

HESPERIA FIRE PROTECTION DISTRICT

**COMPONENT UNIT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



**HESPERIA FIRE PROTECTION DISTRICT
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YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hesperia Fire Protection District
Hesperia, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Hesperia Fire Protection District (District) (a component unit of the City of Hesperia), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Schedule - General Fund, Schedule of Contributions - CalPERS Pension Plan – Miscellaneous and Safety, Schedule of the Proportionate Share of the Net Pension Liability - CalPERS Pension Plan – Miscellaneous and Safety, the Schedule of the Proportionate Share of the Total/Net OPEB Liability, and the Schedule of Contributions OPEB, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
December 16, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Hesperia Fire Protection District's financial performance provides an overview of the District's financial activities for the fiscal year (FY) ended June 30, 2024. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

As of November 1, 2018, the Hesperia Fire Protection District (HFPD) completed the Local Agency Formation Commission (LAFCO) annexation process with San Bernardino County Fire. San Bernardino County Fire has assumed the responsibility for providing fire protection and emergency medical services for the community. The HFPD is now limited to overseeing only the long-term liabilities, which is primarily pension obligations associated with the former employees of the District.

During FY 2023-24, the District's net position decreased by \$158,109 to negative \$4.3 million from a negative \$4.2 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

REPORTING THE DISTRICT AS A WHOLE

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of this year's activities?" The Government-Wide Statements – The Statement of Net Position and the Statement of Activities – report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and

expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

REPORTING THE DISTRICT'S FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses two governmental funds; one to account for its operations and one to account for capital projects.

Governmental Funds. *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 assessing a government's near-term financing requirements.

Since governmental funds have a narrower focus than government-wide financial statements, comparing the information from governmental funds with related data for governmental activities in the government-wide statements is beneficial. 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

THE DISTRICT AS A WHOLE

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District, which shows the District's net position decreased by \$158,109, or 4% from FY 2023-24.

Table 1
Condensed Statement of Net Position

	2023	2024	Changes from 2023 to 2024	
			Amount	Percentage
Current Assets	\$ 3,186,655	\$ 3,456,081	\$ 269,426	8.5%
Total Assets	3,186,655	3,456,081	269,426	8.5%
Total Deferred Outflow of Resources	4,401,451	3,950,145	(451,306)	-10.3%
Claims Payable	68,020	27,638	(40,382)	-59.4%
Total OPEB Liability	185,103	141,329	(43,774)	-23.6%
Net Pension Liability	10,309,880	10,689,005	379,125	3.7%
Total Liabilities	10,563,003	10,857,972	294,969	2.8%
Total Deferred Inflow of Resources	1,212,294	893,554	(318,740)	-26.3%
Net Position:				
Unrestricted	(4,187,191)	(4,345,300)	(158,109)	-3.8%
Total Net Position	\$ (4,187,191)	\$ (4,345,300)	\$ (158,109)	-3.8%

The following are brief explanations for the balance changes of Table 1 above for the year ending June 30, 2024:

- Current assets increased by \$269,426 primarily due to an increase in cash position from investment income.
- During FY 2023-24, total deferred outflows of resources decreased by \$451,306, or 10%.
- Due to a reduction in claims related to the former employees of the District, claims payable decreased by \$40,382.
- OPEB Liability for year ending June 30, 2024 totaled \$141,329, which is a decrease of \$43,774, or 24% from the prior year ending June 30, 2023.
- Due to the less than expected investment returns by California Public Employees' Retirement System (CalPERS) for investment year ending June 30, 2023, which are realized by the District during FY 2023-24, net pension liability increased by \$379,125. Conversely, total deferred inflow of resources decreased by \$318,740.

Table 2
Changes in Net Position

	2023	2024	Changes from 2023 to 2024	
			Amount	Percentage
Revenues				
Program Revenues:				
Operating Grants and Contributions	1,130,815	937,658	(193,157)	-17.1%
General revenues:				
Income from Money and Property	64,142	269,426	205,284	320.0%
Total revenues	1,194,957	1,207,084	12,127	1.0%
Expenses				
Public Safety-Fire	(199,085)	1,365,193	1,564,278	785.7%
Total Expenses	(199,085)	1,365,193	1,564,278	785.7%
Change in Net Position	1,394,042	(158,109)	(1,552,151)	-111.3%
Net Position at July 1,	(5,581,233)	(4,187,191)	1,394,042	-25.0%
Net Position at June 30	\$ (4,187,191)	\$ (4,345,300)	\$ (158,109)	-3.8%

The primary source of revenue for the District is contributions from the City of Hesperia (City) which provides the District funding to pay obligations related to the former personnel. During FY 2023-24, the District's expenses increased by \$1,564,278 due to an overall increase in pension costs from the prior year ending June 30, 2023.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At year-end, the HFPD fund had a cash balance of \$3.4 million. As previously mentioned, funding for the annual payment of obligations related to the District's former personnel is provided through contributions made by the City of Hesperia.

