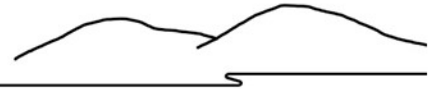


**Zayante Fire Protection District**

**FINANCIAL STATEMENTS**

**AUDIT REPORT**

**June 30, 2024**



Zayante Fire Protection District

**INDEPENDENT AUDITOR'S REPORT**

**Opinions**

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

**Basis for Opinions**

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

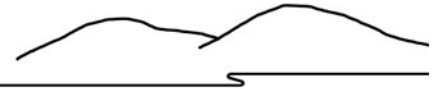
**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

PNPCPA

**Zayante Fire Protection District**

**Audit Report  
June 30, 2024**

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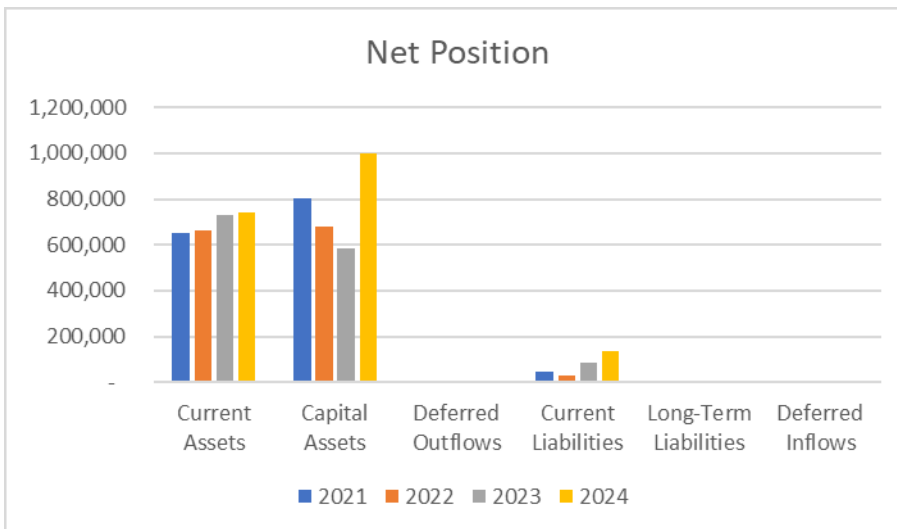
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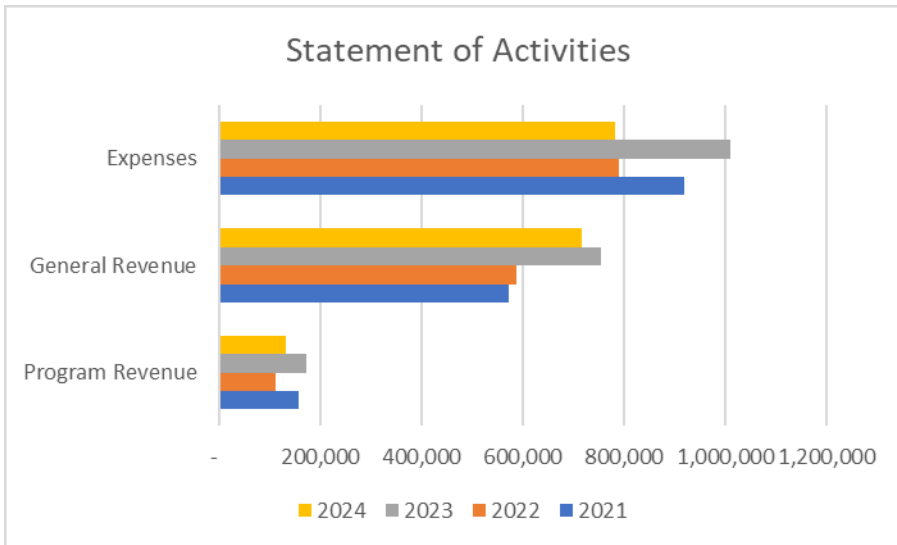
# Zayante Fire Protection District

## Management's Discussion and Analysis Fiscal Year Ending June 30, 2024

As management of the Zayante Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ending June 30, 2024, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2023-2024 and FY 2022-2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

### Financial Highlights





### Using This Annual Report - Overview of the Financial Statements

This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District’s finances. These statements provide information about the financial activities of the District in a manner similar to private sector companies.

Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

### Government-wide Financial Statements

The financials provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting. In this method, all the current year's revenues and expenses are considered, regardless of when cash is paid or received.

The Statement of Net Position represents the difference between all the District's assets and liabilities and the Statement of Activities reports the changes in net position during the fiscal year. Examining net position is an effective way to measure the District's financial health or position. Increases and decreases in net position is a good indicator of whether the District's financial position is improving or deteriorating.

### Budget vs Actual

The Statement of Revenues, Expenses and Changes in Fund Net Position Budget and Actual shows a comparison. The budget is based on anticipated cash flows.

**General Fund** - This fund is used to finance the operations of the District. Tax revenues are placed in the General Fund and regular operating expenses are charged here.

At the end of fiscal year 2024, the District had \$3,611,155 invested in a range of capital assets, including land, structures, vehicles and equipment.

## **Economic Factors and Next Year's Budget**

The FY24 cash balance increased due to decreased salary and benefit expenses realized by a vacated 40-hour Fire Captain position combined with decreased service and supply expenditures, while total asset value will be increasing as Capital Outlay purchases were realized. Our Net Position increased from 2023 to 2024 with depreciation expense as the principal contributor reflecting a healthy net position.

During FY2022-2023, the fire administration transitioned in June 2023 with the resignation of the Fire Chief. The new administration's main goal was the identification of budgeted expenses, transitioning cost account management and implementation of cost control measures as appropriate to maintain the service level. The district absorbed broad-based 2022-2024 service and supply increases including inflationary pressure from vehicle fuel expenses, utilities, deferred vehicle maintenance and deferred facility maintenance.

During January 2023, the District main fire station was flooded throughout and incurred significant cosmetic damage. Damage was mostly covered by liability Insurance, community donations and internal work efforts to restore building functionality. This event contributed to higher than normal expenditures to repair the facility.

Fiscal Year 2023-2024 budget control measures continued with the extension of a vacant day-time staffing Fire Captain position. The district continues to manage service and supply contracts for effective spending. The district anticipates continued pressure from Workers Compensation and Liability Insurance premiums.

The District surplused two obsolete fire engines and a staff vehicle to reduce maintenance cycle expense and reduced asset values in 2023. The District engaged in a Lease Purchase of a 2024 Type 3 4x4 Wildland Fire Engine to amortize the fiscal impact of a capital purchase over 6 years and it was delivered in January 2024. A used Type 6 wildland Engine was purchased from Capital Outlay funds for \$64,000 increasing response capacity and fleet asset values and it was accepted in April 2024.

The District maintains internal controls, and policies for payroll processing including Supervisory oversight of timecards by position. The Board chair signs off on the Fire Chief and Finance Services Manager timecards. This was implemented to give the Board of Directors direct oversight of the management functions.

The District's main source of revenue is property taxes. The District has seen slow property tax growth resulting from the economic slowdown associated with the COVID shutdown over several years. The passing of Measure O implemented on July 1, 2017, allowed hiring of additional paid day time staff, at the expense of capital equipment purchasing, has also suffered effectiveness due to rising inflation including cost of personnel services and supplies. The District response to balance the budget comes with decreased service and supply expense and reduced daytime staffing.

The District initiated a Parcel Tax ballot measure in fall 2024 and with the passage of Measure T additional revenue will be available to augment daytime staffing and make modest contributions to the Capital Outlay fund for fire apparatus funding.

