



**PUBLIC MEETING OF THE
DEER SPRINGS FIRE PROTECTION DISTRICT (DSFPD)**

November 13, 2024

Open Session 4:00 p.m.

Meeting Location: DSFPD Station 1, 8709 Circle R Drive, Escondido, CA 92026

All agenda materials and other writings related to agenda items that are distributed to the board are available for public inspection at the District's offices located at 8709 Circle R Drive, Escondido, Ca. 92026

1. Call to Order, Roll Call

President Sealey
Vice-President Jackson
Secretary/Treasurer Kerrin
Director Holley
Director Gordon

2. Pledge of Allegiance

3. Adoption of Agenda

4. Public Comments Period

Any member of the public may speak on any matter that is not on the agenda. However, under State law, no decisions or actions can be taken and any such matters shall be deferred to the next meeting.

5. Fire Safe Council Report

6. Approval of Minutes

a. Regular Board Meeting October 9, 2024

7. Acceptance of October Finance Reports-General, Capital and Mitigation Funds

8. Chief's Report

a. Fire Marshal Report
b. Community Emergency Response Team Report

9. Committee Reports

- a. Station 2 Improvement-Directors Holley, Gordon, and Chief Morrison
Purpose: To oversee the transition of Station 2 from the existing facility to a permanent facility
Type: Ad hoc
- b. Threats, Hazard, and Mitigations-Directors Sealey, Kerrin and Chief Morrison
Purpose: To develop the Threat and Hazard Identification and Risk Assessment (THIRA), develop the Stakeholder Preparedness Review (SPR), update the Community Wildfire Protection Plan (CWPP), and develop the Deer Springs Annex to the San Diego County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP)
Type: Ad hoc
- c. Fiscal Year 2023-2024 Audit -Directors Jackson and Kerrin
Purpose: To oversee the District's participation in the Fiscal Year 2023-2024 financial audit, develop the draft Management's Discussion and Analysis, and make recommendations to the Board on any audit findings
Type: Ad hoc
- d. District Counsel Selection-Directors Jackson, Gordon and District Administrator
Purpose: Soliciting for interested parties, validating qualifications, and providing a selection recommendation to the Board
Type: Ad hoc
- e. Annexation Options Research-Directors Jackson, Gordon and District Administrator
Purpose: Research the possible benefits, rights of, and impacts to the District and its constituents if an annexation was to occur
Type: Ad hoc

10. Unfinished Business

11. New Business

- a. Fiscal Year 2023-2024 Audit. Pursuant to California Code of Regulations §1131.1 et seq. an audit of the annual financial statements is required by either the county auditor or a professional independent certified public accountant. The District maintains a contract with Nigro & Nigro, PC to perform these required audits. The initial draft audit has been provided for review and clarification.

Action requested: Approve the 2023-2024 Independent Auditors' Report

Action requested: If the Fiscal Year 2023-2024 Independent Auditors' Report is approved, dissolve the Fiscal Year 2023-2024 Audit Committee with the purpose having been completed

- b. General Counsel Selection. The General Counsel Committee conducted a Best Value Request for Proposal process to solicit interested parties to serve as District General Counsel. Based on responses received, the Committee recommends Alvarez-Glasman & Colvin to provide General Counsel Services with Christopher Cardinale as the primary representative. Policy C04 requires the Board to approve budgeted services agreements over \$10,000; although no specific amount is set in the draft agreement, total future years cost is expected to exceed the threshold.

Action requested: Authorize Mark Jackson or his designee to finalize and sign the Professional Services Agreement with Alvarez-Glasman & Colvin for General Counsel services

Action requested: If the General Counsel Agreement for Professional Services is approved, dissolve the General Counsel Committee with the purpose having been completed

- c. County of San Diego Property Tax Allocation Change. On October 8, 2024, the County of San Diego Board of Supervisors approved an action for the following:

Pursue an increase in the DSFPD property tax allocation to 6%, effective Fiscal Year 2025-26, and modify the existing Memorandum Of Agreement (MOA) to cover a portion of the staffing and other costs related to the North Regional Urban Search and Rescue Unit. Direct the Chief Administrative Officer to return to the Board of Supervisors with a resolution and take other necessary steps to complete a property tax reallocation following DSFPD holding a public hearing to consider the effect of the proposed transfer (\$1,200,000 and a reduction of approximately \$700,000 to the existing MOA).

Action requested: Direct the Treasurer and District Administrator to prepare an updated 5- year financial plan to be presented at the December Board meeting and to additionally notice the meeting to the public to consider the effect of the proposed transfer

Action requested: Approve the appointment of Directors Sealey and Jackson to the ad hoc County of San Diego and Deer Springs Cooperative Approach Committee with the purpose of developing a revision to the Memorandum of Agreement between the Deer Springs Fire Protection District and County of San Diego, Public Safety Group, San Diego County Fire dated June 2023 to reduce the value by approximately \$700,000

12. Correspondence

13. Closed Session

- a. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION: Significant exposure to litigation pursuant to Government Code §54956.9(d)(2). One case.
- b. CONFERENCE WITH LABOR NEGOTIATORS: Potential changes in CAL FIRE labor arrangements pursuant to Government Code §54957.6.
Agency designated representative: Tony Mecham

14. Directors Comments

15. Adjournment

Members of the public may submit written comments. The public is strongly encouraged to submit their comments on agenda and non-agenda items via e-mail to liz@dsfd.sdcoxmail.com. All comments submitted are sent to the members of the Board for their consideration. Written comments will be accepted until 30 minutes before the start of the meeting. Public comments that are submitted will be read into the record at the Board Meeting. The public retains the right to make comments during the course of the meeting.

In compliance with the Americans with Disabilities Act (US Code Title 42), if you need special assistance to participate in a meeting, please contact the Clerk of the Board at (760)749-8001. Notification of 48 hours prior to the meeting will enable the District to make reasonable arrangements to assure accessibility to the meeting.



**PUBLIC MEETING OF THE
DEER SPRINGS FIRE PROTECTION DISTRICT (DSFPD)**

October 9, 2024-Board Minutes

Open Session 4:00 p.m.

Meeting Location: DSFPD Station 1, 8709 Circle R Drive, Escondido, CA 92026

1. Call to Order, Roll Call

President Sealey-Present
Vice-President Jackson-Present
Secretary/Treasurer Kerrin-Present
Director Holley-Absent
Director Gordon-Present

2. Pledge of Allegiance-Led by President Sealey

3. Adoption of Agenda- Director Jackson moved to adopt October 9, agenda; Director Gordon seconded the motion. **Motion is adopted; 4 Ayes; 0 Noes; 1 Absent (Holley); 0 Abstain.**

4. Public Comments Period-None

5. Fire Safe Council Report-Firewise community and situational awareness is Deer Springs Fire Safe Council focus. The 2024 CWPP is scheduled for review on October 23. The Chipping Program will schedule 1 or 2 projects before winter break.

6. Approval of Minutes

- a. Regular Board Meeting September 11, 2024- Director Jackson moved to approve September 11, minutes; Director Kerrin seconded the motion. **Motion is adopted; 4 Ayes; 0 Noes; 1 Absent (Holley); 0 Abstain.**

7. Acceptance of September Finance Reports-General, Capital and Mitigation Funds

Director Jackson moved to approve September Financial Reports; Director Kerrin seconded the motion. **Motion is adopted; 4 Ayes; 0 Noes; 1 Absent (Holley); 0 Abstain.**

8. Chief's Report-Chief Morrison

- During month of September the District received 127 calls for service
- Firefighters attended annual water rescue training
- New Battalion 1 pickup has been purchased

- a. **Fire Marshal Report-** September Prevention Report included 17 Annual business inspections, 3 Fire Safety Inspections and 13 plan reviews.
- b. **Community Emergency Response Team Report-**Monthly meeting held on September 17. CERT attended the Seller's Faire on September 22. The CERT Team will attend the Open House at Station 3, Saturday October 9. October monthly meeting scheduled for the 15th, 6:30pm and November meeting scheduled for the 19, 6:30pm via zoom.

