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 \$1,205,765.

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<b>Capital assets:</b>		
Non-depreciable assets	\$ 3,655,554	\$ 3,856,163
Depreciable assets	33,214,375	32,823,708
Accumulated depreciation	<u>(14,894,532)</u>	<u>(14,482,240)</u>
<b>Total capital assets, net</b>	<u><u>\$ 21,975,397</u></u>	<u><u>\$ 22,197,631</u></u>

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

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**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 Rancho Santa Fe Fire Protection District at P.O. Box 410, 18027 Calle Ambiente, Rancho Santa Fe, California, 92067 or (858) 756-5971.

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## ***Basic Financial Statements***

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**RANCHO SANTA FE 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>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments (Note 2)	\$ 22,032,020	\$ 22,551,109
Accrued interest receivable	162,096	167,943
Property taxes and assessments receivable	72,129	76,427
Other receivables	122,489	51,235
Lease receivable – current (Note 4)	322,025	342,903
Prepaid items	123,045	155,586
Deposits with Public Agencies Self Insurance System (Note 5)	668,302	636,736
<b>Total current assets</b>	<b>23,502,106</b>	<b>23,981,939</b>
<b>Non-current assets:</b>		
Restricted – cash and investments (Note 2 and 3)	2,254,774	1,495,689
Restricted – accrued interest receivable (Note 3)	30,381	21,578
Restricted – other receivables (Note 3)	142,032	126,944
Lease receivable – non-current (Note 4)	818,159	1,140,183
Capital assets – not being depreciated (Note 6)	3,655,554	3,856,163
Capital assets – being depreciated, net (Note 6)	18,319,843	18,341,468
<b>Total non-current assets</b>	<b>25,220,743</b>	<b>24,982,025</b>
<b>Total assets</b>	<b>48,722,849</b>	<b>48,963,964</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amounts related to net pension liability (Note 9)	7,412,712	7,672,496
<b>Total deferred outflows of resources</b>	<b>7,412,712</b>	<b>7,672,496</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	1,114,865	583,846
Unearned revenue	49,206	49,320
Long-term liabilities – due in one year:		
Compensated absences (Note 7)	150,000	150,000
<b>Total current liabilities</b>	<b>1,314,071</b>	<b>783,166</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	1,956,319	1,399,676
Workers' compensation claims payable (Note 8)	1,416,548	1,517,007
Net pension liability (Note 9)	13,972,911	15,301,354
<b>Total non-current liabilities</b>	<b>17,345,778</b>	<b>18,218,037</b>
<b>Total liabilities</b>	<b>18,659,849</b>	<b>19,001,203</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amounts related to leases (Note 4)	1,060,827	1,397,254
Deferred amounts related to net pension liability (Note 9)	1,796,922	1,201,507
<b>Total deferred inflows of resources</b>	<b>2,857,749</b>	<b>2,598,761</b>
<b>NET POSITION</b>		
Investment in capital assets	21,975,397	22,197,631
Restricted for capital improvements (Note 3)	2,427,187	1,644,211
Unrestricted	10,215,379	11,194,654
<b>Total net position</b>	<b>\$ 34,617,963</b>	<b>\$ 35,036,496</b>