### **Other Fiscal Matters**

The District will continue to pursue DHS/FEMA grants to help offset cost of equipment where opportunity presents. In 2024, FEMA awarded a SAFER grant for firefighter recruitment and retention that has paid modest stipends for firefighters sleeping over at the station and funding the purchase protective clothing for new firefighters. In 2023-2024 the District received a Rural Fire Capacity grant for \$4393 for wildland firefighting fire shelters. Additionally, the District received \$15,000 from the California Fire Foundation to aid in hardening Fire Stations 2 & 3 and \$29,000 to purchase a Slip-On Tank package for a pick up from the Department of Interior Wildland firefighting program.

### **Requests for Information**

This financial report is designed to provide a general overview of the Branciforte Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fire Chief, Zayante Fire Protection District.



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**GOVERNMENT FUNDS FINANCIAL STATEMENTS**

**Zayante Fire Protection District**

**Balance Sheet  
June 30, 2024**

	<b><u>General Fund</u></b>	<b><u>Capital Fund</u></b>	<b><u>Total</u></b>
<b><u>ASSETS</u></b>			
<u>Assets:</u>			
Cash	\$ 634,040	\$ 106,032	\$740,072
Accounts Receivable	-	-	-
Deposits & Prepaid Expenses	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	634,040	106,032	\$740,072
	<hr/>	<hr/>	<hr/>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>			
<u>Liabilities:</u>			
Accounts Payable	23,002	-	23,002
Accrued Payroll	43,899	-	43,899
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	66,901	-	66,901
	<hr/>	<hr/>	<hr/>
<u>Fund Balances:</u>			
Unassigned	562,139	-	562,139
Restricted	5,000	-	5,000
Assigned	-	106,032	106,032
	<hr/>	<hr/>	<hr/>
Total Fund Balance	567,139	106,032	673,171
	<hr/>	<hr/>	<hr/>
<b><u>TOTAL LIABILITIES &amp; FUND BALANCE</u></b>	<b><u>\$ 634,040</u></b>	<b><u>\$ 106,032</u></b>	<b><u>\$740,072</u></b>

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

**ZAYANTE FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

---

	June 30, 2024
Total Fund Balances - Governmental Funds	\$ 673,171
<p>Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.</p>	
Total Historical Cost of Capital Assets	3,611,155
Less: Accumulated Depreciation	(2,613,348)
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	-
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	-
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	-
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds. This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	-
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(380,054)
Net Position	\$ 1,290,923

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The accompanying notes are an integral part of these financial statements

## Zayante Fire Protection District

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

<u>REVENUE</u>	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>
Tax Revenue	\$ 519,120	\$ -	\$ 519,120
Fire Protection Tax	147,124	-	147,124
Charges for Service	4,165	-	4,165
Interest & Investment Earnings	15,626	6,250	21,876
License & Permits	-	-	-
Grants & Contributions	126,172	-	126,172
Miscellaneous	37,618	-	37,618
<b>TOTAL REVENUE</b>	<b>849,825</b>	<b>6,250</b>	<b>856,075</b>
<b><u>EXPENDITURES</u></b>			
Capital Assets	532,899	-	532,899
Debt Service:			-
Principle	66,535	-	66,535
Interest	21,483	-	21,483
Salaries and Employee Benefits	424,094	-	424,094
Repairs and Maintenance	57,923	-	57,923
Services, Supplies and Refunds	173,236	-	173,236
<b>TOTAL EXPENDITURES</b>	<b>1,276,170</b>	<b>-</b>	<b>1,276,170</b>
<b>Excess (Deficit) Revenues over Expenditures</b>	<b>(426,345)</b>	<b>6,250</b>	<b>(420,095)</b>
<b>Other Financing Sources</b>	<b>450,000</b>	<b>-</b>	<b>450,000</b>
<b>Transfer in/(out)</b>	<b>90,665</b>	<b>(90,665)</b>	<b>-</b>
<b><u>CHANGE IN FUND BALANCE</u></b>	<b>114,320</b>	<b>(84,415)</b>	<b>29,905</b>
<b><u>FUND BALANCE, BEGINNING OF YEAR</u></b>	<b>452,819</b>	<b>190,447</b>	<b>643,266</b>
<b><u>FUND BALANCE, END OF YEAR</u></b>	<b>\$ 567,139</b>	<b>\$ 106,032</b>	<b>\$ 673,171</b>