9. Committee Reports

- a. Station 2 Improvement-Directors Holley, Gordon, and Chief Morrison
Purpose: To oversee the transition of Station 2 from the existing facility to a permanent facility
Type: Ad hoc-Waiting on final review from water district. Construction trailer has been delivered to the site. The contractor estimates grading to commence in about 3-4 weeks. The Committee has authorization to sign all grading plans. The Committee will put together an updated report on estimated cost based on actual cost expended.
- b. Threats, Hazard, and Mitigations-Directors Sealey, Kerrin and Chief Morrison
Purpose: To develop the Threat and Hazard Identification and Risk Assessment (THIRA), develop the Stakeholder Preparedness Review (SPR), update the Community Wildfire Protection Plan (CWPP), and develop the Deer Springs Annex to the San Diego County Multi-Jurisdictional Hazard Mitigation Plan (MJHMP)
Type: Ad hoc-Director Sealey represented the District at the San Diego Annual Hazard Mitigation Planning Group Meeting on September 26. They reviewed process to begin the 2028 MJHMP update.
- c. Fiscal Year 2023-2024 Audit -Directors Jackson and Kerrin
Purpose: To oversee the District's participation in the Fiscal Year 2023-2024 financial audit, develop the draft Management's Discussion and Analysis, and make recommendations to the Board on any audit findings
Type: Ad hoc-The committee read the draft and any questions or concerns were answered.
- d. District Counsel Selection-Directors Jackson, Gordon and District Administrator
Purpose: Soliciting for interested parties, validating qualifications, and providing a selection recommendation to the Board
Type: Ad hoc-The committee is ready with RFI and would like to schedule a special meeting to move forward. The Committee will present results of their General Counsel selection at the November board meeting for Board approval of selection under closed session.
- e. Annexation Options Research-Directors Jackson, Gordon and District Administrator
Purpose: Research the possible benefits, rights of, and impacts to the District and its constituents if an annexation was to occur
Type: Ad hoc-This item will be discussed at the November board meeting under closed session.

10. Unfinished Business-None

11. New Business

- a. Vallecitos Water District Station 2 Easement. To support the construction of Station 2 at 1321 Deer Springs Rd, San Marcos, CA 92069, an updated easement to Vallecitos Water District is most likely required to allow access to an existing water line along the northwestern property line.

Action requested: Authorize the President to confer both temporary and permanent easements to Vallecitos Water District at Station 2 on behalf of the District that do not impede the current construction plan

Director Gordon made a motion to provide VWD an additional 8 feet to existing 1981 easement; Sign the encroachment easement with VWD and agree to a temporary construction easement; allow the president or delegated by the president to sign easements; Director Sealey seconded the motion. **Motion is adopted; 4 Ayes; 0 Noes; 1 Absent (Holley); 0 Abstain.**

- b. Resolution 24-05 Conflict of Interest Code. Pursuant to Government Code §87306.5, every two years local government agencies, including independent districts, must review their Conflict of Interest Code to see if changes are necessary. If changes are required, the revision must be submitted to the County Board of Supervisors, as the code reviewing body, for final approval. During the staff review it was determined that Code changes would be appropriate.

Action requested: Adopt Resolution 24-05, the revised Conflict of Interest Code for submission to the County Board of Supervisors for final approval

Director Jackson made a motion to approve Resolution 24-05, revised copy of Conflict of Interest Code with the modifications of removing Fire Chief, Fire Marshall and Fire Inspector; Director Kerrin seconded the motion. **Motion is adopted; 4 Ayes; 0 Noes; 1 Absent (Holley); 0 Abstain.**

- c. Fiscal Year 2023-2024 Audit. Pursuant to California Code of Regulations §1131.1 et seq. an audit of the annual financial statements is required by either the county auditor or a professional independent certified public accountant. The District maintains a contract with Nigro & Nigro, PC to perform these required audits. The initial draft audit has been provided for review and clarification. Additionally, the Fiscal Year 2023-2024 Audit Committee has provided the draft Management's Discussion and Analysis for inclusion in the Independent Auditors' Report.

Action requested: Approve the draft Management's Discussion and Analysis for inclusion in the Independent Auditors' Report

Director Sealey made a motion to provide the Audit Committee with recommended changes to the Financial Highlights of the Management's Discussion and Analysis for the Committee to make necessary changes; Director Gordon seconded the motion. **Motion is adopted; 4 Ayes; 0 Noes; 1 Absent (Holley); 0 Abstain.**

12. **Correspondence-** Board of Supervisors held a meeting on October 8 to discuss property tax allocation for unincorporated communities. The Board approved property tax allocation of 6% for Deer Springs Fire effective fiscal year 2025-2026. Certain requirements for this funding are to modify the existing MOA, a resolution and hold public hearing.

13. Directors Comments-None

14. Adjournment

Meeting adjourned at 5:13 pm

Director Steve Kerrin
Secretary-Treasurer

2:45 PM

10/31/24

Cash Basis

Deer Springs Fire
General Fund-Profit & Loss Budget vs. Actual
 July 2024 through June 2025

	Jul '24 - Jun 25	Budget	\$ Over Budget	% of Budget
Income				
4000 · Property Taxes	38,111.40	615,000.00	-576,888.60	6.2%
4010 · Standby Availability	23,438.35	2,110,828.00	-2,087,389.65	1.1%
4020 · Fire Suppression Assessment	17,841.98	3,742,670.00	-3,724,828.02	0.5%
4100 · Interest-General Fund	46,533.28	75,000.00	-28,466.72	62.0%
4115 · Transfer in from Mitigation	0.00	0.00	0.00	0.0%
4600 · Incident reimbursement				
4600.07 · Various Incidents	32,730.24	20,000.00	12,730.24	163.7%
Total 4600 · Incident reimbursement	32,730.24	20,000.00	12,730.24	163.7%
4800 · Other Income	1,657.95	0.00	1,657.95	100.0%
Total Income	160,313.20	6,563,498.00	-6,403,184.80	2.4%
Gross Profit	160,313.20	6,563,498.00	-6,403,184.80	2.4%
Expense				
5000 · CAL FIRE Agreement	-180,931.32	6,000,000.00	-6,180,931.32	-3.0%
5010 · Chief's discretionary	0.00	5,000.00	-5,000.00	0.0%
5020 · Insurance	30.00	100,000.00	-99,970.00	0.0%
5100 · Utilities - water				
5100.01 · S1	921.72	0.00	921.72	100.0%
5100.02 · S2	242.00	0.00	242.00	100.0%
5100.03 · S3	988.85	0.00	988.85	100.0%
5100 · Utilities - water - Other	0.00	9,000.00	-9,000.00	0.0%
Total 5100 · Utilities - water	2,152.57	9,000.00	-6,847.43	23.9%
5105 · Utilities - electricity				
5105.01 · S1	9,296.52	0.00	9,296.52	100.0%
5105.02 · S2	32.38	0.00	32.38	100.0%
5105.03 · S3	5,731.02	0.00	5,731.02	100.0%
5105 · Utilities - electricity - Other	0.00	44,000.00	-44,000.00	0.0%
Total 5105 · Utilities - electricity	15,059.92	44,000.00	-28,940.08	34.2%
5110 · Utilities - exterminators				
5110.01 · S1	388.40	0.00	388.40	100.0%
5110.02 · S2	0.00	0.00	0.00	0.0%
5110.03 · S3	368.72	0.00	368.72	100.0%
5110 · Utilities - exterminators - Other	0.00	3,500.00	-3,500.00	0.0%
Total 5110 · Utilities - exterminators	757.12	3,500.00	-2,742.88	21.6%
5120 · Utilities - propane				
5120.01 · S1	60.26	0.00	60.26	100.0%
5120.02 · S2	0.00	0.00	0.00	0.0%
5120.03 · S3	1.00	0.00	1.00	100.0%
5120 · Utilities - propane - Other	0.00	4,200.00	-4,200.00	0.0%
Total 5120 · Utilities - propane	61.26	4,200.00	-4,138.74	1.5%
5125 · Utilities - trash				
5125.01 · S1	1,026.48	0.00	1,026.48	100.0%
5125.02 · S2	0.00	0.00	0.00	0.0%
5125.03 · S3	265.40	0.00	265.40	100.0%
5125 · Utilities - trash - Other	0.00	6,000.00	-6,000.00	0.0%
Total 5125 · Utilities - trash	1,291.88	6,000.00	-4,708.12	21.5%

Deer Springs Fire General Fund-Profit & Loss Budget vs. Actual July 2024 through June 2025