**RANCHO SANTA FE 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)*

<b>Expenses:</b>	<u>2025</u>	<u>2024</u>
Fire related services:		
Operations:		
Salaries and wages	\$ 14,071,428	\$ 12,027,986
Employee benefits	5,324,300	8,764,192
Insurance	495,591	1,082,564
Materials and services	3,359,605	3,047,248
Depreciation expense	1,205,765	1,083,828
Amortization expense	-	27,440
<b>Total expenses</b>	<u>24,456,689</u>	<u>26,033,258</u>
<b>Program revenues:</b>		
Charges for services:		
Parcel tax	1,072,270	1,066,200
Property assessment	790,019	749,722
CSA-17 contract	207,721	144,408
Joint facilities community agreement	504,450	485,861
Cal-OES	1,359,428	365,126
Fire prevention – plan check and inspections	402,030	356,140
Weed abatement	42,478	4,762
Other charges	500	600
Reimbursements	15,593	18,144
Mitigation fees	685,605	650,558
Operating and capital grant funding	238,484	192,900
<b>Total program revenues</b>	<u>5,318,578</u>	<u>4,034,421</u>
<b>Net program expense</b>	<u>(19,138,111)</u>	<u>(21,998,837)</u>
<b>General revenues:</b>		
Property taxes	16,899,539	16,074,060
Rental income	461,557	451,135
Developer payments	61,285	59,390
Reorganization revenue	-	312,500
Other revenue	82,798	11,841
Investment earnings	1,189,199	1,100,697
Sale of capital assets	25,200	12,063
<b>Total general revenues</b>	<u>18,719,578</u>	<u>18,021,686</u>
<b>Change in net position</b>	(418,533)	(3,977,151)
<b>Net position:</b>		
Beginning of year	<u>35,036,496</u>	<u>39,013,647</u>
End of year	<u>\$ 34,617,963</u>	<u>\$ 35,036,496</u>

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**  
*Balance Sheet – Governmental Funds*  
*June 30, 2025*

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<u>ASSETS</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 22,032,020	\$ 2,254,774	\$ 24,286,794
Accrued interest receivable	162,096	30,381	192,477
Property taxes receivable	72,129	-	72,129
Other receivables	122,489	142,032	264,521
Lease receivable	1,140,184	-	1,140,184
Prepaid items	123,045	-	123,045
Deposits with PASIS	668,302	-	668,302
<b>Total assets</b>	<u>\$ 24,320,265</u>	<u>\$ 2,427,187</u>	<u>\$ 26,747,452</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 1,114,865	\$ -	\$ 1,114,865
Unearned revenue	49,206	-	49,206
<b>Total liabilities</b>	<u>1,164,071</u>	<u>-</u>	<u>1,164,071</u>
<b>Deferred inflows of resources</b>			
Deferred amount related to leases	1,060,827	-	1,060,827
<b>Total deferred inflows</b>	<u>1,060,827</u>	<u>-</u>	<u>1,060,827</u>
<b>Fund Balances: (Note 10)</b>			
Non-spendable	123,045	-	123,045
Restricted	-	2,427,187	2,427,187
Assigned	3,522,867	-	3,522,867
Unassigned	18,449,455	-	18,449,455
<b>Total fund balance</b>	<u>22,095,367</u>	<u>2,427,187</u>	<u>24,522,554</u>
<b>Total liabilities and fund balance</b>	<u>\$ 24,320,265</u>	<u>\$ 2,427,187</u>	<u>\$ 26,747,452</u>

## **RANCHO SANTA FE FIRE PROTECTION DISTRICT**

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

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<b>Fund Balances – Governmental Funds</b>	<u>\$ 24,522,554</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.	21,975,397
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.	7,412,712
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(2,106,319)
Workers' compensation claims payable	(1,416,548)
Net pension liability	(13,972,911)
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>(1,796,922)</u>
Total adjustments	<u>10,095,409</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 34,617,963</u></u>

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

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

	<b>General Fund</b>	<b>Fire Mitigation Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>			
Property taxes	\$ 16,899,539	\$ -	\$ 16,899,539
Parcel tax	1,072,270	-	1,072,270
Property assessment	790,019	-	790,019
CSA-17 contract	207,721	-	207,721
Joint facilities community agreement	504,450	-	504,450
Reorganization revenue	-	-	-
Cal-OES	1,359,428	-	1,359,428
Fire prevention – plan check and inspections	402,030	-	402,030
Weed abatement	42,478	-	42,478
Other charges	500	-	500
Reimbursements	15,593	-	15,593
Mitigation fees	-	685,605	685,605
Operating and capital grant funding	238,484	-	238,484
Rental income	461,557	-	461,557
Developer payments	61,285	-	61,285
Other revenue	82,798	-	82,798
Investment earnings	1,091,828	97,371	1,189,199
<b>Total revenues</b>	<b>23,229,980</b>	<b>782,976</b>	<b>24,012,956</b>
<b>EXPENDITURES:</b>			
Fire related services:			
Salaries and wages	13,514,785	-	13,514,785
Employee benefits	5,797,544	-	5,797,544
Insurance	596,050	-	596,050
Materials and services	3,359,605	-	3,359,605
Capital outlay	983,531	-	983,531
<b>Total expenditures</b>	<b>24,251,515</b>	<b>-</b>	<b>24,251,515</b>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	<b>(1,021,535)</b>	<b>782,976</b>	<b>(238,559)</b>
<b>OTHER FINANCING SOURCES(USES):</b>			
Sale of capital assets	25,200	-	25,200
<b>Total other financing sources(uses)</b>	<b>25,200</b>	<b>-</b>	<b>25,200</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(996,335)</b>	<b>782,976</b>	<b>(213,359)</b>
<b>FUND BALANCE:</b>			
Beginning of year	23,091,702	1,644,211	24,735,913
End of year	<u>\$ 22,095,367</u>	<u>\$ 2,427,187</u>	<u>\$ 24,522,554</u>