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, decreased during FY 2023-24 to \$27,638 from \$68,020 in FY 2022-23 due to a decrease in claims payable related to former employees of the District.

Table 3
Outstanding Debt, at Year-End

	Principal Balance at June 30, 2022	Additions	Deletions	Principal Balance at June 30, 2023	Due Within One Year
Claims Payable	\$ 44,965	\$ 46,718	\$ (23,663)	\$ 68,020	\$ 36,000
	<u>\$ 44,965</u>	<u>\$ 46,718</u>	<u>\$ (23,663)</u>	<u>\$ 68,020</u>	<u>\$ 36,000</u>

See Note 5 to the financial statements for more information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of November 1, 2018, the Hesperia Fire Protection District completed the Local Agency Formation Commission (LAFCO) annexation process with San Bernardino County Fire. San Bernardino County Fire has assumed the responsibility for providing fire protection and ambulance services. The Hesperia Fire Protection District will only exist to satisfy the outstanding obligations of the District's former personnel.

During FY 2024-25, the Fire District will pay \$1,814,535 to California Public Employees' Retirement System (CalPERS) for the Fire District's annual pension obligation, due to the District's "inactive" status. This is a 94%, or \$876,877, increase over FY 2023-24.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Division, at the City of Hesperia, 9700 Seventh Avenue, Hesperia, California 92345.

BASIC FINANCIAL STATEMENTS

**HESPERIA FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 2,049,731
Restricted Cash and Investments:	
Pension Trust	1,387,247
Accounts Receivable	19,103
Total Current Assets	<u>3,456,081</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Outflows	3,912,348
Deferred OPEB Outflows	37,797
Total Deferred Outflows of Resources	<u>3,950,145</u>

LIABILITIES

Current Liabilities:

Claims Payable - Current Portion	15,000
Total Current Liabilities	<u>15,000</u>

Noncurrent Liabilities:

Net OPEB Liability	141,329
Claims Payable	12,638
Net Pension Liability	10,689,005
Total Noncurrent Liabilities	<u>10,842,972</u>

Total Liabilities	10,857,972
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DEFERRED INFLOWS OF RESOURCES

Deferred Pension Inflows	692,482
Deferred OPEB Inflows	201,072
Total Deferred Inflows of Resources	<u>893,554</u>

NET POSITION

Unrestricted	<u>(4,345,300)</u>
Total Net Position	<u><u>\$ (4,345,300)</u></u>

**HESPERIA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Public Safety - Fire	\$ 1,365,193	\$ -	\$ 937,658	\$ -	\$ (427,535)
Total Governmental Activities	<u>\$ 1,365,193</u>	<u>\$ -</u>	<u>\$ 937,658</u>	<u>\$ -</u>	(427,535)
GENERAL REVENUES					
Income from Money and Property					<u>269,426</u>
CHANGE IN NET POSITION					(158,109)
Net Position - Beginning of Year					<u>(4,187,191)</u>
NET POSITION - END OF YEAR					<u>\$ (4,345,300)</u>

See accompanying Notes to Basic Financial Statements.

**HESPERIA FIRE PROTECTION DISTRICT
BALANCE SHEET
JUNE 30, 2024**

ASSETS

Cash and Cash Equivalents	\$ 2,049,731
Restricted Cash and Investments:	
Pension Trust	1,387,247
Accounts Receivable	<u>19,103</u>
Total Assets	<u><u>\$ 3,456,081</u></u>

FUND BALANCES

Restricted:	
Pension	\$ 1,387,247
Public Safety	<u>2,068,834</u>
Total Fund Balances	<u><u>\$ 3,456,081</u></u>

See accompanying Notes to Basic Financial Statements.

**HESPERIA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2024**

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balance - Governmental Funds		\$ 3,456,081
The OPEB liability is not due and payable in the current period, and therefore is not reported in the governmental funds balance sheet.		(141,329)
Deferred inflows and outflows of resources related to OPEB are not reported in the fund statements.		
Deferred Outflows of Resources	\$ 37,797	
Deferred Inflows of Resources	<u>(201,072)</u>	(163,275)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds balance sheet.		(27,638)
Net pension liability applicable to the District is not due and payable in the current period and accordingly is not reported as a liability in the fund financial statements.		(10,689,005)
Deferred inflows and outflows of resources related to pension are not reported in the fund statements.		
Deferred Outflows of Resources	3,912,348	
Deferred Inflows of Resources	<u>(692,482)</u>	<u>3,219,866</u>
Total Net Position		<u><u>\$ (4,345,300)</u></u>

See accompanying Notes to Basic Financial Statements.

