

SARATOGA FIRE PROTECTION DISTRICT  
AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2025



**SARATOGA FIRE PROTECTION DISTRICT**  
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**JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
Saratoga Fire Protection District  
Saratoga, California

### Report on the Audit of the Financial Statements

#### *Opinion*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position for the 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 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 on pages 4 through 11 and required supplementary information on pages 34 through 37 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 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Harskmal & Company LLP*

San Diego, California  
January 13, 2026

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

This section of the annual financial report of the Saratoga Fire Protection District (the "District") present our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded liabilities at the close of the current fiscal year by \$9,060,668 (*net position*). Of this amount, \$5,295,554 was the unrestricted net position and may be used to meet ongoing obligations to citizens and creditors, and \$3,765,114 was the net investment in capital assets.
- The District's total net position increased by \$971,142; a key factor for this increase was an increase in property taxes received.
- As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$7,116,180, an increase of \$694,046 in comparison with the prior year. Approximately 77.32% of the combined fund balances, or \$5,502,130, were available to meet the District's current and future needs (*unassigned fund balance*).
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$5,502,130, or 51.87% of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to basic financial statements. Required supplementary information is included in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not 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 in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

These government-wide financial statements distinguish functions of the District principally supported by property taxes and assessments and charges for services (governmental activities) from other functions that are intended to recover all or significant portion of cost through user fees and charges (business-type activities). The only governmental activity of the District is public protection.

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts, which are 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. All of the District's fund can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, i.e., most of the District's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the District's programs.

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 funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains some individual governmental funds organized according to their type (general, special revenue, and debt service). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service, which are considered to be major funds. Data from the remaining governmental fund is in a single presentation as total nonmajor funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information (other than MD&A)**

The required supplementary information is presented concerning the District's budgetary comparison schedule, and GASB required OPEB disclosures. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, assets and deferred outflows of resources exceeded liabilities by \$9,060,668 (net position) at the close of the current fiscal year.

**Table 1  
Comparative Statement of Net Position**

	Net Position			
	2025	2024	Net Change	Change (%)
<b>Assets</b>				
Current assets	\$ 8,574,807	\$ 7,810,335	\$ 764,472	9.79%
Noncurrent assets, net	5,205,445	5,142,839	62,606	1.22%
Total assets	<u>13,780,252</u>	<u>12,953,174</u>	<u>827,078</u>	<u>6.39%</u>
<b>Deferred outflows of resources</b>	<u>82,221</u>	<u>72,468</u>	<u>9,753</u>	<u>13.46%</u>
<b>Liabilities</b>				
Current liabilities	2,284,453	2,154,925	129,528	6.01%
Noncurrent liabilities	<u>2,517,352</u>	<u>2,781,191</u>	<u>(263,839)</u>	<u>(9.49)%</u>
Total liabilities	<u>4,801,805</u>	<u>4,936,116</u>	<u>(134,311)</u>	<u>(2.72)%</u>
<b>Net position</b>				
Net investment in capital assets	3,765,114	3,477,169	287,945	8.28%
Unrestricted	<u>5,295,554</u>	<u>4,612,357</u>	<u>683,197</u>	<u>14.81%</u>
Total net position	<u>\$ 9,060,668</u>	<u>\$ 8,089,526</u>	<u>\$ 971,142</u>	<u>12.00%</u>

**Analysis of Net Position**

The largest portion of the District's total net position, amounting to \$5,295,554 or 58.45% of the total net position, reflects the unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

The remaining balance of \$3,765,114 or 41.55% of the total net position represents its net investment in capital assets (e.g., land, buildings, vehicles, equipment, and furniture and fixtures). Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the District reported positive balances in all categories of net position.

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The following table presents the change in net position as well as increases or decreases in revenues and expenses from the prior year.

**Table 2  
Comparative Statement of Activities**

	Changes in Net Position			
	2025	2024	Net Change	Change (%)
<b>Revenues</b>				
General revenues:				
Property taxes and assessments	\$ 11,953,192	\$ 11,353,294	\$ 599,898	5.28%
Interest income	225,414	205,212	20,202	9.84%
Rental income	-	75	(75)	(100)%
Total revenues	<u>12,178,606</u>	<u>11,558,581</u>	<u>620,025</u>	<u>5.36%</u>
<b>Expenses</b>				
Public protection	10,503,318	10,072,570	430,748	4.28%
Interest on long-term debt	<u>704,146</u>	<u>639,591</u>	<u>64,555</u>	<u>10.09%</u>
Total expenses	<u>11,207,464</u>	<u>10,712,161</u>	<u>495,303</u>	<u>4.62%</u>
Change in net position	971,142	846,420	124,722	14.74%
Net position, beginning of year	<u>8,089,526</u>	<u>7,243,106</u>	<u>846,420</u>	<u>11.69%</u>
Net position, end of year	<u><u>\$ 9,060,668</u></u>	<u><u>\$ 8,089,526</u></u>	<u><u>\$ 971,142</u></u>	<u><u>12.00%</u></u>

**Analysis of Changes in Net Position**

The District's net position increased by \$971,142 during the current fiscal year. These increases are explained in the governmental-type activities discussed below.