**RANCHO SANTA FE 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*

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<b>Net Change in Fund Balances – Governmental Funds</b>	<u>\$ (213,359)</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	(556,643)
Change in right-to-use lease payable	-
Change in workers' compensation claims payable	100,459
Change in net pension liability	473,244
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	983,531
Depreciation expense	<u>(1,205,765)</u>
<b>Total adjustments</b>	<u>(205,174)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (418,533)</u></u>

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of Organization

The Rancho Santa Fe Fire Protection District (District) was formed on October 14, 1946 under an order adopted by the County of San Diego's (County) Board of Supervisors. The District spans approximately 49 square miles and protects over 35,000 citizens. The District is governed by a five-person elected Board of Directors. The Board is responsible for establishing policies, guidelines and providing direction for Fire District Staff.

#### 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.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### 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.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### 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 Inflows 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 for leases of assets held as investment, short-term leases, de minimis leases, and leases that transfer ownership of the underlying asset. As lessor, the leased right-to-use asset underlying the lease is not recognized. 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.

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**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 stated at cost or at their estimated fair value at date of donation. It is the District’s policy to capitalize assets costing over \$10,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

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

<u>Description</u>	<u>Estimated Lives</u>
Structures and Improvements	20-40 years
Equipment and vehicles	3-12 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**

The District’s policy is to permit full time employees to accumulate earned vacation leave. Vacation leave earned may be accumulated beyond the end of the calendar year. A maximum hour accrual is outlined in the employees corresponding memorandum of understanding. Accumulated unpaid sick leave is recognized as a liability of the District at a ratio 2:1 with a maximum hour accrual that is outlined in the employees corresponding memorandum of understanding. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District’s policies related to compensated absences. The measurement of compensated absences includes salary-related payment such as the employer portion of Social Security and Medicare taxes.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### 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: investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

**Investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation .

**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.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### 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.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

#### F. Property Taxes

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

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

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

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

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

During the fiscal year ended June 30, 2025, the District 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 6 for the effect of this Statement.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 2 – CASH AND INVESTMENTS

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

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 22,032,020
Restricted – cash and investments	<u>2,254,774</u>
Total cash and investments	<u>\$ 24,286,794</u>

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

<u>Description</u>	<u>Balance</u>
Demand deposits held with financial institutions	\$ 1,307,849
Local Agency Investment Fund (LAIF)	16,668
California CLASS	8,717,175
San Diego County Pooled Investment Fund (SDCPIF)	<u>14,245,102</u>
Total cash and investments	<u>\$ 24,286,794</u>

#### **Demand Deposits with Financial Institutions**

At June 30, 2025, the carrying amount of the District's demand deposits was \$1,307,849 and the financial institution's balance was \$1,562,651. 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.

#### **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.

## **RANCHO SANTA FE FIRE PROTECTION DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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#### **NOTE 2 – CASH AND INVESTMENTS (continued)**

##### **Local Agency Investment Fund (LAIF) (continued)**

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the 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, 2024, the District held \$16,028 in LAIF.

##### **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 AAAs/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 \$8,717,175 in California CLASS.

##### **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](http://www.sdttc.com). As of June 30, 2025, the District had \$14,245,102 in the SDCTIP.