**HESPERIA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

REVENUES

Use of Money and Property	\$ 269,426
Contribution from City of Hesperia	<u>937,658</u>
Total Revenues	<u>1,207,084</u>

EXPENDITURES

Current:	
Public Safety - Fire	<u>937,658</u>

**EXCESS OF REVENUES
OVER EXPENDITURES**

269,426

Fund Balances - Beginning of Year	<u>3,186,655</u>
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FUND BALANCES - END OF YEAR

\$ 3,456,081

**HESPERIA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

Amounts reported for governmental activities in the statement of activities
are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 269,426
OPEB expenditures are recognized when paid in the statement of revenues, expenditures and changes in fund balances, and recognized in the period when incurred in the statement of activities.	(6,689)
Decrease in claims payable are included in governmental activities in the government-wide statement of activities.	40,382
Pension expenditures are recognized when paid in the statement of revenues, expenditures, and changes in fund balances, and recognized in the period when incurred in the statement of activities.	<u>(461,228)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (158,109)</u></u>

See accompanying Notes to Basic Financial Statements.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Hesperia Fire Protection District (the District) is a component unit of the City of Hesperia. It was originally organized, circa 1957, as a component unit of San Bernardino County, and later, on July 1 1988, became a component unit of the City. Its mission is to protect the health and safety of the people who reside, visit, or work in the community. The District is the City of Hesperia's lead agency for dealing with natural disasters such as earthquakes, floods, storms, and other emergencies related to fire, explosion, hazardous materials, rescue, and medical services. As of November 1, 2018, the Hesperia Fire Protection District completed the Local Agency Formation Commission (LAFCO) annexation process with San Bernardino County Fire. San Bernardino County Fire has assumed full responsibility for providing fire protection and ambulance services. The District continues to exist until outstanding retirement obligations are satisfied.

The District is an integral part of the reporting entity of the City of Hesperia (the City). The accounts of the District have been included within the scope of the basic financial statements of the City because the City Council has financial accountability over the operations of the District.

B. Basis of Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies reflected in the financial statements are summarized as follows:

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Hesperia Fire Protection District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Hesperia Fire Protection District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

B. Basis of Presentation (Continued)

Governmental Fund Financial Statements

The accounting system of the Hesperia Fire Protection District is organized and operated on the basis of fund, which is considered to be a complete accounting entity. The fund accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in the individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Pursuant to Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the fund balance reported on the fund statements now consist of the following category:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

In the government-wide statements, the District considers restricted funds to be spent first, then unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available.

The District has one major fund described below:

General Fund – is used to account for the District's operational activities.

C. Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

In the government-wide statement of net position and the statement of activities, activities are presented using the economic resources measurement focus. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the government are reported.

In the fund financial statements, all governmental funds are accounted for on a spending or "current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

C. Measurement Focus (Continued)

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as a fund asset. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

In the statement of net position, net position is classified in the following categories:

- Investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and payables that are attributed to the acquisition, construction, or improvement of the assets. The District has no capital assets.
- Restricted net position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. The District has no restricted net position.
- Unrestricted net position – This amount is all net position that do not meet the definition of “investment in capital assets” or “restricted net position”.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources and then from unrestricted resources.

D. Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange like transactions are recognized when the exchange takes place.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

D. Basis of Accounting (Continued)

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

E. Cash and Investments

Cash and investments are pooled with City of Hesperia for investment purposes, with interest being allocated quarterly to all funds legally requiring allocation and to other various funds at the direction of management based on average month-end pooled funds' cash and investment balances. Interest income for cash and investments excluded from pooled cash is credited directly to the related fund. Investment policies applicable to the District's funds are those of the City and are included in the notes to the City's basic financial statements. The exception to this is the Section 115 Pension Trust that contains investments governed by the agreement between the District and the trustees. The investment income and other activity from this trust is recorded directly to the District based on the activity in those separate accounts.

F. Property Taxes

Real property taxes are levied on July 1 against owners of record at January 1. The taxes are due in two installments, on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Tax liens attach annually as of 12:01 a.m. on the first day of January in the fiscal year for which the taxes are levied. Under the provisions of NCGA interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The category of deferred outflow of resources reported in the statement of net position is related to pension and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 3 and 4, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Notes 3 and 4, respectively.