	Jul '24 - Jun 25	Budget	\$ Over Budget	% of Budget
5130 · Utilities - cable				
5130.01 · S1	1,647.99	0.00	1,647.99	100.0%
5130.02 · S2	345.18	0.00	345.18	100.0%
5130.03 · S3	644.51	0.00	644.51	100.0%
5130 · Utilities - cable - Other	0.00	6,000.00	-6,000.00	0.0%
Total 5130 · Utilities - cable	2,637.68	6,000.00	-3,362.32	44.0%
5135 · Utilities - telephone				
5135.01 · S1	762.84	0.00	762.84	100.0%
5135.02 · S2	491.43	0.00	491.43	100.0%
5135.03 · S3	447.88	0.00	447.88	100.0%
5135 · Utilities - telephone - Other	0.00	6,000.00	-6,000.00	0.0%
Total 5135 · Utilities - telephone	1,702.15	6,000.00	-4,297.85	28.4%
5140 · Utilities - Internet				
5140.01 · S1	0.00	0.00	0.00	0.0%
5140.02 · S2	0.00	0.00	0.00	0.0%
5140.03 · S3	224.00	0.00	224.00	100.0%
5140 · Utilities - Internet - Other	0.00	2,500.00	-2,500.00	0.0%
Total 5140 · Utilities - Internet	224.00	2,500.00	-2,276.00	9.0%
5200 · Small Equipment Repair				
5200.01 · S1	2,032.67	0.00	2,032.67	100.0%
5200.02 · S2	0.00	0.00	0.00	0.0%
5200.03 · S3	1,177.16	0.00	1,177.16	100.0%
5200 · Small Equipment Repair - Other	0.00	4,000.00	-4,000.00	0.0%
Total 5200 · Small Equipment Repair	3,209.83	4,000.00	-790.17	80.2%
5210 · Building Repair				
5210.01 · S1	4,612.92	0.00	4,612.92	100.0%
5210.02 · S2	0.00	0.00	0.00	0.0%
5210.03 · S3	1,008.00	0.00	1,008.00	100.0%
5210 · Building Repair - Other	0.00	30,000.00	-30,000.00	0.0%
Total 5210 · Building Repair	5,620.92	30,000.00	-24,379.08	18.7%
5215 · Ladders	0.00	2,000.00	-2,000.00	0.0%
5220 · Station bay door repairs	348.75	5,000.00	-4,651.25	7.0%
5225 · Extrication Tools	0.00	5,500.00	-5,500.00	0.0%
5230 · Generator repair	0.00	5,000.00	-5,000.00	0.0%
5235 · AIR VAC-Exhaust System (Maint...	0.00	2,500.00	-2,500.00	0.0%
5240 · Fire extinguishers	0.00	1,200.00	-1,200.00	0.0%
5250 · Misc. supplies & services				
5250.01 · S1	2,862.25	0.00	2,862.25	100.0%
5250.02 · S2	1,144.26	0.00	1,144.26	100.0%
5250.03 · S3	1,329.01	0.00	1,329.01	100.0%
5250 · Misc. supplies & services - Other	52.88	13,500.00	-13,447.12	0.4%
Total 5250 · Misc. supplies & services	5,388.40	13,500.00	-8,111.60	39.9%
5260 · SCBA supplies, repairs	1,819.21	6,000.00	-4,180.79	30.3%
5270 · Pers. Protection, Rep/Repl	0.00	12,000.00	-12,000.00	0.0%

Deer Springs Fire General Fund-Profit & Loss Budget vs. Actual July 2024 through June 2025

	Jul '24 - Jun 25	Budget	\$ Over Budget	% of Budget
5300 · Vehicle maintenance & repair				
5300-02 · E211-2004 KME 8827	9,419.94	0.00	9,419.94	100.0%
5300-03 · E13-2006 KME 8013	2,115.80	0.00	2,115.80	100.0%
5300-06 · B13-2005 KME 1605	5,724.86	0.00	5,724.86	100.0%
5300-08 · U11-2010 Ford F150 2512	0.00	0.00	0.00	0.0%
5300-09 · B1-2014 Ford F250 9744	0.00	0.00	0.00	0.0%
5300-11 · E12-2017 Spartan 1363	7,543.46	0.00	7,543.46	100.0%
5300-13 · E11-2021 Ferrara 0029	79.52	0.00	79.52	100.0%
5300 · Vehicle maintenance & repair - ...	0.00	95,000.00	-95,000.00	0.0%
Total 5300 · Vehicle maintenance & repair	24,883.58	95,000.00	-70,116.42	26.2%
5310 · Fuel and oil	623.76	50,000.00	-49,376.24	1.2%
5320 · Radio maintenance & repair	1,481.62	5,000.00	-3,518.38	29.6%
5330 · County 800 MHz fees	2,691.00	9,000.00	-6,309.00	29.9%
5340 · First responder supplies	313.41	0.00	313.41	100.0%
5350 · Fire hose replacement	0.00	8,000.00	-8,000.00	0.0%
5360 · Safety Ropes	0.00	2,500.00	-2,500.00	0.0%
5370 · Hydrant maintenance	0.00	600.00	-600.00	0.0%
5420 · DS Fire Safe Council	0.00	5,000.00	-5,000.00	0.0%
5425 · Community Education	1,117.00	1,500.00	-383.00	74.5%
5600 · Salaries				
5600-01 · Administrator	32,474.43	93,815.00	-61,340.57	34.6%
5600-03 · Directors	1,100.00	9,000.00	-7,900.00	12.2%
Total 5600 · Salaries	33,574.43	102,815.00	-69,240.57	32.7%
5610 · Deferred Compensation Plan				
5610-01 · Administrator	974.23	2,815.00	-1,840.77	34.6%
Total 5610 · Deferred Compensation Plan	974.23	2,815.00	-1,840.77	34.6%
5615 · Vacation accrual	0.00	8,256.00	-8,256.00	0.0%
5620 · Medical insurance	8,332.40	13,000.00	-4,667.60	64.1%
5630 · Retiree benefits	4,840.42	15,000.00	-10,159.58	32.3%
5640 · Social Security, Medicare	2,568.44	8,000.00	-5,431.56	32.1%
5660 · State unemployment taxes	0.00	150.00	-150.00	0.0%
5670 · Workers compensation	3,550.30	4,000.00	-449.70	88.8%
5700 · Administrative expenses				
5700-01 · Meetings, training & travel	0.00	2,000.00	-2,000.00	0.0%
5700-02 · Dues, subscriptions	207.00	2,000.00	-1,793.00	10.4%
5700-03 · Supplies - office	135.50	3,000.00	-2,864.50	4.5%
5700-05 · Tech Improvement	0.00	25,000.00	-25,000.00	0.0%
Total 5700 · Administrative expenses	342.50	32,000.00	-31,657.50	1.1%
5720 · Computer Equipment				
5720-01 · Hardware	355.57	4,000.00	-3,644.43	8.9%
5720-02 · Software	204.04	3,000.00	-2,795.96	6.8%
5720-03 · Repair	0.00	1,500.00	-1,500.00	0.0%
Total 5720 · Computer Equipment	559.61	8,500.00	-7,940.39	6.6%
5730 · Office equipment	0.00	2,500.00	-2,500.00	0.0%
5740 · Printing	300.67	3,000.00	-2,699.33	10.0%
5750 · Professional services				
5750-01 · Legal	1,056.97	15,000.00	-13,943.03	7.0%
5750-02 · Accounting	7,500.00	8,000.00	-500.00	93.8%
5750-03 · Board of Directors Election	0.00	12,000.00	-12,000.00	0.0%
Total 5750 · Professional services	8,556.97	35,000.00	-26,443.03	24.4%

Deer Springs Fire
General Fund-Profit & Loss Budget vs. Actual
 July 2024 through June 2025

	Jul '24 - Jun 25	Budget	\$ Over Budget	% of Budget
5760 · Fees & permits	0.00	1,750.00	-1,750.00	0.0%
5800 · County assessments				
5800-01 · LAFCO	3,913.60	4,200.00	-286.40	93.2%
5800-02 · Tax collections	0.00	50.00	-50.00	0.0%
5800-03 · Fire suppression	2,363.00	4,000.00	-1,637.00	59.1%
5800-05 · Standby & availability	5,028.50	5,000.00	28.50	100.6%
Total 5800 · County assessments	11,305.10	13,250.00	-1,944.90	85.3%
5900 · Miscellaneous	6.00	600.00	-594.00	1.0%
Total Expense	-34,606.19	6,700,136.00	-6,734,742.19	-0.5%
Net Income	194,919.39	-136,638.00	331,557.39	-142.7%