## RANCHO SANTA FE 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:

Description	Balance
Restricted – cash and investments	\$ 2,254,774
Restricted – accrued interest receivable	30,381
Restricted – other receivables	<u>142,032</u>
<b>Total restricted net position</b>	<b><u>\$ 2,427,187</u></b>

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 RESOURCE – LEASES

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

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Building Space Rental 1	\$ 167,383	\$ -	\$ (86,330)	\$ 81,053
Building Space Rental 2	699,733	-	(92,630)	607,103
Cellular Antenna Site Rental 1	443,164	-	(84,262)	358,902
Cellular Antenna Site Rental 2	56,107	-	(39,252)	16,855
Cellular Antenna Site Rental 3	<u>116,699</u>	<u>-</u>	<u>(40,428)</u>	<u>76,271</u>
	<b><u>\$ 1,483,086</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (342,902)</u></b>	<b><u>\$ 1,140,184</u></b>

The District is reporting a total lease receivable of \$1,140,184 and \$1,483,086 and a total related deferred inflows of resources of \$1,060,827 and \$1,397,254 for the years ending June 30, 2025 and 2024, respectively. Also, the District is reporting total lease revenue of \$342,902 and \$331,261 and interest revenue of \$33,173 and \$41,589 related to lease payments received for the years ending June 30, 2025 and 2024, respectively. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.50% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District's leases are summarized as follows:

##### ***Building Space Rental 1***

The District, on July 1, 2021, renewed a continuous lease for 59 months as lessor for the use of building space. An initial lease receivable was recorded in the amount of \$406,299. As of June 30, 2025 the value of the lease receivable was \$81,053. The lease is required to make monthly fixed payments of \$7,461 for the remaining term of the lease. The lease has an interest rate of 2.50%. The value of the deferred inflow of resource was \$75,751 as of June 30, 2025. The District recognized lease revenue of \$86,330 and interest revenue of \$3,200 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

## **RANCHO SANTA FE FIRE PROTECTION DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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#### **NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCE – LEASES (continued)**

##### ***Building Space Rental 2***

The District, on July 1, 2021, renewed a continuous lease for 120 months as lessor for the use of building space. An initial lease receivable was recorded in the amount of \$941,035. As of June 30, 2025 the value of the lease receivable was \$607,103. The lease is required to make monthly fixed payments of \$9,089 for the remaining term of the lease. The lease has an interest rate of 2.50%. The value of the deferred inflow of resource was \$564,621 as of June 30, 2025. The District recognized lease revenue of \$92,630 and interest revenue of \$16,437 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period.

##### ***Cellular Antenna Site Rental 1***

The District, on July 1, 2021, renewed a continuous lease for 96 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$675,006. As of June 30, 2025, the value of the lease receivable was \$358,902. The lease is required to make monthly fixed payments of \$7,865 for the remaining term of the lease. The lease has an interest rate of 2.50%. The value of the deferred inflow of resource was \$337,503 as of June 30, 2025. The District recognized lease revenue of \$84,262 and interest revenue of \$10,118 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### ***Cellular Antenna Site Rental 2***

The District, on July 1, 2021, renewed a continuous lease for 53 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$161,799. As of June 30, 2025, the value of the lease receivable was \$16,855. The lease is required to make monthly fixed payments of \$3,392 for the remaining term of the lease. The lease has an interest rate of 2.50%. The value of the deferred inflow of resource was \$15,264 as of June 30, 2025. The District recognized lease revenue of \$39,252 and interest revenue of \$959 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

##### ***Cellular Antenna Site Rental 3***

The District, on July 1, 2021, renewed a continuous lease for 69 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$222,401. As of June 30, 2025, the value of the lease receivable was \$76,271. The lease is required to make monthly fixed payments of \$3,654 for the remaining 9 months, then increasing 3.0% every year. The lease has an interest rate of 2.50%. The value of the deferred inflow of resource was \$67,688 as of June 30, 2025. The District recognized lease revenue of \$40,428 and interest revenue of \$2,459 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

**NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCE – LEASES (Continued)**

Minimum future lease receipts are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 322,025	\$ 24,626	\$ 346,651
2027	219,472	17,845	237,317
2028	190,655	12,792	203,447
2029	195,476	7,971	203,447
2030	104,951	4,117	109,068
2031	<u>107,605</u>	<u>1,463</u>	<u>109,068</u>
Total	1,140,184	\$ 68,814	\$ 1,208,998
Current	<u>(322,025)</u>		
Long-term	<u>\$ 818,159</u>		

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

<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Building Space Rental 1	\$ 158,388	\$ -	\$ (82,637)	\$ 75,751
Building Space Rental 2	658,725	-	(94,104)	564,621
Cellular Antenna Site Rental 1	421,878	-	(84,375)	337,503
Cellular Antenna Site Rental 2	51,897	-	(36,633)	15,264
Cellular Antenna Site Rental 3	<u>106,366</u>	<u>-</u>	<u>(38,678)</u>	<u>67,688</u>
	<u>\$ 1,397,254</u>	<u>\$ -</u>	<u>\$ (336,427)</u>	<u>\$ 1,060,827</u>

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2025, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 308,173
2027	207,488
2028	178,479
2029	178,479
2030	94,104
2031	<u>94,104</u>
	<u>\$ 1,060,827</u>

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**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 \$300,000. 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 \$668,302 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, 2024 – Seven member agencies
- D. **Governing board** Seven representatives employed/appointed by members
- E. **District payments for FY 2024:**  
  - Contribution \$714
- F. **Condensed financial information** June 30, 2025  
  - Audit signed July 31, 2025

	<u>June 30, 2025</u>	<u>District Share</u>
<b>Statement of net position:</b>		
<b>Total assets</b>	\$ 3,981,639	\$ 668,302
<b>Total liabilities</b>	-	-
<b>Net position</b>	<u>\$ 3,981,639</u>	<u>\$ 668,302</u>
<b>Statement of revenues, expenses and changes in net position:</b>		
<b>Total revenues</b>	\$ 183,806	\$ 21,566
<b>Total expenses</b>	-	-
<b>Change in net position</b>	183,806	21,566
<b>Beginning - net position</b>	<u>3,797,883</u>	<u>636,736</u>
<b>Ending - net position</b>	<u>\$ 3,981,689</u>	<u>\$ 658,302</u>
<b>G. District's share of year-end financial position</b>	<u>100.00%</u>	<u>16.53%</u>

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**  
*Notes to Financial Statements*  
For the Fiscal Year Ended June 30, 2025

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**NOTE 6 – CAPITAL ASSETS**

Changes in capital assets for the year were as follows:

Description	Balance July 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable capital assets:				
Land	\$ 3,374,840	\$ -	\$ -	\$ 3,374,840
Construction-in-progress	<u>481,323</u>	<u>280,714</u>	<u>(481,323)</u>	<u>280,714</u>
Total non-depreciable capital assets	<u>3,856,163</u>	<u>280,714</u>	<u>(481,323)</u>	<u>3,655,554</u>
Depreciable capital assets:				
Structures and improvements	25,597,155	591,239	(362,476)	25,825,918
Equipment	911,751	26,206	-	937,957
Vehicles	<u>6,314,802</u>	<u>566,695</u>	<u>(430,997)</u>	<u>6,450,500</u>
Total depreciable capital assets	<u>32,823,708</u>	<u>1,184,140</u>	<u>(793,473)</u>	<u>33,214,375</u>
Accumulated depreciation:				
Structures and improvements	(9,916,740)	(736,748)	362,476	(10,291,012)
Equipment	(584,180)	(57,859)	-	(642,039)
Vehicles	<u>(3,981,320)</u>	<u>(411,158)</u>	<u>430,997</u>	<u>(3,961,481)</u>
Total accumulated depreciation/amortization	<u>(14,482,240)</u>	<u>(1,205,765)</u>	<u>793,473</u>	<u>(14,894,532)</u>
Total depreciable/amortizable capital assets, net	<u>18,341,468</u>	<u>(21,625)</u>	<u>-</u>	<u>18,319,843</u>
<b>Total capital assets, net</b>	<u><u>\$ 22,197,631</u></u>	<u><u>\$ 259,089</u></u>	<u><u>\$ (481,323)</u></u>	<u><u>\$ 21,975,397</u></u>

Depreciation expense for the year ended June 30, 2025 was \$1,205,765.