H. Pensions

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

I. Use of Estimates

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

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Cash Equivalents	\$ 2,049,731
Restricted Cash and Investments:	
Pension Trust	1,387,247
Total Cash and Investments	<u>\$ 3,436,978</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk. This table does not address investments of the employer contributions to the pension trust that is governed by the agreement between the District and the trustee, rather than the general provisions of the California Government code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 Years	Unlimited	None
U.S. State or Local Agency Securities	5 Years	Unlimited	None
Banker's Acceptances	180 Days	25%	5%
Commercial Paper	270 Days	15%	10%
Negotiable Certificates of Deposit	5 Years	25%	None
Repurchase Agreements	1 Year	20%	None
Local Agency Investment Fund (LAIF)	N/A	Unlimited	None
Medium-Term Notes	5 Years	30%	None
Mutual and Money Market Funds	N/A	20%	10%
Collateralized Bank Deposits	5 Years	10%	None
Investment Pools	N/A	30%	None
Municipal Bonds	5 Years	10%	None
Supranational Obligations	5 Years	30%	None
Public Bank Obligations	5 Years	100%	None

Disclosures Related to Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Fair Value Measurements for Pooled Cash and Investments

The District's cash and cash equivalents are pooled with the City of Hesperia's cash and investments. Additional disclosures regarding the pooled investments related to interest rate risk, credit risk, custodial credit risk, and fair value measurements are available in the City of Hesperia's Annual Comprehensive Financial Report (ACFR).

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that a change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's pension trust investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's pension trust investments by maturity.

Investment Type	Fair Value	Remaining Maturity (in Months)
		12 Months or Less
Held in Pension Trust:		
Money Market Funds	\$ 14,421	\$ 14,421
Exchange-Traded Funds:		
Small Cap U.S. Equity	6,568	6,568
Large Cap U.S. Equity	410,701	410,701
International Equity	239,823	239,823
Emerging Market Equity	49,077	49,077
U.S. Core Bonds	327,090	327,090
Real Estate	13,226	13,226
Other	326,341	326,341
Total	<u>\$ 1,387,247</u>	<u>\$ 1,387,247</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year ended for each investment type in the pension trust.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year-End	
			AAA	Not Rated
Held in Pension Trust:				
Money Market Funds	\$ 14,421	N/A	\$ 14,421	\$ -
Exchange-Traded Funds:				
Small Cap U.S. Equity	6,568	N/A	-	6,568
Large Cap U.S. Equity	410,701	N/A	-	410,701
International Equity	239,823	N/A	-	239,823
Emerging Market Equity	49,077	N/A	-	49,077
U.S. Core Bonds	327,090	N/A	-	327,090
Real Estate	13,226	N/A	-	13,226
Other	326,341	N/A	-	326,341
Total	<u>\$ 1,387,247</u>		<u>\$ 14,421</u>	<u>\$ 1,372,826</u>

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The pension trustee agreement contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2024, there were no investments in any one issuer that represent 5% or more of the District's investments.

Custodial Credit Risk

The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's pension trustee agreement do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

Fair Value Measurements

The District categorizes its pension trust fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The District's pension trust investments in exchange-traded funds are not subject to the fair value hierarchy.

NOTE 3 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

For employees hired into a plan with the 2.7% at 55 formula, eligibility for service retirement is age 55 with at least five years of services. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

Prior to January 1, 2013	Miscellaneous	Safety
Benefit Formula	2% at 55	2% at 50
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 63+	50 to 55+
Monthly Benefits, as a % of Eligible Compensation	1.4% to 2.4%	2.0% to 2.7%
Required Employee Contribution Rates (1)	0.000%	0.000%
Required Employer Contribution	\$19,816	\$887,500

(1) The District transferred the safety function to the County. There are no members of the safety plan that are active employees of the City. Therefore, there are no required employee contribution rates. Instead the required employer contribution is a dollar amount provided by CalPERS.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. During the fiscal year, the District contributed \$19,816 and \$887,500 to the miscellaneous and safety plan, respectively.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

A. General Information about the Pension Plans (Continued)

Contributions (Continued)

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of all plans as follows:

Miscellaneous	\$ 196,512
Safety	10,492,493
Total Net Pension Liability	<u>\$ 10,689,005</u>

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

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

The District's proportionate share of the net pension liability as of the measurement dates ended June 30, 2022 and 2023, are as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2022	0.00434 %	0.14708 %
Proportion - June 30, 2023	0.00393	0.14037
Change - Increase (Decrease)	(0.00041)	(0.00671)