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

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

---

	June 30, 2024
Net Change in Fund Balances - Total Governmental Funds	\$ 29,905
Amounts reported for governmental activities in the Statement of Activities are different as follows:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year	
Current Year Capital Outlays	537,879
Less: Current Year Depreciation Expense	(112,851)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	(10,531)
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	-
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	(380,354)
Change in Net Position of Governmental Activities	\$ 64,048

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The accompanying notes are an integral part of these financial statements

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



## Zayante Fire Protection District

### Statement of Net Position June 30, 2024

<u>ASSETS</u>	<u>2024</u>
<u>Current Assets:</u>	
Cash	\$ 740,072
Accounts Receivable	-
Deposits & Prepaid Expenses	-
Total Current Assets	<u>740,072</u>
<u>Capital Assets:</u>	
Land	76,106
Buildings & Improvements	1,095,312
Firefighting Equipment	2,439,737
Construction in Progress	-
Less: Accumulated Depreciation	<u>(2,613,348)</u>
Total Capital Assets	<u>997,807</u>
<b>TOTAL ASSETS</b>	<b><u>1,737,879</u></b>
<u>DEFERRED OUTFLOW</u>	
GASB 68 Pension	<u>-</u>
<b>TOTAL DEFERRED OUTFLOW</b>	<b><u>-</u></b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b><u>1,737,879</u></b>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	23,002
Accrued Payroll Liabilities	43,899
Current Portion	<u>69,536</u>
Total Current Liabilities	<u>136,437</u>
<u>Long-term Liabilities:</u>	
	<u>310,518</u>
<b>TOTAL LIABILITIES</b>	<b><u>446,955</u></b>
<u>DEFERRED INFLOWS</u>	
GASB 68 Pension	<u>-</u>
<b>TOTAL DEFERRED INFLOWS</b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b><u>446,955</u></b>
<u>NET POSITION</u>	
Net Investment in Capital Assets	617,753
Restricted	5,000
Unrestricted	<u>668,171</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,290,924</u></b>

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

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

		<b>Operating Revenues</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Grants and Contributions</b>	<b>Excess of Revenues/(Expenses)</b>
<b><u>Governmental Activities</u></b>				
Public Protection	\$ 668,645	\$ 4,165	\$ 126,172	\$ (538,308)
Depreciation (Unallocated)	112,851	-	-	(112,851)
<b>Total Governmental Activities</b>				<b>(651,159)</b>
 <b>General Revenues:</b>				
Tax Revenue				519,120
Fire Fee				147,124
Change in Faie Value of Investments				-
Interest & Investment Earnings				21,876
License, Permits & Rents				-
Miscellaneous				27,087
<b>Total General Revenues</b>				<b>715,207</b>
 <b>NET CHANGE IN NET POSITION</b>				 <b>64,048</b>
 <b>NET POSITION, BEGINNING OF YEAR</b>				 <b>1,226,877</b>
 <b>NET POSITION, END OF YEAR</b>				 <b>\$ 1,290,924</b>

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

## **Zayante Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED June 30, 2024**

#### Organization

The Zayante Fire Protection District was organized in 1957, under the authority of Section 56000 et. seq. of the California Government Code, in conformity with the Health and Safety Code, Sections 14001 et. seq. and was reorganized in conformity with the Health and Safety Code, Sections 13801 et. seq. The District provides fire protection for the area of Zayante and vicinity.

#### Accounting Records

The official accounting records of the District are maintained in the office of the Auditor-Controller of the County of Santa Cruz. Supporting documents are maintained by the District.

#### Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

#### Budgetary Procedure

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

#### Note 1 - Significant Accounting Policies

##### Accounting Principles

The financial statements of the Zayante Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

##### Basis of Accounting and Measurement Focus

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

##### Financial Statement Presentation

###### Government-Wide Financial Statements

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

## **Zayante Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED June 30, 2024**

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

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

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

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

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

### **Fund Financial Statements**

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

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

## **Zayante Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED June 30, 2024**

intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

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

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

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

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

#### Use of Restricted/Unrestricted Net Position

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

#### Pooled Cash and Investments

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

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

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

**Zayante Fire Protection District**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED June 30, 2024**

**Accounts Receivable**

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

**Prepaid Expenditures**

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

**Capital Assets**

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

General Capital Assets	\$5,000 and or a serviceable life greater than 3 years
------------------------	--

Depreciation on all assets is provided on the straight-line basis over and estimated useful life.

Buildings	20-40 years
-----------	-------------

Equipment	5-20 years
-----------	------------

**Deferred Outflows/Inflows of Resources**

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

**Accounts Payable and Accrued Liabilities**

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received. Payables are liabilities of the District based upon current year charges for goods or services received but not paid in the current year.

**Long-Term Obligations**

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

**Property Taxes**

The County of Santa Cruz assesses properties, bills, and collects property taxes for the District. Assessed values are determined annually by the County Assessor as of March 1, and become a lien on real property as of that date. Taxes are due November 1 and February 1 and are delinquent if not paid by December

**Zayante Fire Protection District**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED June 30, 2024**

10 and April 10, respectively. The County bills and collects property taxes and remits them to the District under the state authorized method of apportioning taxes whereby all local agencies, including special districts, receive for the County their respective shares of the amount of ad valorem taxes collected.

**Estimates**

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

**Note 2 – Cash**

**Summary of Cash**

	<u>June 30, 2024</u>
County Cash	\$ 740,072
Deposits in Financial Institutions	-
Total	<u>\$ 740,072</u>

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Santa Cruz’s Investment Pool: The District maintains its cash in County of Santa Cruz’s cash and investment pool which is managed by the Santa Cruz County Treasurer. The District’s cash balances invested in the Santa Cruz County Treasurer’s cash and investment pool are stated at amortized cost, which approximates fair value. Santa Cruz County does not invest in any derivative financial products. The Santa Cruz County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Santa Cruz County’s cash and investment pool. The value of pool shares in Santa Cruz County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District’s position in the pool. Investments held in the County’s investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County’s investment pool does not have a rating provided by a nationally recognized statistical rating organization.

## **Zayante Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED June 30, 2024**

**Custodial Risk:** Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that 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% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2021.

#### Note 3 –Accounts Receivable

On June 30, 2024, the District had \$0 in Accounts Receivable.

On June 30, 2023, the District had \$0 in Accounts Receivable.

#### Note 4 – Capital Assets

The District believes that sufficient detail of Capital assets balances is provided in the financial statements to avoid obscuring of significant components by aggregation

#### Note 5 – Accrued Payables

On June 30, 2024, the District had \$23,002 in AP.

On June 30, 2023, the District had \$31,317 in AP.



**Zayante Fire Protection District**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED June 30, 2024**

**Note 6 Long-Term Liabilities**

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

	Beginning	Additions	Reductions	Ending
Kansas Bank	-	450,000	(69,946)	380,054
	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ (69,946)</u>	<u>\$ 380,054</u>

In 2024 the District entered into a capital lease with Kansas State Bank for the purchase of an HME engine. The loan bears interest at a rate of 4.79%, per annum.

Kansas Bank payemnts for the year-ended June 30,

	Interest	Principal	Total
2025	18,355	69,536	87,891
2026	16,016	71,875	87,891
2027	12,309	75,582	87,891
2028	8,410	79,481	87,891
2029	4,311	83,580	87,891
	<u>\$ 59,401</u>	<u>\$ 380,054</u>	<u>\$ 439,456</u>

**Note 7 – Risk Management**

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSACOEIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency (JPA formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance note is given. However, CSAC-EIA may cancel a membership at any time upon a two-thirds vote of the Board of Directors and with sixty days written notice. Upon

**Zayante Fire Protection District**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED June 30, 2024**

withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods they have participated. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting and annual budget.