**NOTE 7 – COMPENSATED ABSENCES**

Compensated absences comprise unpaid vacation leave and sick leave which are accrued as earned. The District’s liability for compensated absences is determined annually. The changes to the compensated absences balance at June 30, 2025 were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Current Portion	Long-term Portion
<u>\$ 1,549,676</u>	<u>\$ 556,643</u>	<u>\$ 2,106,319</u>	<u>\$ 150,000</u>	<u>\$ 1,956,319</u>

As of June 30, 2025, the total liability for compensated absences was \$2,106,319, of which \$150,000 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.

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**NOTE 8 – 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 \$1,416,548.

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	\$ 1,517,007
Claim payments	162,206
Revised claims estimate	<u>(262,665)</u>
Change in claims balance	<u>(100,459)</u>
Estimated claims balance – June 30, 2025	<u>\$ 1,416,548</u>

**NOTE 9 – 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	\$ 7,412,712
Net pension liability	\$ 13,972,911
Pension related deferred inflows of resources	\$ 1,796,922

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**NOTE 9 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN(continued)**

**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):

	<b>Miscellaneous Plans</b>		
	<b>Classic Tier 1</b>	<b>Classic Tier 2</b>	<b>PEPRA Tier 3</b>
Hire date	Prior to April 30, 2012	On or after May 1, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.5% @ 55	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	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required member contribution rates 2024	0.000%	8.000%	7.750%
Required employer contribution rates 2024	0.000%	13.340%	7.680%
	<b>Safety Plans</b>		
	<b>Classic Tier 1</b>	<b>Classic Tier 2</b>	<b>PEPRA Tier 3</b>
Hire date	Prior to April 30, 2012	On or after May 1, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.5% @ 55	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	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required member contribution rates 2024	9.000%	9.000%	13.750%
Required employer contribution rates 2024	27.110%	22.830%	13.540%

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 9 – 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			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	23	13	34	70
Transferred and terminated members	32	3	21	56
Retired members and beneficiaries	82	-	-	82
<b>Total plan members</b>	<b>137</b>	<b>16</b>	<b>55</b>	<b>208</b>

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.

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

**NOTE 9 – 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			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Contributions – Miscellaneous Plans	\$ 109,605	\$ 47,873	\$ 77,133	\$ 234,611
Contributions – Safety Plans	2,997,344	551,495	499,124	4,047,963
<b>Total contributions</b>	<b>\$ 3,106,949</b>	<b>\$ 599,368</b>	<b>\$ 576,257</b>	<b>\$ 4,282,574</b>

**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
<b>CalPERS – Total Plans:</b>			
Balance as of June 30, 2023 (Measurement Date)	\$ 93,147,178	\$ 77,845,824	\$ 15,301,354
Balance as of June 30, 2024 (Measurement Date)	\$ 96,920,866	\$ 82,947,955	\$ 13,972,911
<b>Change in Plan Net Pension Liability</b>	<b>\$ 3,773,688</b>	<b>\$ 5,102,131</b>	<b>\$ (1,328,443)</b>

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

**NOTE 9 – 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	0.11522%	0.12265%	-0.00743%

For the year ended June 30, 2025, the District recognized pension expense of \$5,357,927. 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	\$ 4,282,574	\$ -
Difference between actual and proportionate share of employer contributions	172,508	(1,606,146)
Adjustment due to differences in proportions	781,323	(152,923)
Differences between expected and actual experience	1,145,547	(37,853)
Differences between projected and actual earnings on pension plan investments	685,348	-
Changes in assumptions	345,412	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 7,412,712</b>	<b>\$ (1,796,922)</b>

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.

**RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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**NOTE 9 – 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 \$4,282,574 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	\$ 809,043
2027	1,128,095
2028	(369,396)
2029	(234,526)
<b>Total</b>	<b>\$ 1,333,216</b>

**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, 2022, 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

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 9 – 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.

<u>Investment Type<sup>1</sup></u>	<u>New Strategic Allocation</u>	<u>Real Return<sup>1,2</sup></u>
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%
	<u>100.0%</u>	

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study.