Deer Springs Fire

10/31/24 2:46 PM

Register: 1110-01 · Calif Bank & Trust Checking

From 10/01/24 through 10/31/24

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment C	Deposit	Balance
10/01/24	9256	Nationwide Medical /S...	5340 · First responder su...	IN 38448	54.60		13,975.87
10/01/24	9257	US Bank Card	-split-	3207	5,691.20		8,284.67
10/01/24	9258	Motion Telecom/Voip...	5135 · Utilities - telepho...	1	22.18		8,262.49
10/02/24	debit	Employment Develop...	-split-	291-0572-3/Sept...	888.48		7,374.01
10/02/24	9259	Western Exterminator...	-split-	1/3	189.28		7,184.73
10/02/24	9255	Heaton, Liz A	-split-		2,000.00		5,184.73
10/03/24			-split-	Deposit		933.32	6,118.05
10/03/24		Stephen C. Hasty	1200 · Accounts receiva...			207.68	6,325.73
10/03/24	9260	Citi Cards	-split-	3514	1,911.86		4,413.87
10/03/24	9261	Edco Waste & Recycli...	-split-	September 2024	322.97		4,090.90
10/07/24			1100 · Cash in county tr...	Deposit		50,000.00	54,090.90
10/07/24	debit	CalPERS	-split-	Oct. 2024	2,800.26		51,290.64
10/09/24	9262	Shea Electric	5210 · Building Repair:5...	station 1	300.00		50,990.64
10/09/24	9263	SDG&E	5105 · Utilities - electrici...	2	18.32		50,972.32
10/09/24	9264	Nigro & Nigro	5750 · Professional servi...	20921	3,500.00		47,472.32
10/09/24	9265	White and Bright, LLP	5750 · Professional servi...	09/11/24 BM	380.50		47,091.82
10/09/24	9266	Regional Communicati...	5330 · County 800 MHz ...	25DSPFPDN03	678.50		46,413.32
10/09/24	9267	Verizon	-split-	742392332	68.18		46,345.14
10/09/24	9268	Vallecitos Water District	5100 · Utilities - water:5...	2	60.50		46,284.64
10/09/24	9269	Canon Solutions Amer...	5740 · Printing	735072	27.56		46,257.08
10/10/24			-split-	Deposit		6,594.70	52,851.78
10/14/24	9270	SDG&E	5105 · Utilities - electrici...	3	1,238.27		51,613.51
10/14/24	9271	Legends Towing Auto...	5425 · Community Educ...	24-10-147	700.00		50,913.51
10/16/24	9272	Wells Fargo Advisors	-split-	28044153	1,716.49		49,197.02
10/16/24	9273	Heaton, Liz A	-split-		1,000.00		48,197.02
10/18/24			-split-	Deposit		1,904.00	50,101.02
10/21/24	9274	Valley Center Water	-split-	1-3	477.30		49,623.72
10/21/24	9275	AT&T	5135 · Utilities - telepho...	2	97.30		49,526.42
10/21/24	9276	Ron Peters	5210 · Building Repair:5...	Station 1	426.00		49,100.42
10/21/24	9277	Cox Communications	-split-	1/3	629.11		48,471.31
10/23/24	debit	Sharps Medical Waste ...	5340 · First responder su...	SO-2211134	258.81		48,212.50
10/25/24			-split-	Deposit		7,812.30	56,024.80
10/25/24	9278	Motion Telecom/Voip...	5135 · Utilities - telepho...	1	21.91		56,002.89
10/25/24	9279	Willdan Financial Serv...	5800 · County assessme...	010-60073	5,028.50		50,974.39
10/25/24	9280	AT&Telephone	5135 · Utilities - telepho...	3	91.46		50,882.93
10/28/24	9283	SDG&E	5105 · Utilities - electrici...	1	2,039.14		48,843.79
10/28/24	9284	Western Exterminator...	-split-	1/3	189.28		48,654.51
10/28/24	To Print	Wells Fargo Advisors	24000 · Payroll Liabilities	28044153	108.24		48,546.27
10/28/24	To Print	Wells Fargo Advisors	24000 · Payroll Liabilities	28044153	108.25		48,438.02
10/30/24	9281	Wells Fargo Advisors	-split-	28044153	1,608.25		46,829.77

Deer Springs Fire

10/31/24 2:46 PM

Register: 1110-01 · Calif Bank & Trust Checking

From 10/01/24 through 10/31/24

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
10/30/24	9282	Heaton, Liz A	-split-		1,000.00			45,829.77

Deer Springs Fire
Capital Fund Profit & Loss Budget vs. Actual
 July 2024 through June 2025

	Jul '24 - Jun 25	Budget	\$ Over Budget	% of Budget
Income				
4105 · Capital-Interest	201,788.65	212,000.00	-10,211.35	95.2%
4200 · San Diego County				
4200-02 · OES Grants-2021	5,514.00	11,400.00	-5,886.00	48.4%
4200.03 · OES Grants-2022	0.00	10,489.00	-10,489.00	0.0%
Total 4200 · San Diego County	5,514.00	21,889.00	-16,375.00	25.2%
4500 · Other grants				
4500.05 · ARPA	10,783.93	9,329.00	1,454.93	115.6%
Total 4500 · Other grants	10,783.93	9,329.00	1,454.93	115.6%
Total Income	218,086.58	243,218.00	-25,131.42	89.7%
Gross Profit	218,086.58	243,218.00	-25,131.42	89.7%
Expense				
5400 · Grant expenditures				
5400-01 · Matching Funds	0.00	20,000.00	-20,000.00	0.0%
5400-21 · 2021 SHSP Grant BA Bottles	5,513.96	11,400.00	-5,886.04	48.4%
5400-22 · 2022 SHSP Grant Alert System	0.00	10,489.00	-10,489.00	0.0%
Total 5400 · Grant expenditures	5,513.96	41,889.00	-36,375.04	13.2%
5500 · Capital Expenditures				
5500.01 · Apparatus	0.00	911,000.00	-911,000.00	0.0%
5500.04 · Station 1 Upgrades	0.00	25,000.00	-25,000.00	0.0%
5500.06 · Station 3 Upgrades	0.00	25,000.00	-25,000.00	0.0%
5500.12 · Station 2 Facility				
5500.1 · Station 2 temporary Location (Green Sto...	40,700.00	367,464.00	-326,764.00	11.1%
5500.18 · Utility Fees & Permits	36,833.10	125,000.00	-88,166.90	29.5%
5500.19 · Commissioning	0.00	75,000.00	-75,000.00	0.0%
5500.2 · EC Constructors	38,231.17	9,037,728.00	-8,999,496.83	0.4%
5500.20 · Site Survey	0.00	12,500.00	-12,500.00	0.0%
5500.21 · SDG&E Planning	3,159.00	50,000.00	-46,841.00	6.3%
5500.22 · Mitigation Fees	0.00	30,000.00	-30,000.00	0.0%
5500.23 · Unforeseen Site Conditions	0.00	100,000.00	-100,000.00	0.0%
5500.24 · FFE	0.00	235,000.00	-235,000.00	0.0%
5500.3 · Geotechnical Services	5,810.00	41,540.00	-35,730.00	14.0%
5500.4 · Kitchell	0.00	1,142,676.00	-1,142,676.00	0.0%
5500.5 · Helix Environmental	0.00	7,784.00	-7,784.00	0.0%
5500.6 · CEQA Consultant	0.00	4,866.00	-4,866.00	0.0%
5500.7 · Legal Counsel	1,057.50	6,238.00	-5,180.50	17.0%
5500.8 · General	0.00	42,928.00	-42,928.00	0.0%
5500.9 · Testing & Inspection	6,200.00	142,676.00	-136,476.00	4.3%
5500.12 · Station 2 Facility - Other	0.00	0.00	0.00	0.0%
Total 5500.12 · Station 2 Facility	131,990.77	11,421,400.00	-11,289,409.23	1.2%
5500.13 · Chief Vehicle	101,761.93	100,000.00	1,761.93	101.8%
5500.17 · Alert Dispatch System (Alert system statio...	18,040.00	100,000.00	-81,960.00	18.0%
Total 5500 · Capital Expenditures	251,792.70	12,582,400.00	-12,330,607.30	2.0%
Total Expense	257,306.66	12,624,289.00	-12,366,982.34	2.0%
Net Income	-39,220.08	-12,381,071.00	12,341,850.92	0.3%