The District recognized pension expense of \$11,892 and \$1,356,651 (a total of \$1,368,543) for the fiscal year ended June 30, 2024 for the miscellaneous and safety plans, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Total</u>		<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 907,316	\$ -	\$ 19,816	\$ -	\$ 887,500	\$ -
Differences Between Actual and Expected Experience	780,382	(67,506)	10,039	(1,557)	770,343	(65,949)
Change in Assumptions	624,220	-	11,864	-	612,356	-
Change in Employer's Proportion	59,749	(268,904)	-	(34,089)	59,749	(234,815)
Change in Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	72,969	(356,072)	9,947	-	63,022	(356,072)
Net Differences Between Projected and Actual Earnings on Plan Investments	1,467,712	-	31,817	-	1,435,895	-
Total	<u>\$ 3,912,348</u>	<u>\$ (692,482)</u>	<u>\$ 83,483</u>	<u>\$ (35,646)</u>	<u>\$ 3,828,865</u>	<u>\$ (656,836)</u>

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Deferred amounts related to the net difference in projected and actual earnings are amortized over five years. Deferred amounts related to the differences between expected and actual experience, changes in assumptions, and changes in proportion and differences between the City's contributions and proportionate share of contributions are amortized over a closed period equal to the average of the expected remaining service lives of all employees provided with pensions through the plans

\$907,316 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Miscellaneous</u>	<u>Safety</u>
2025	\$ 1,673	\$ 642,322
2026	2,023	486,263
2027	23,412	1,115,865
2028	913	40,079
2029	-	-

Actuarial Assumptions

The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increase	(1)	(4)
Mortality Rate Table	(2)	(2)
Postretirement Benefit Increase	(3)	(3)

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Actuarial Assumptions (Continued)

- (1) Varies by entry age and service.
- (2) The mortality table used was developed based on CalPERS-specific data.
The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.
- (3) The contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.
- (4) The plan has no active members; therefore, there is no salary increase.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	0.59
Total	100.00 %	

(a) An expected inflation of 2.3% was used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

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

Discount Rate

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

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

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

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Miscellaneous			
Net Pension Liability	\$ 274,776	\$ 196,512	\$ 132,095
	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Safety - Fire			
Net Pension Liability	\$ 15,312,548	\$ 10,492,493	\$ 6,551,754

Pension Plan Fiduciary Net Position

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

C. Payables to the Pension Plan

At June 30, 2024, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

A. General Information about OPEB

Plan Descriptions

The District participates in the City's defined benefit other postemployment benefits (OPEB) health care plan, a single employer plan. During fiscal year 2022-2023, the City entered into agreements with Shuster Advisory Group LL, Charles Schwab Trust Bank, and ALTA Trust Company to join other entities in an OPEB and pension 115 Trust. The plan, which is administered by the City, provides certain health-care benefits to retired and disabled employees and their beneficiaries. Specifically, the City provides health insurance for its retired employees according to the Personnel Rules and Regulations. The authority to do so is included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The plan does not issue a separate report.

B. Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2024, the District reported a liability of \$141,329 for its proportionate share of the net OPEB liability which was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share of the net OPEB liability was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating funds, actuarially determined.

The District's proportionate share of the net OPEB liability as of the measurement dates ended June 30, 2022 and 2023, are as follows:

Proportion - June 30, 2022	4.30000 %
Proportion - June 30, 2023	4.40000
Change - Increase (Decrease)	0.10000

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

B. Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The District recognized OPEB income of \$8,562, for the fiscal year ended June 30, 2024 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 1,873	\$ -
Differences Between Actual and Expected Experience	-	(41,095)
Changes in Proportion	-	(35,025)
Changes in Assumptions	35,924	(124,799)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(153)
Total	<u>\$ 37,797</u>	<u>\$ (201,072)</u>

\$1,873 reported as deferred outflows of resources resulting from District's contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (10,247)
2026	(6,192)
2027	(23,917)
2028	(24,018)
2029	(25,931)
Thereafter	(74,843)

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

B. Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2023, measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	June 30, 2022
Measurement Date:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.88%
Inflation	2.50%
Projected Salary Increase	Aggregate - 2.75%
Expected Long-Term Investment	
Rate of Return	5.50%
Health-Care Cost Trend Rates	Non-Medicare - 8.50% for 2024, decreasing to 3.45% in 2076 Medicare - 7.50% for 2024, decreasing to 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2023, decreasing to 3.45% in 2076
Mortality, Retirement, Disability, Termination	Derived from CalPERS 2000 - 2019 experience study

Discount Rate

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries up to 2059-2060. Subsequent to this date, the OPEB plan's fiduciary net position is not projected to be available for such payments. This has resulted in a blended discount rate of 4.88%, which takes into account the long-term expected rate of 5.5% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.65%.