**Governmental activities** - Governmental activities increased the District's net position by \$971,142, representing 100% of the total change for the year. Key elements of this change are as follows:

- Property taxes increased by \$599,898 or 5.28% due to an increase in the value of homes being sold in the District, increasing the assessed valuation of the property sold.
- Interest income increased by \$20,202 or 9.84% because the District maintained higher balances in Santa Clara County accounts and because the County earned higher interest on those balances.
- Public protection expenses increased by \$430,748 or 4.28%, mainly because the contract for fire protection services with Santa Clara County Fire is based on a percentage of property taxes received. Property taxes increased, causing an increase in public protection expenses.
- Interest on long-term debt increased by \$64,555 or 10.09% compared to the prior fiscal year. Expenses in the current fiscal year were higher than the prior year due to an increase in accrued bond interest payable compared to the prior year.

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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, an unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the District include the General, Special Revenue, and Debt Service Funds.

As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$7,116,180, an increase of \$694,046 compared to the prior year. Approximately 77.32% of the combined ending fund balances, or \$5,502,130, constitute an unassigned fund balance available to meet the District's current and future needs.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. As of June 30, 2025, the unassigned fund balance of the general fund was \$5,502,130, which was 92.93% of the total general fund balance of \$5,920,543 and 51.87% of the total general fund expenditures of \$10,608,180.

Revenues for governmental functions totaled \$12,178,606 in the current fiscal year, which represents an increase of \$620,025 or 5.36% from the previous fiscal year. Expenditures for governmental function, totaling \$11,484,560, an increase of \$821,013 or 7.70% from the prior fiscal year. In the current fiscal year, combined revenue exceeded expenses by \$694,046.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

**Table 3  
Revenues Classified by Source - Governmental Funds**

<u>Revenues by source</u>	<u>2025</u>		<u>2024</u>		<u>Change</u>	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>(%)</u>
Property taxes	\$11,953,192	98.15%	\$11,353,294	98.22%	\$ 599,898	5.28%
Use of money and property	225,414	1.85%	205,212	1.78%	20,202	9.84%
Miscellaneous revenues	-	0.00%	75	0.00%	(75)	(100)%
Total revenues	<u>\$12,178,606</u>	<u>100%</u>	<u>\$11,558,581</u>	<u>100%</u>	<u>\$ 620,025</u>	<u>5.36%</u>

The following provides an explanation of revenues by source that changed significantly over the prior year.

- Property taxes - increased due to an increase in the assessed valuation of properties that have been sold.
- Use of money and property - increased because the District maintained higher balances in Santa Clara County accounts and because the County earned higher interest on those balances.

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The following table presents expenditures by function compared to the prior year amounts.

**Table 4  
Expenditures by Function - Governmental Funds**

Expenditures by function	2025		2024		Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Public protection	\$ 10,402,324	90.58%	\$ 9,851,411	92.38%	\$ 550,913	5.59%
Capital outlay	207,236	1.80%	2,136	0.02%	205,100	9,602.06%
Debt service	875,000	7.62%	810,000	7.60%	65,000	8.02%
Total expenditures	<u>\$ 11,484,560</u>	<u>100%</u>	<u>\$ 10,663,547</u>	<u>100%</u>	<u>\$ 821,013</u>	<u>7.70%</u>

The following provides an explanation of expenditures by the function that changed significantly over the prior year:

- Public protection - increased because the contract for fire protection services with Santa Clara County Fire is based on a percentage of property taxes received. Property taxes increased, causing an increase in public protection expenses.
- Capital outlay - The increase in capital outlay during the current year is primarily due to the district's acquisition of fixed assets.
- Debt service - The increase in debt service expenditure is mainly due to higher principal and interest payments resulting from the current year's debt repayment schedule.