Deer Springs Fire

10/31/24 2:53 PM

Register: 1111 · Capital Fund

From 10/01/24 through 10/31/24

Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
10/02/24	2623	Shea Electric	5500 · Capital Expenditu...	station 3 low vol...	6,300.00			16,354,516.82
10/09/24	2624	Greens Global Inc.	5500 · Capital Expenditu...	Nov. 24 4 units/...	10,175.00			16,344,341.82
10/09/24	2625	G & W Truck Accesso...	5500 · Capital Expenditu...	17703	2,389.38			16,341,952.44
10/09/24	2626	Shea Electric	5500 · Capital Expenditu...	station 3 alert de...	800.00			16,341,152.44
10/31/24	2627	EC Constructors, Inc.	-split-	Permits	31,099.60			16,310,052.84

Deer Springs Fire

10/31/24 2:46 PM

Register: 1100 · Cash in county treasury

From 10/01/24 through 10/31/24

Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
10/07/24		County of San Diego T...	1110-01 · Calif Bank & ...	wire transfer 20...	50,000.00			3,715,065.52
10/14/24			-split-	Deposit			30,700.43	3,745,765.95

Deer Springs Fire

10/31/24 2:46 PM

Register: 1112 · Mitigation Fund

From 10/01/24 through 10/31/24

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment C	Deposit	Balance
10/14/24			4030 · Mitigation Fees	Deposit		35,351.82	145,676.66



San Diego County Fire Prevention Activity Report
Deer Springs FPD
October 2024



Date	Type	Details	Address	Comment
Plan Review				
10/07/2024	Building	MH as SFD	30440 Roadrunner ridge South	Second review, approved.
10/07/2024	Building	MH as SFD	8918 Nelson Wy	Second review, approved.
10/10/2024	Building	Detached Garage	30531 Andreen Road	Approved
10/10/2024	Building	Detached Workshop	27253 Mountain Meadow Road	Resubmittal Required
10/14/2024	Building	Detached Storage Building	31982 Runway Dr.	First review, resubmittal required.
10/14/2024	Building	SFD w/Att. Garage and ADU	3470 Castlegarden Ct	Second review, approved
10/15/2024	Building	Detached Rec Room w/ Guest House	27253 Mountain Meadow Road	Resubmittal Required
10/17/2024	Building	MH as SFD	28676 Mountain Lilac	Approved
10/23/2024	Building	MH as SFD	9574 Covey Ln	First review, resubmittal required
10/23/2024	Building	MH as employee housing	29257 Lawrence Welk	Plan change, approved.
10/29/2024	Building	Farm Employee Housing	27257 Mountain Meadow Road	Resubmittal Required
10/30/2024	Other	Cellular site modification	25880 Jesmond Dene Rd, Escon	Resubmittal - Approved.
				Amount: 12



October 2024
San Diego County Fire
Inspection Activity Report



FDID

Deer Springs FPD

Row Labels	Count of Completed
Annual	8
Castle Creek Country Club - 8797 Circle R Dr	1
San Diego Landscape Supply - 31318 Old HWY 395	3
The Welk Resort - Brigadoon - 8810 Moonwind Circle	1
The Welk Resort - Drifter - 8807 Chalice Dr	1
The Welk Resort - Gypsy - 8906 Moonwind Circle	1
Vacant Building - 29848 Circle R Way	1
Fire Safety/Site Inspection	4
Belafonte Resort-Vacant - 29850 Circle R Way	2
North County Supply - 25933 Centre City Pkwy	2
Grand Total	12

		8/18/2023		10/21/2024	9/30/2024	10/22/2024	10/22/2024	
		<u>Baseline</u>	<u>Adjustments</u>	<u>Baseline</u>	<u>Act. Cost</u>	<u>ETC</u>	<u>EAC</u>	
DBE Design and Engineering		958,650		958,650	816,309			
Design Coordination		90,750		90,750	77,138			
General Conditions		709,036		709,036				
Bonds & Insurance		271,906		271,906	271,906			
Construction		<u>7,914,508</u>	<u>367,017</u>	<u>8,281,525</u>				
Total ECC DBE Contract	FFP	9,944,850	367,017	10,311,867	1,165,353	9,146,514	10,311,867	
Furniture, Fixtures & Equipment		0		0				
AudioVisual, Internet & local net		235,000		235,000			235,000	
Total FF&E+ AV+IT+local net	Goal	235,000		235,000	0	235,000	235,000	SDCF funds Incident Command, other TBD components
Criteria Docs/RFP prep		345,090		345,090	194,289			
Project Mgmt		1,148,194		1,148,194	156,360			
Total Kitchell Design Concept + RFP	Done	1,493,284		1,493,284	350,649	0	350,649	Kitchell is complete
Helix Environmental Assessments	T & M	10,000		10,000	17,216	7,784	25,000	
Grid Law CEQA Consultant	T & M	5,000		5,000	10,134	4,866	15,000	
General Counsel W&B + successor	T & M	35,000		35,000	27,027	12,973	40,000	
UES Testing & Inspection	T & M	150,000	(85,000)	65,000	13,600	51,400	65,000	
Utility Fees & Permitting Water + County	T & M	125,000		125,000	8,893	41,107	50,000	
Helix & UES Geotechnical	T & M	25,000		25,000	39,270	10,730	50,000	
Commissioning - County test verification	T & M	75,000		75,000	0	50,000	50,000	
Site Survey	T & M	20,000		20,000	0	20,000	20,000	
SDG&E Planning	T & M	50,000		50,000	0	20,000	20,000	
DSFPD Mitigation Fees	FFP	30,000		30,000	0	0	0	Waiver of fee verified by SD County
Tree Removal; site clearance	FFP	0		0	23,435	0	23,435	
Subtotal T & M		525,000		440,000	139,575	218,860	358,435	
General Contingency		150,000		150,000				
Unforeseen Site Conditions		100,000	(62,017)	37,983				
Septic Adv Treatment System		220,000	(220,000)	0				
Subtotal Management Reserve		470,000	(282,017)	187,983	0	187,983	187,983	Future risk contingency
Total Permanent Station 2		12,668,134	0	12,668,134	1,655,577	9,788,357	11,443,934	

		8/18/2023		10/21/2024	9/30/2024	10/22/2024	10/22/2024	
		<u>Baseline</u>	<u>Adjustments</u>	<u>Baseline</u>	<u>Act. Cost</u>	<u>ETC</u>	<u>EAC</u>	
Total ECC DBE Contract	FFP	9,944,850	367,017	10,311,867	1,165,353	9,146,514	10,311,867	
Total FF&E+ AV+IT+local net	Goal	235,000		235,000	0	235,000	235,000	SDCF funds Incident Command, other TBD components
Total Kitchell Design Concept + RFP	Done	1,493,284		1,493,284	350,649	0	350,649	Kitchell is complete
Helix Environmental Assessments	T & M	10,000		10,000	17,216	7,784	25,000	
Grid Law CEQA Consultant	T & M	5,000		5,000	10,134	4,866	15,000	
General Counsel W&B + successor	T & M	35,000		35,000	27,027	12,973	40,000	
UES Testing & Inspection	T & M	150,000	(85,000)	65,000	13,600	51,400	65,000	
Utility Fees & Permitting Water + County	T & M	125,000		125,000	8,893	41,107	50,000	
Helix & UES Geotechnical	T & M	25,000		25,000	39,270	10,730	50,000	
Commissioning - County test verification	T & M	75,000		75,000	0	50,000	50,000	
Site Survey	T & M	20,000		20,000	0	20,000	20,000	
SDG&E Planning	T & M	50,000		50,000	0	20,000	20,000	
DSFPD Mitigation Fees	Done	30,000		30,000	0	0	0	Waiver of fee verified by SD County
Tree Removal; site clearance	FFP	0		0	23,435	0	23,435	
Subtotal T & M + done FFP		525,000		440,000	139,575	218,860	358,435	
Subtotal Management Reserve		470,000	(282,017)	187,983	0	187,983	187,983	Future risk contingency
Total Permanent Station 2		12,668,134	0	12,668,134	1,655,577	9,788,357	11,443,934	
Total Temporary Station 2		<u>500,000</u>	<u>0</u>	<u>500,000</u>	<u>173,235</u>	<u>181,247</u>	<u>354,482</u>	if beyond 4-1-2026 + \$13 k/month
Grand Total		13,168,134	0	13,168,134	1,828,812	9,969,604	11,798,416	

Threats, Hazard, and Mitigations Committee
Deer Springs Fire Protection District
November 13, 2024

- The Community Wildfire Protection Plan (CWPP) has been revised, resubmitted, and accepted by the San Diego Community Wildfire Protection Plan Review Committee. Although the development of the document is collaborative in nature, these final steps were performed our partner the Deer Springs Fire Safe Council.
- One member completed the two day Federal Emergency Management Agency course on Threat and Hazard Identification and Risk Assessment and Stakeholder Preparedness Review. This foundational knowledge will be utilized as the Committee begins the next phase to develop these related documents.