# RANCHO SANTA FE FIRE PROTECTION DISTRICT

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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### NOTE 9 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

#### C. 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	\$ 27,199,296	\$ 13,972,911	\$ 3,150,032

##### 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.

#### D. 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.

## RANCHO SANTA FE FIRE PROTECTION DISTRICT

### Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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#### NOTE 10 – FUND BALANCES

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

Description	General Fund	Fire Mitigation Fund	Total
<b>Non-spendable:</b>			
Prepaid items	\$ 123,045	\$ -	\$ 123,045
<b>Restricted:</b>			
Mitigation fees	-	2,427,187	2,427,187
<b>Assigned:</b>			
Deposits with Public Agencies Self Insurance System	668,302	-	668,302
Compensated absences	2,106,319	-	2,106,319
Workers' compensation claims payable	748,246	-	748,246
<b>Total assigned</b>	<u>3,522,867</u>	<u>-</u>	<u>3,522,867</u>
<b>Unassigned</b>	<u>18,449,455</u>	<u>-</u>	<u>18,449,455</u>
<b>Total fund balances</b>	<u>\$ 22,095,367</u>	<u>\$ 2,427,187</u>	<u>\$ 24,522,554</u>

#### NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

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

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

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

## **RANCHO SANTA FE FIRE PROTECTION DISTRICT**

### *Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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#### **NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (HEALTH RETIREMENT SAVINGS ACCOUNT)**

For the benefit of its employees, the District established, with the consent of a Trustee, a trust that is known as RSFFPD VEBA Health Savings Trust (Trust). The effective date of the Trust was January 1, 2006. The purposes of the Trust are (1) to provide a source of funds to pay benefits and administrative expenses under the District's Medical Retirement Savings Plan (Plan), and (2) to permit Trust assets to be invested and such earning thereon to be not taxable under the Internal Revenue Code (Code).

All assets of the Plan are held in the Trust by the Trustee. The Trust is intended to qualify as a tax-exempt trust under the Section 501(c)(9) of the Code. The District contributes to the Trust via direct contributions, unused medical premiums, and the mandatory sale of sick leave. The assets held in the trust are for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2025 was \$8,215,005. The District made contributions of \$371,462 to the Trust for the year ended June 30, 2025.

#### **NOTE 13 – JOINT VENTURES**

The District is a member of the North County Dispatch Joint Powers Authority (Authority). The Authority was formed on June 11, 2984, and other member agencies include North County Fire Protection District, and the cities of Vista, San Marcos, Solana Beach, Oceanside, Encinitas, and Carlsbad. The purpose of the Authority is to provide dispatching and emergency communication service for fire protection, security, and medical services. The District made payments for dispatch services in the amount of \$239,684 in 2025. In the event of the dissolution of the Authority, available assets shall be distributed to the member agencies in the proportion to the aggregate contribution made by each member agency during the entire term of the agreement.

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

#### **NOTE 14 – RISK MANAGEMENT**

The District is exposed to various risks of loss and has effectively managed risk thorough a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered, IN addition there were no settlements or claims in the past three years that exceeded insurance coverage. The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2025:

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

## **RANCHO SANTA FE FIRE PROTECTION DISTRICT**

*Notes to Financial Statements*

*For the Fiscal Year Ended June 30, 2025*

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### **NOTE 15 – 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 16 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through February 18, 2026, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**RANCHO SANTA FE FIRE PROTECTION DISTRICT**  
*Budgetary Comparison Schedule – General Fund*  
*For the Fiscal Year Ended June 30, 2025*