Change in Assumption

The discount rate was changed from 3.54% to 4.88%.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Expected Long-Term Rate of Return

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

Asset Class Component	Target Allocation Shuster - Balanced	Expected Real Rate of Return
Global Equity	50 %	4.56 %
Fixed Income	48	0.78
Cash	2	(0.50)
Total	100 %	
Assumed Long-Term Rate of Inflation		2.50
Expected Long-Term Net Rate of Return, Rounded		5.50

Sensitivity of the Net OPEB Liability the Changes in the Discount Rate

The following presents the net OPEB liability of the District, calculated using the discount rate for the plan, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 3.88%	Discount Rate 4.88%	1% Increase 5.88%
Net OPEB Liability	\$ 164,967	\$ 141,329	\$ 121,901

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using health-care cost trend rates that are one percentage point lower or one percentage point higher than the current health-care cost trend rates:

	1% Decrease (1)	Current Health-Care Cost Trend Rates (2)	1% Increase (3)
Net OPEB Liability	\$ 117,224	\$ 141,329	\$ 171,717

- (1) Non-Medicare - 7.50% for 2024, decreasing to 2.45% in 2076
Medicare - 6.50% for 2024, decreasing to 2.45% in 2076
Medicare (Kaiser) - 5.25% for 2023, decreasing to 2.45% in 2076
- (2) Non-Medicare - 8.50% for 2024, decreasing to 3.45% in 2076
Medicare - 7.50% for 2024, decreasing to 3.45% in 2076
Medicare (Kaiser) - 6.25% for 2023, decreasing to 3.45% in 2076
- (3) Non-Medicare - 9.50% for 2024, decreasing to 4.45% in 2076
Medicare - 8.50% for 2024, decreasing to 4.45% in 2076
Medicare (Kaiser) - 7.25% for 2023, decreasing to 4.45% in 2076

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 SELF INSURANCE RISK POOL

Public Entity Risk Management Authority

The Fire Protection District, through the City of Hesperia, is a member of the Public Entity Risk Management Authority (PERMA), a joint powers authority of 32 California cities and districts, for the purpose of pooling the City's risk for workers' compensation insurance with those of other member cities and districts. The Governing Board (Board) of PERMA is comprised of directors nominated and selected by each member city and district. Each governing board member has one vote regarding all financial and management issues coming before the Board.

Each member is billed annually, and Workers' Compensation premiums are paid quarterly. Estimated premiums for claims to be paid and a reserve are advanced upon joining PERMA. Each year PERMA adjusts its premiums based on City payroll figures, claims paid, and claims incurred but not reported. PERMA is allowed to make additional assessments to its members based on a retrospective premium adjustment process. The District receives audited financial statements of PERMA each year that have been audited by other auditors.

The District is self-insured for the first \$250,000 of each Workers' Compensation and Employers Liability claim, and PERMA will assume each claim's liability between \$250,000 and \$500,000. Excess liability insurance coverage is obtained from the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) by PERMA on behalf of the District. LAWCX will assume each claims liability between \$500,000 and \$5,000,000 for employer's liability and Statutory for each workers' compensation claim.

For General Liability, the District is self-insured for up to \$50,000. PERMA will assume each claim exceeding \$50,000 to \$1,000,000. The District is self-insured for General Liability including errors and omissions and auto liability up to the first \$50,000 for each occurrence, and the difference between the District's \$50,000 self-insurance retention and \$1,000,000 is covered by PERMA. Excess liability insurance coverage is obtained from CSAC Excess Insurance Authority (CSAC-EIA) by PERMA on behalf of the District. CSAC-EIA will assume each claim liability between \$1,000,000 and \$50,000,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount, as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. There have been no significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

**HESPERIA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 SELF INSURANCE RISK POOL (CONTINUED)

Public Entity Risk Management Authority (Continued)

Changes in the balances of claims liabilities during the past two years ended June 30 are as follows:

	2024	2023
Unpaid Claims - Beginning of Fiscal Year	\$ 68,020	\$ 44,965
Incurred Claims and Changes in Estimated Claims		
Liabilities	-	46,718
Claim Payments	(40,382)	(23,663)
Unpaid Claims - End of Fiscal Year	<u>\$ 27,638</u>	<u>\$ 68,020</u>

REQUIRED SUPPLEMENTARY INFORMATION

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - MISCELLANEOUS
LAST TEN FISCAL YEARS**

Fiscal Year-End	2024	2023	2022	2021	2020
Contractually Required Contribution (Actuarially Determined)	\$ 19,816	\$ 25,623	\$ 23,900	\$ 23,253	\$ 21,006
Contributions in Relation to the Contractually Required Contribution	(19,816)	(25,623)	(23,900)	(23,253)	(21,006)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll ²	N/A	N/A	N/A	N/A	N/A

¹Historical information was changed from the actuarial determined contributions to actual contributions for each fiscal year as indicated by GASB 68, paragraph 81(b).