**DEER SPRINGS FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2024
(With Comparative Amounts for June 30, 2023)**

NIGRO & NIGRO^{PC}

DEER SPRINGS FIRE PROTECTION DISTRICT

For the Fiscal Year Ended June 30, 2024

Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis..... 4

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
 Statements of Net Position10
 Statements of Activities11
Governmental Funds Financial Statements:
 Governmental Funds Balance Sheet12
 Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position.....13
 Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund
 Fund Balances14
 Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes
 in Fund Balances to the Statement of Activities.....15
Notes to Financial Statements16

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund26

OTHER INDEPENDENT AUDITORS' REPORTS

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.....27

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Deer Springs Fire Protection District
Escondido, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deer Springs Fire Protection District as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Deer Springs Fire Protection District, as of June 30, 2024, 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.

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, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and schedule of OPEB 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, 2023, 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 October 1, 2024, 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
October 1, 2024

DEER SPRINGS FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

Management's Discussion and Analysis (MD&A) offers readers of Deer Springs Fire Protection District's (the District) financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 13.34% or \$2,190,647 from \$16,424,418 to \$18,615,065 as a result of this year's operations. The majority of the increase was due to grant revenue recognition of \$1,456,500. The remaining amount of \$6,201,977 in grant receipts will be expended during the following fiscal year as part of the grant conditions.
- Total revenues from all sources increased by 28.96%, or \$1,967,076 from \$6,793,409 to \$8,760,485, from the prior year, primarily due to an increase in capital grant funding and investment earnings as described above, the majority of which was expended during the fiscal year per the grant conditions.
- Total expenses for the District's operations increased by 0.29% or \$19,208 from \$6,550,630 to \$6,569,838 from the prior year, primarily due to a \$130,528 increase in depreciation expense.
- The District purchased new capital assets during the year in the amount of \$1,611,143 which consisted of \$1,334,140 of construction in progress, \$203,198 of structures and improvements, and \$73,805 of equipment. Depreciation expense was \$408,748.

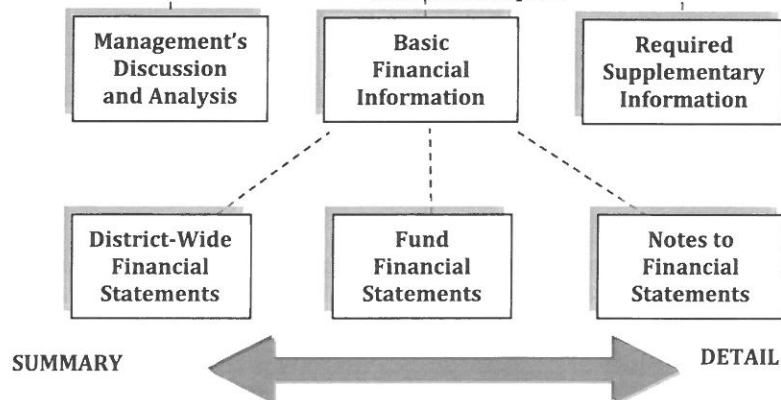
OVERVIEW OF THE FINANCIAL STATEMENTS

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 Deer Springs Fire Protection District's Annual Financial Report



DEER SPRINGS FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

DEER SPRINGS FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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*.

DEER SPRINGS FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
Assets:			
Current assets	\$ 20,652,069	\$ 21,215,117	\$ (563,048)
Non-current assets	109,164	40,364	68,800
Capital assets, net	<u>4,084,490</u>	<u>2,882,095</u>	<u>1,202,395</u>
Total assets	<u>24,845,723</u>	<u>24,137,576</u>	<u>708,147</u>
Liabilities:			
Current liabilities	6,222,934	7,706,259	(1,483,325)
Non-current liabilities	<u>7,724</u>	<u>6,899</u>	<u>825</u>
Total liabilities	<u>6,230,658</u>	<u>7,713,158</u>	<u>(1,482,500)</u>
Net position :			
Net investment in capital assets	4,084,490	2,882,095	1,202,395
Restricted for capital improvements	109,164	40,364	68,800
Unrestricted	<u>14,421,411</u>	<u>13,501,959</u>	<u>919,452</u>
Total net position	<u>\$ 18,615,065</u>	<u>\$ 16,424,418</u>	<u>\$ 2,190,647</u>

At the end of fiscal year 2024, the District shows a balance in its unrestricted net position of \$14,421,411.

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>2024 Fiscal Year</u>	<u>2023 Fiscal Year</u>	<u>Change</u>
Program revenues	\$ 7,023,163	\$ 6,106,767	\$ 916,396
Expenses	<u>(6,569,838)</u>	<u>(6,550,630)</u>	<u>(19,208)</u>
Net program expense	453,325	(443,863)	897,188
General revenues	<u>1,737,322</u>	<u>686,642</u>	<u>1,050,680</u>
Change in net position	2,190,647	242,779	1,947,868
Net position:			
Beginning of year	<u>16,424,418</u>	<u>16,181,639</u>	<u>242,779</u>
End of year	<u>\$ 18,615,065</u>	<u>\$ 16,424,418</u>	<u>\$ 2,190,647</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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 increased its net position by \$2,190,647.

Table A-3: Total Revenues

	<u>2024 Fiscal Year</u>	<u>2023 Fiscal Year</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 5,391,289	\$ 5,527,830	\$ (136,541)
Mitigation fees	102,159	34,847	67,312
Operating and capital grant funding	<u>1,529,715</u>	<u>544,090</u>	<u>985,625</u>
Total program revenues	<u>7,023,163</u>	<u>6,106,767</u>	<u>916,396</u>
General revenues:			
Property taxes	636,723	602,423	34,300
Investment earnings	1,100,123	78,219	1,021,904
Sale of assets	<u>476</u>	<u>6,000</u>	<u>(5,524)</u>
Total general revenues	<u>1,737,322</u>	<u>686,642</u>	<u>1,050,680</u>
Total revenues	<u>\$ 8,760,485</u>	<u>\$ 6,793,409</u>	<u>\$ 1,967,076</u>

Total revenues from all sources increased by 28.96%, or \$1,967,076 from \$6,793,409 to \$8,760,485, from the prior year, primarily due to an increase in operating and capital grant funding and investment earnings.

Table A-4: Total Expenses

	<u>2024 Fiscal Year</u>	<u>2023 Fiscal Year</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 6,161,090	\$ 6,272,410	\$ (111,320)
Depreciation expense	<u>408,748</u>	<u>278,220</u>	<u>130,528</u>
Total expenses	<u>\$ 6,569,838</u>	<u>\$ 6,550,630</u>	<u>\$ 19,208</u>

Total expenses for the District's operations increased by 0.29% or \$19,208 from \$6,550,630 to \$6,569,838 from the prior year, primarily due to a \$130,528 increase in depreciation expense.

DEER SPRINGS FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

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, 2024, the District reported a total fund balance of \$14,546,023. An amount of \$14,330,544 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 \$527,412 more than actual. Budgeted revenues were more than actual revenues by \$142,536. Actual revenues less expenses were over budget by \$384,876.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2024, the District had invested \$4,084,490 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 4 to the financial statements). Total depreciation expense for the year was \$408,748.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Capital assets:		
Non-depreciable assets	\$ 2,439,728	\$ 1,105,588
Depreciable assets	6,152,288	6,227,226
Accumulated depreciation	<u>(4,507,526)</u>	<u>(4,450,719)</u>
Total capital assets, net	<u>\$ 4,084,490</u>	<u>\$ 2,882,095</u>

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 Administrator at the Deer Springs Fire Protection District at 8709 Circle R Dr, Escondido, CA 92026 or (760)749-8001.