Primary Workers' Compensation - The Primary Workers' Compensation program is a full service program including claims administration. The program blends pooling of workers' compensation claims with purchased stop loss insurance.

Excess Workers' Compensation - CSAC retains responsibility for payment of claims in excess of \$125,000 for each member who also participates in the primary workers' compensation program. Claim liabilities are recognized based on the actuarial estimate of expected ultimate claim cost discounted at 6%.

Liability Insurance

Insurance coverage as of June 30, 2024 is as follows:

<u>Property</u>	<u>Deductible</u>	<u>Limits</u>
Real Property, Including Code Upgrade and On-site Equipment Breakdown	\$1,000	Guaranteed Replacement Cost Included
Building Contents and Personal Property	\$1,000	
Building and Contents Sublime, Earthquake and Flood	\$1,000	\$1,000,000 Each loss and each location
Electronic Data Processing		
Business - Personal Property Included	\$500	\$250,000
Equipment	\$500	\$250,000
Software	\$500	\$250,000
<u>Emergency Services</u>	<u>Deductible</u>	<u>Limits</u>
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater:	\$250	Guaranteed Replacement Cost (Unlimited)
Miscellaneous Portable Equipment		\$250,000
Public Employee Dishonesty/Fidelity Bond		\$1,000,000
Employee Benefits Liability		
Automobile Comprehensive	\$250/1,000	Agreed Value or ACV
Automobile Collision	\$250/1,000	Agreed Value or ACV
<u>Liability</u>		
Commercial/General Liability Each Occurrence		\$1,000,000
General Aggregate Limit		\$10,000,000
<u>Automobile Coverage -</u>		
Combined Single Limit		\$1,000,000
Uninsured/Underinsured Motorists		\$1,000,000
<u>Excess Liability Coverage -</u>		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		\$5,000,000 Each Occurrence \$10,000,000 Aggregate

**Zayante Fire Protection District**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED June 30, 2024**

Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary			\$1,000,000 Each Wrongful Act \$10,000,000 Aggregate
Medical Expense (Any one person)			\$5,000
Valuable Papers/Records			\$250,000
Loss of Income - Extra Expense			Actual Cost
Money and Securities	\$250		\$25,000
Uncollected Funds			\$250,000
<u>Personnel:</u>			
Workers' Compensation			Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current			Per Policy
Dental			Per Policy
Term Life Insurance			Per Policy

**Note 8– Subsequent Events**

The District's management has evaluated events and transactions subsequent to June 30, 2024 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through , the date the financial statements became available to be issued. The entity has not evaluated subsequent events after .

**Zayante Fire Protection District**

**Supplemental Information**

**June 30, 2024**

## Zayante Fire Protection District

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

<u>REVENUE</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Tax Revenue	\$ 306,252	\$ 519,120	\$ 212,868
Fire Protection Tax	110,000	147,124	37,124
Charges for Service	2,950	4,165	1,215
Grants & Contributions	97,019	126,172	29,153
Interest & Investment Earnings	10,500	21,876	11,376
Miscellaneous	37,001	37,618	617
<b>TOTAL REVENUE</b>	<b>563,722</b>	<b>856,075</b>	<b>292,353</b>
 <u>EXPENDITURES</u>			
Capital Assets	85,077	532,899	(447,822)
Debt Service:			
Principle	66,535	66,535	-
Interest	21,483	21,483	-
Salaries and Employee Benefits	406,646	424,094	(17,448)
Repairs and Maintenance	59,807	57,923	1,884
Services, Supplies and Refunds	215,600	173,236	42,364
<b>Total Expenditures</b>	<b>855,148</b>	<b>1,276,170</b>	<b>(421,022)</b>
<b>Other Financing Sources</b>		450,000	
<b>CHANGE IN FUND BALANCE</b>	<b>(291,426)</b>	<b>29,906</b>	
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>643,266</b>	
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 673,171</b>	