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	<b>Revised Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES:</b>			
Property taxes	\$ 17,086,424	\$ 16,899,539	\$ (186,885)
Parcel tax	1,780,780	1,072,270	(708,510)
Property assessment	741,100	790,019	48,919
CSA-17 contract	-	207,721	207,721
Joint facilities community agreement	-	504,450	504,450
Cal-OES	-	1,359,428	1,359,428
Fire prevention – plan check and inspections	350,000	402,030	52,030
Weed abatement	-	42,478	42,478
Other charges	-	500	500
Reimbursements	-	15,593	15,593
Operating and capital grant funding	150,000	238,484	88,484
Rental income	496,317	461,557	(34,760)
Developer payments	-	61,285	61,285
Other revenue	-	82,798	82,798
Investment earnings	456,965	1,091,828	634,863
<b>Total revenues</b>	<u>21,061,586</u>	<u>23,229,980</u>	<u>2,168,394</u>
<b>EXPENDITURES:</b>			
Fire related services:			
Salaries and wages	12,387,440	13,514,785	(1,127,345)
Employee benefits	6,105,147	5,797,544	307,603
Insurance	500,000	596,050	(96,050)
Materials and services	3,429,480	3,359,605	69,875
Capital outlay	581,000	983,531	(402,531)
<b>Total expenditures</b>	<u>23,003,067</u>	<u>24,251,515</u>	<u>(1,248,448)</u>
<b>REVENUES OVER(UNDER) EXPENDITURES</b>	(1,941,481)	(1,021,535)	919,946
<b>OTHER FINANCING SOURCES(USES):</b>			
Sale of capital assets	-	25,200	(25,200)
<b>Total other financing sources(uses)</b>	-	25,200	(25,200)
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ (1,941,481)</u>	<u>(996,335)</u>	<u>\$ 894,746</u>
<b>FUND BALANCE:</b>			
Beginning of year		<u>23,091,702</u>	
End of year		<u>\$ 22,095,367</u>	

**RANCHO SANTA FE 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**

<b>Measurement Date</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</b>
June 30, 2015	0.129422%	\$ 8,883,393	\$ 5,925,389	162.29%	83.47%
June 30, 2016	0.125562%	10,865,029	6,270,128	183.36%	74.06%
June 30, 2017	0.112792%	11,185,827	6,967,247	178.40%	73.31%
June 30, 2018	0.107110%	10,321,502	7,340,616	148.14%	75.26%
June 30, 2019	0.106580%	10,921,460	7,300,832	148.78%	75.26%
June 30, 2020	0.114860%	12,496,976	7,494,913	171.17%	75.10%
June 30, 2021	0.337320%	1,824,298	7,433,214	24.34%	88.29%
June 30, 2022	0.122870%	14,192,830	7,831,204	190.94%	76.68%
June 30, 2023	0.122650%	15,301,354	8,646,024	176.98%	83.57%
June 30, 2024	0.122650%	13,972,911	8,703,209	160.55%	85.58%

**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, 2023 to June 30, 2024:**

There were no significant changes in assumptions.

**RANCHO SANTA FE 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**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution (Deficiency) Excess</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2016	\$ 1,293,222	\$ 2,793,322	\$ 1,500,100	\$ 5,925,389	21.83%
June 30, 2017	1,398,414	3,025,702	1,627,288	6,270,128	22.30%
June 30, 2018	1,172,632	2,110,926	938,294	6,967,247	16.83%
June 30, 2019	1,694,429	2,656,080	961,651	7,340,616	23.08%
June 30, 2020	1,918,645	2,375,670	457,025	7,300,832	26.28%
June 30, 2021	2,142,743	3,142,743	1,000,000	7,494,913	28.59%
June 30, 2022	2,235,653	3,281,544	1,045,891	7,433,214	30.08%
June 30, 2023	2,394,107	3,477,415	1,083,308	7,831,204	30.57%
June 30, 2024	1,275,605	1,275,605	-	8,646,024	14.75%
June 30, 2025	3,037,135	4,282,574	1,245,439	8,703,209	34.90%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
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, 2022	Entry Age	Fair Value	2.30%	6.90%

<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Salary Increases</b>	Depending on age, service, and type of employment
<b>Investment Rate of Return</b>	Net of pension plan investment expense, including inflation
<b>Retirement Age</b>	50 years (3%@60), 52 years (2%@62)
<b>Mortality</b>	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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***Other Independent Auditors' Report***

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**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  
Rancho Santa Fe Fire Protection District  
Spring Valley, 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 Rancho Santa Fe 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 Rancho Santa Fe Fire Protection District's basic financial statements, and have issued our report thereon dated February 18, 2026.

**Report on Internal Control Over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rancho Santa Fe 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  
February 18, 2026