Basic Financial Statements

DEER SPRINGS FIRE PROTECTION DISTRICT
Statements of Net Position
June 30, 2024 (With Comparative Amounts as of June 30, 2023)

	<u>Governmental Activities</u>	
<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and investments (Note 2)	\$ 20,216,303	\$ 21,012,197
Accrued interest receivable	127,754	66,345
Property taxes and assessments receivable	9,092	13,725
Other receivables	197,878	68,906
Prepaid items	<u>101,042</u>	<u>53,944</u>
Total current assets	<u>20,652,069</u>	<u>21,215,117</u>
Non-current assets:		
Restricted:		
Cash and investments (Note 2 and 3)	108,675	34,930
Accrued interest receivable (Note 3)	489	107
Other receivables (Note 3)	-	5,327
Capital assets – not being depreciated (Note 4)	2,439,728	1,105,588
Capital assets – being depreciated, net (Note 4)	<u>1,644,762</u>	<u>1,776,507</u>
Total non-current assets	<u>4,193,654</u>	<u>2,922,459</u>
Total assets	<u>24,845,723</u>	<u>24,137,576</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	13,233	40,883
Unearned revenue (Note 5)	6,201,977	7,658,477
Long-term liabilities – due in one year:		
Compensated absences (Note 6)	<u>7,724</u>	<u>6,899</u>
Total current liabilities	<u>6,222,934</u>	<u>7,706,259</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	<u>7,724</u>	<u>6,899</u>
Total non-current liabilities	<u>7,724</u>	<u>6,899</u>
Total liabilities	<u>6,230,658</u>	<u>7,713,158</u>
<u>NET POSITION</u>		
Investment in capital assets	4,084,490	2,882,095
Restricted for capital improvements (Note 3)	109,164	40,364
Unrestricted	<u>14,421,411</u>	<u>13,501,959</u>
Total net position	<u>\$ 18,615,065</u>	<u>\$ 16,424,418</u>

DEER SPRINGS FIRE PROTECTION DISTRICT

Statements of Activities

For the Fiscal Year Ended June 30, 2024

(With Comparative Amounts for the Fiscal Year Ended June 30, 2023)

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Expenses:		
Fire related services:		
Salaries and wages	\$ 105,441	\$ 118,095
Employee benefits	29,302	30,361
CAL FIRE contract	5,529,201	5,699,904
Materials and services	497,146	424,050
Depreciation expense	408,748	278,220
Total expenses	<u>6,569,838</u>	<u>6,550,630</u>
Program revenues:		
Charges for services:		
Parcel tax	3,370,395	3,254,965
Property assessment	2,013,255	1,938,031
Fire services fund agreement	-	275,625
Cal-OES incidents	7,030	37,313
First responder fee	-	20,600
Other charges	609	1,296
Mitigation fees	102,159	34,847
Operating and capital grant funding	1,529,715	544,090
Total program revenues	<u>7,023,163</u>	<u>6,106,767</u>
Net program expense	<u>453,325</u>	<u>(443,863)</u>
General revenues:		
Property taxes	636,723	602,423
Investment earnings	1,100,123	78,219
Sale of assets	476	6,000
Total general revenues	<u>1,737,322</u>	<u>686,642</u>
Change in net position	2,190,647	242,779
Net position:		
Beginning of year	<u>16,424,418</u>	<u>16,181,639</u>
End of year	<u>\$ 18,615,065</u>	<u>\$ 16,424,418</u>

DEER SPRINGS FIRE PROTECTION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2024

<u>ASSETS</u>	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Fire Mitigation Fund</u>	
Assets:				
Cash and investments	\$ 3,642,720	\$ 16,573,583	\$ 108,675	\$ 20,324,978
Accrued interest receivable	24,214	103,540	489	128,243
Property taxes receivable	9,092	-	-	9,092
Other receivables	187,094	10,784	-	197,878
Prepaid items	90,867	10,175	-	101,042
Due from other funds (Note 8)	994,078	-	-	994,078
Total assets	\$ 4,948,065	\$ 16,698,082	\$ 109,164	\$ 21,755,311
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,466	\$ 10,767	\$ -	\$ 13,233
Unearned revenue	-	6,201,977	-	6,201,977
Due to other funds (Note 8)	-	-	994,078	994,078
Total liabilities	2,466	6,212,744	994,078	7,209,288
Fund Balances: (Note 7)				
Non-spendable	90,867	-	-	90,867
Restricted	-	-	109,164	109,164
Committed	-	10,485,338	-	10,485,338
Assigned	15,448	-	-	15,448
Unassigned	4,839,284	-	(994,078)	3,845,206
Total fund balance	4,945,599	10,485,338	(884,914)	14,546,023
Total liabilities and fund balance	\$ 4,948,065	\$ 16,698,082	\$ 109,164	\$ 21,755,311

DEER SPRINGS FIRE PROTECTION DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024*

Fund Balances – Governmental Funds	<u>\$ 14,546,023</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	4,084,490
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	<u>(15,448)</u>
Total adjustments	<u>4,069,042</u>
Net Position of Governmental Activities	<u><u>\$ 18,615,065</u></u>

DEER SPRINGS FIRE PROTECTION DISTRICT

*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2024*

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Fire Mitigation Fund</u>	
REVENUES:				
Property taxes	\$ 636,723	\$ -	\$ -	\$ 636,723
Parcel tax	3,370,395	-	-	3,370,395
Property assessment	2,013,255	-	-	2,013,255
Cal-OES incidents	7,030	-	-	7,030
Other charges	609	-	-	609
Mitigation fees	-	-	102,159	102,159
Operating and capital grant funding	974	1,528,741	-	1,529,715
Investment earnings	204,627	893,855	1,641	1,100,123
Sale of assets	476	-	-	476
Total revenues	<u>6,234,089</u>	<u>2,422,596</u>	<u>103,800</u>	<u>8,760,485</u>
EXPENDITURES:				
Fire related services:				
Salaries and wages	103,791	-	-	103,791
Employee benefits	29,302	-	-	29,302
CAL FIRE contract	5,529,201	-	-	5,529,201
Materials and services	344,931	152,215	-	497,146
Capital outlay	21,210	1,589,933	-	1,611,143
Total expenditures	<u>6,028,435</u>	<u>1,742,148</u>	<u>-</u>	<u>7,770,583</u>
Change in fund balance	<u>205,654</u>	<u>680,448</u>	<u>103,800</u>	<u>989,902</u>
FUND BALANCE:				
Beginning of year,	<u>4,739,945</u>	<u>9,804,890</u>	<u>(988,714)</u>	<u>13,556,121</u>
End of year	<u>\$ 4,945,599</u>	<u>\$ 10,485,338</u>	<u>\$ (884,914)</u>	<u>\$ 14,546,023</u>

DEER SPRINGS FIRE PROTECTION DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024*

Fund Balances – Governmental Funds	<u>\$ 14,546,023</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	4,084,490
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	<u>(15,448)</u>
Total adjustments	<u>4,069,042</u>
Net Position of Governmental Activities	<u><u>\$ 18,615,065</u></u>

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Deer Springs Fire Protection District was formed effective December 15, 1981, by the Board of Supervisors of San Diego County, pursuant to the District Organization Law. A five-member Board of Directors, elected to staggered four-year terms by local voters, governs the District. Beginning July 1, 1994, replacing the original volunteer fire department the District entered into cooperative fire services agreements with the California Department of Forestry (CDF), now CALFIRE. In addition to contracting with this State Agency, the District entered into mutual and automatic aid agreements with surrounding fire agencies, forming an emergency services group. The District's service area is approximately 47 square miles and located north of the City of Escondido, east and west of the I-15 corridor. The estimated current population is approximately 13,000. The District provides a wide range of services, including fire protection, fire prevention, inspection and investigative services, medical and hazardous material response.

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.

B. 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.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

1. Basis of Presentation (continued)

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.

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.

Capital Projects Fund: This fund is used to provide for the accumulation of general fund monies for capital outlay projects.

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.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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

C. 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.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

2. 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 \$5,000. 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	20-30 years
Equipment and Vehicles	5-30 years

3. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District.

4. Unearned revenue

Cash received for federal and state special projects and program is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash is received, on specific projects and programs, exceeds qualified expenditures.