²The District has no active members, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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**Methods and Assumptions Used to
Determine Contribution Rates:**

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.30%	2.50%	2.50%	2.63%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - MISCELLANEOUS (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year-End	2019	2018	2017	2016	2015 ¹
Contractually Required Contribution (Actuarially Determined)	\$ 20,748	\$ 17,023	\$ 13,160	\$ 12,044	\$ 11,216
Contributions in Relation to the Contractually Required Contribution	(20,748)	(17,023)	(13,160)	(12,044)	(11,216)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll ²	N/A	N/A	N/A	N/A	N/A

¹Historical information was changed from the actuarial determined contributions to actual contributions for each fiscal year as indicated by GASB 68, paragraph 81(b).

²The District has no active members, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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**Methods and Assumptions Used to
Determine Contribution Rates:**

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN - MISCELLANEOUS
LAST TEN FISCAL YEARS**

Fiscal Year-End	2024	2023	2022	2021	2020
District's Proportion of the Net Pension Liability/(Asset)	0.00393%	0.00434%	0.00721%	0.00474%	0.00503%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 196,512	\$ 202,937	\$ 136,931	\$ 199,886	\$ 201,457
District's Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	77.97%	78.19%	90.49%	77.71%	77.73%

¹ The District has no active members, therefore, there is no covered payroll.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN - MISCELLANEOUS (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year-End	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability/(Asset)	0.00523%	0.00520%	0.00536%	0.00588%	0.00552%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 196,972	\$ 204,946	\$ 186,324	\$ 161,400	\$ 136,344
District's Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	77.69%	75.39%	75.87%	79.89%	81.15%

¹ The District has no active members, therefore, there is no covered payroll.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - SAFETY
LAST TEN FISCAL YEARS**

Fiscal Year-End	2024	2023	2022	2021	2020
Contractually Required Contribution (Actuarially Determined)	\$ 887,500	\$ 1,067,577	\$ 983,846	\$ 952,741	\$ 853,504
Contributions in Relation to the Contractually Required Contribution	(887,500)	(1,067,577)	(983,846)	(952,741)	(853,504)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll ²	N/A	N/A	N/A	N/A	N/A

¹Historical information was changed from the actuarial determined contributions to actual contributions for each fiscal year as indicated by GASB 68, paragraph 81(b).

²The District has no active members, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
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**Methods and Assumptions Used to
Determine Contribution Rates:**

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.30%	2.30%	2.50%	2.50%	2.63%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
CALPERS PENSION PLAN - SAFETY (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year-End	2019	2018	2017	2016	2015 ¹
Contractually Required Contribution (Actuarially Determined)	\$ 777,035	\$ 634,528	\$ 351,030	\$ 291,930	\$ 233,880
Contributions in Relation to the Contractually Required Contribution	(777,035)	(634,528)	(351,030)	(291,930)	(233,880)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll ²	N/A	N/A	N/A	N/A	N/A

¹Historical information was changed from the actuarial determined contributions to actual contributions for each fiscal year as indicated by GASB 68, paragraph 81(b).

²The District has no active members, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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**Methods and Assumptions Used to
Determine Contribution Rates:**

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service, and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Minimum 50 years.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN - SAFETY
LAST TEN FISCAL YEARS**

Fiscal Year-End	2024	2023	2022	2021	2020
District's Proportion of the Net Pension Liability/(Asset)	0.14037%	0.14708%	0.16588%	0.14243%	0.14576%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 10,492,493	\$ 10,106,943	\$ 5,821,507	\$ 9,489,179	\$ 9,099,019
District's Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	74.87%	75.53%	86.61%	73.12%	73.37%

¹ The District has no active members, therefore, there is no covered payroll.

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS PENSION PLAN - SAFETY (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year-End	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability/(Asset)	0.14946%	0.14577%	0.14889%	0.14767%	0.12969%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ 8,769,919	\$ 8,710,094	\$ 7,711,540	\$ 6,084,632	\$ 4,864,517
District's Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll ²	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of its Total Pension Liability	73.39%	71.74%	72.69%	77.27%	78.83%

¹ The District has no active members, therefore, there is no covered payroll.