5. Net Position

Net position is classified into three components: net 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 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 - This component of net position consists of net position that does not meet the definition of "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.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

6. 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.

7. Reclassifications

The District has reclassified certain prior year information to conform with current year presentation.

D. 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.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

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

E. 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 San Diego County Auditor-Controller to allocate 100% of the secured property tax billed but not yet received or paid to the District. San Diego County Auditor-Controller remits tax proceeds to the District in installments during the fiscal year.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2024, were categorized on the statement of net position as follows:

Description	Balance
Cash and investments	\$ 20,216,303
Restricted – cash and investments	108,675
Total cash and investments	<u>\$ 20,324,978</u>

Cash and investments at June 30, 2024, consisted of the following:

Description	Balance
Demand deposits held with financial institutions	\$ 36,125
San Diego County Pooled Investment Fund (SDCPIF)	20,288,853
Total cash and investments	<u>\$ 20,324,978</u>

Demand Deposits with Financial Institutions

At June 30, 2024, the carrying amount of the District's demand deposits was \$36,125 and the financial institution's balance was \$56,927. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

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

San Diego County Treasury Investment Pool (SDCTIP)

The District is a voluntary participant in the San Diego County Treasury Investment Pool (SDCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Diego County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or depositing the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the Treasurer-Tax Collector – San Diego Administration Center – 1600 Pacific Hwy, Room 162 – San Diego, CA 92101 or the Treasurer and Tax Collector's office website at www.sdttc.com. As of June 30, 2024, the District had \$20,288,853 in the SDCTIP.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 3 - RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets and restricted net position as of June 30, 2024 were categorized as follows:

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 108,675
Accrued interest receivable	489
Total restricted net position	\$ 109,164

Restricted assets and restricted net position as of June 30, 2024 were received from mitigation fees for capital improvements.

NOTE 4 - CAPITAL ASSETS

Changes in capital assets for the year were as follows:

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2024</u>
Non-depreciable capital assets:				
Land	\$ 764,065	\$ -	\$ -	\$ 764,065
Construction-in-progress	341,523	1,334,140	-	1,675,663
Total non-depreciable capital assets	1,105,588	1,334,140	-	2,439,728
Depreciable capital assets:				
Structures and improvements	2,538,719	203,198	(245,679)	2,496,238
Apparatus and trucks	2,853,192	-	-	2,853,192
Equipment	835,315	73,805	(106,262)	802,858
Total depreciable capital assets	6,227,226	277,003	(351,941)	6,152,288
Accumulated depreciation:				
Structures and improvements	(1,968,261)	(220,839)	245,679	(1,943,421)
Apparatus and trucks	(2,020,174)	(130,322)	-	(2,150,496)
Equipment	(462,284)	(57,587)	106,262	(413,609)
Total accumulated depreciation	(4,450,719)	(408,748)	351,941	(4,507,526)
Total depreciable capital assets, net	1,776,507	(131,745)	-	1,644,762
Total capital assets, net	\$ 2,882,095	\$ 1,202,395	\$ -	\$ 4,084,490

Depreciation expense for the year ended June 30, 2024 was \$408,748.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 – UNEARNED REVENUE – CAPITAL GRANT

In fiscal year ended June 30, 2023, the District received an \$8.0 million grant from the California Office of Emergency Services (Cal-OES) for the construction of Station No. 2. The District deposited these grant funds into their Capital Projects Fund. As construction costs are incurred, the District will recognize capital grant revenue to match those expenditures.

NOTE 6 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2024, were as follows:

<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 13,798	\$ 10,393	\$ (8,743)	\$ 15,448	\$ 7,724	\$ 7,724

NOTE 7 – FUND BALANCES

At June 30, 2024, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>General</u> <u>Fund</u>	<u>Fire</u> <u>Mitigation</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u>
Non-spendable:				
Prepaid items	\$ 90,867	\$ -	\$ 10,175	\$ 101,042
Restricted:				
Mitigation fees	-	109,164	-	109,164
Committed:				
Capital improvements	-	-	10,475,163	10,475,163
Assigned:				
Compensated absences	15,448	-	-	15,448
Unassigned	4,839,284	(994,078)	-	3,845,206
Total fund balances	<u>\$ 4,945,599</u>	<u>\$ (884,914)</u>	<u>\$ 10,485,338</u>	<u>\$ 14,546,023</u>

NOTE 8 – DUE TO OTHER FUNDS

The mitigation fund owes the general fund for a reimbursement of expenditures made to improve facilities from previous fiscal years. At June 30, 2024 the remaining balance owed to the general fund was \$994,078.

DEER SPRINGS FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 – 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.

NOTE 10 – 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.

Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of approximately \$9.1 million to be paid from a combination of State and local funds.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 1, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

DEER SPRINGS FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Adopted Final Budget	Actual	Variance Positive (Negative)
REVENUES:			
Property taxes	\$ 585,000	\$ 636,723	\$ 51,723
Parcel tax	3,564,052	3,370,395	(193,657)
Property assessment	2,012,261	2,013,255	994
Fire services fund agreement	137,812	-	(137,812)
Cal-OES incidents	-	7,030	7,030
Other charges	40,000	609	(39,391)
Operating and capital grant funding	-	974	974
Investment earnings	37,500	204,627	167,127
Sale of assets	-	476	476
Total revenues	<u>6,376,625</u>	<u>6,234,089</u>	<u>(142,536)</u>
EXPENDITURES:			
Fire related services:			
Salaries and wages	123,271	103,791	19,480
Employee benefits	30,000	29,302	698
CAL FIRE contract	5,886,076	5,529,201	356,875
Materials and services	516,500	344,931	171,569
Capital outlay	-	21,210	(21,210)
Total expenditures	<u>6,555,847</u>	<u>6,028,435</u>	<u>527,412</u>
NET CHANGES IN FUND BALANCE	<u>\$ (179,222)</u>	205,654	<u>\$ 384,876</u>
FUND BALANCE:			
Beginning of year		<u>4,739,945</u>	
End of year		<u>\$ 4,945,599</u>	

Other Independent Auditors' Report



NIGRO & NIGRO^{PC}

A Professional Accountancy Corporation

**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
Deer Springs Fire Protection District
Escondido, 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 Deer Springs Fire Protection District (District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated October 1, 2024.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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
October 1, 2024

Item __ - Selection of General Counsel

Background – Best value RFP sent Oct 15, 2024 to:

AGC – Chris Cardinale, Partner

McDougal Foley – Amy Beck paralegal

Meyers Nave San Diego

Email follow up Oct 16, 2024:

AGC indicated 'bid' – level discussions within the parameters of the RFP instructions were held with partner Chris Cardinale

McDougal Foley indicated 'bid' – level discussions within the parameters of the RFP instructions were held with partner Steve Boehmer

No response from Meyers Nave

Sole response: AGC 10/28/2024 – Rate page Attachment 1

AGC is evaluated as fully compliant with the RFP, has professional credentials and depth to serve as DSFPD general counsel. AND has attractive rates.

.Motion for Board Approval

The General Counsel Subcommittee moves to retain AGC – Chris Cardinale as general counsel commencing November 15, 2024. The Board authorizes either Mark Jackson or James Gordon to review and sign the attached draft Agreement for Professional Services Attachment 2

Rate page Attachment 1

Mark Jackson, Vice President
Deer Springs Fire Protection District
Re: Response to Request for Proposal
October 28, 2024

AGC's hourly fee structure for general legal services and litigation/special matters:

Hourly Rates	General Legal Services	Litigation/Special Matters
Partners	\$295	\$325
Associates	\$275	\$300
Law Clerks	\$150	\$150
Paralegals	\$100	\$100

AGC's complete proposed fee schedule and description of legal services can be found on pages 10 - 12.

We look forward to the opportunity to meet with the DSFPD, to further discuss our qualifications for this important role, and we are excited about the opportunity to represent the District. The enclosed proposal outlines AGC's proposed scope of services and rates. The proposal shall be valid for one hundred eighty (180) days following the proposal due date.

Should you have any questions, please do not hesitate to contact me at (562) 699-5500, or by email at ccardinale@agclawfirm.com. As a Senior Partner, I am authorized to enter into contracts / agreements on behalf of AGC in furtherance of this response.

Thank you in advance for your consideration.

Respectfully,

ALVAREZ-GLASMAN & COLVIN



CHRISTOPHER G. CARDINALE
Senior Partner