See accompanying Note to Required Supplementary Information.

HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE TOTAL/NET OPEB LIABILITY
LAST TEN FISCAL YEARS *

Fiscal Year-End	2024	2023
District's Proportion of Total/Net OPEB Liability ²	4.40%	4.30%
District's Proportionate Total/Net OPEB Liability ²	\$ 141,329	\$ 185,103
District Covered-Employee Payroll ¹	N/A	N/A
District's Proportionate Share of Total/Net OPEB Liability as a Percentage of its Covered Payroll ¹	N/A	N/A

¹ The District has no active members, therefore, there is no covered payroll.

² The District's OPEB trust was established and impacted the OPEB liability in fiscal year ended June 30, 2024.

* Fiscal year 2018 was the first year of implementation, therefore, only seven years are shown.

See accompanying Note to Required Supplementary Information.

HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE TOTAL/NET OPEB LIABILITY (CONTINUED)
LAST TEN FISCAL YEARS *

Fiscal Year-End	2022	2021	2020	2019	2018
District's Proportion of Total/Net OPEB Liability ²	5.20%	5.30%	5.30%	5.40%	1.80%
District's Proportionate Total/Net OPEB Liability ²	\$ 363,083	\$ 342,381	\$ 257,815	\$ 230,239	\$ 102,879
District Covered-Employee Payroll ¹	N/A	N/A	N/A	N/A	N/A
District's Proportionate Share of Total/Net OPEB Liability as a Percentage of its Covered Payroll ¹	N/A	N/A	N/A	N/A	N/A

¹ The District has no active members, therefore, there is no covered payroll.

² The District's OPEB trust was established and impacted the OPEB liability in fiscal year ended June 30, 2024.

* Fiscal year 2018 was the first year of implementation, therefore, only seven years are shown.

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS OPEB
LAST TEN FISCAL YEARS ***

Fiscal Year-End	2024
Actuarially Determined Contribution	\$ 12,470
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,873)</u>
Contribution Deficiency (Excess)	<u>\$ 10,597</u>
Covered - Employee Payroll ¹	N/A
Contributions as a Percentage of Covered - Employee Payroll	N/A

¹ The District has no active members, therefore, there is no covered payroll.

Notes to Schedule:

Valuation Date 6/30/2022

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	(1)
Asset Valuation Method	Fair Value
Long-Term Rate of Return	5.5%
Inflation	2.5%
Medical Trend	(2)
Mortality, Retirement, Disability, Termination	(3)

(1) Level percentage of payroll, closed.

(2) Non-Medicare 8.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Non-Kaiser) 7.5% for 2024, decreasing to an ultimate rate of 3.45% in 2076; Medicare (Kaiser) 6.25% for 2024, decreasing to an ultimate rate of 3.45% in 2076.

(3) Mortality projected fully generational with Scale MP-2021.

*Fiscal year 2023-2024 is the first year an actuarially determined contribution was calculated.

**HESPERIA FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
FUND BALANCE - BEGINNING OF YEAR	<u>\$ 3,186,655</u>	<u>\$ 3,186,655</u>	<u>\$ 3,186,655</u>	<u>\$ -</u>
RESOURCES (INFLOWS)				
Use of Money and Property	56,328	56,328	269,426	213,098
Contributions from City of Hesperia	<u>937,658</u>	<u>937,658</u>	<u>937,658</u>	<u>-</u>
Amount Available for Appropriations	993,986	993,986	1,207,084	213,098
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current:				
Public Safety - Fire	<u>937,658</u>	<u>937,658</u>	<u>937,658</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>56,328</u>	<u>56,328</u>	<u>269,426</u>	<u>213,098</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,242,983</u></u>	<u><u>\$ 3,242,983</u></u>	<u><u>\$ 3,456,081</u></u>	<u><u>\$ 213,098</u></u>

See accompanying Note to Required Supplementary Information.

**HESPERIA FIRE PROTECTION DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 BUDGETARY DATA

The District adopts a budget for the General Fund – Fire Operations and Fire District Capital Projects Fund each year. The Board approves each year's budget submitted by the Fire Chief and the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the board. Supplemental appropriations, when required during the period, are also approved by the board. In most cases, expenditures may not exceed appropriations at the fund level. At fiscal year-end, all operating budget appropriations lapse. The budget for the operations fund is adopted on a basis consistent with the accounting principles generally accepted in the United States of America.