The current year's excess of revenues and other financing sources over expenditures and other financing uses is presented below:

**Table 5  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
- Governmental Funds**

	Major Funds		Nonmajor Fund	Total
	General Fund	Debt Service Fund	Special Revenue Fund	
Revenues	\$ 11,216,837	\$ 955,337	\$ 6,432	\$ 12,178,606
Expenditures	(10,608,180)	(876,380)	-	(11,484,560)
Net change in fund balances	608,657	78,957	6,432	694,046
Fund balances, beginning of year	<u>5,311,886</u>	<u>928,907</u>	<u>181,341</u>	<u>6,422,134</u>
Fund balances, end of year	<u>\$ 5,920,543</u>	<u>\$ 1,007,864</u>	<u>\$ 187,773</u>	<u>\$ 7,116,180</u>

The fund balance in the District's general fund increased by \$608,657 during the fiscal year due to an increase in revenue.

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual amounts available for appropriations were more than budgetary estimates by \$150,837. The majority of this amount is the favorable variance of \$112,971 in property taxes due to the higher assessed valuation of homes being sold.

Actual charges to appropriations were more than budgetary estimates by \$26,680. The majority of this amount is an unfavorable variance of \$12,796 in services and supplies, due to an increase in fire protection services cost. Fire protection costs were higher because they were based on property taxes received. Property taxes were higher than estimated; therefore, fire protection costs increased and were higher than budgeted. The net effect of larger over-realization of revenues and lower over-utilization of expenditures resulted in a favorable variance of \$124,157, thus eliminating the need to draw from the existing fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$5,205,445 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and furniture and fixtures.

The main capital asset activities during the current fiscal year were:

- Depreciation
- Acquisition of Building
- Additions in Furniture and fixtures
- Additions in Vehicle

For the government-wide financial statement presentation, all depreciable capital assets were depreciated from the acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

**Table 6  
Comparative Statement of Capital Assets**

	<u>2025</u>	<u>2024</u>	<u>Net Change</u>	<u>Change (%)</u>
Land	\$ 1,441,043	\$ 1,441,043	\$ -	0.00%
Buildings	5,740,487	5,586,127	154,360	2.76%
Vehicles	152,695	151,195	1,500	0.99%
Equipment	47,108	47,108	-	0.00%
Furniture and fixtures	<u>161,266</u>	<u>109,890</u>	<u>51,376</u>	<u>46.75%</u>
Total capital assets, at cost	7,542,599	7,335,363	207,236	2.83%
Less: accumulated depreciation	<u>(2,337,154)</u>	<u>(2,192,524)</u>	<u>(144,630)</u>	<u>6.60%</u>
Capital assets, net	<u>\$ 5,205,445</u>	<u>\$ 5,142,839</u>	<u>\$ 62,606</u>	<u>1.22%</u>

**SARATOGA FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Long-Term Debt**

As of June 30, 2025, the District had total long-term debt outstanding of \$1,440,331 compared to \$1,665,670 from the prior year. This amount was comprised \$1,440,331 of bonds payable (inclusive of \$229,956 due within one year). The principal payment amounted to \$225,339 for bonds payable during the year.

**Table 7  
Comparative Statement of Long-Term Debt**

	2025	2024	Net Change	Change (%)
Bonds payable	\$ 1,440,331	\$ 1,665,670	\$ (225,339)	(13.53)%
Total	\$ 1,440,331	\$ 1,665,670	\$ (225,339)	(13.53)%

**Net OPEB Liability**

For the current fiscal year, the District had an aggregate net OPEB liability of \$1,306,977 versus \$1,340,860 for the prior year, a decrease of \$33,883 or 2.53% from the prior year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The District anticipates property tax revenues to continue to increase slightly. While inventory will continue to be low, prices will continue to rise, increasing assessed valuations and property taxes.
- Capital expenses anticipated in fiscal year 2025-26 include redoing the landscaping in the area between the station and the parking lot and purchasing a new generator.
- All of these factors were considered in preparing the District's budget for fiscal year 2025-26.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Saratoga Fire Protection District  
14380 Saratoga Avenue  
Saratoga, California, 95070

## **BASIC FINANCIAL STATEMENTS**

## GOVERNMENT - WIDE FINANCIAL STATEMENTS

**SARATOGA FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**ASSETS**

Cash and investments	\$ 8,498,354
Interest receivable	58,040
Prepaid expenses	18,413
Capital assets, net	<u>5,205,445</u>
Total assets	<u>13,780,252</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Related to OPEB	<u>82,221</u>
Total deferred outflows of resources	<u>82,221</u>
Total assets and deferred outflows of resources	<u>13,862,473</u>

**LIABILITIES**

Accounts payable	1,458,627
Accrued interest	595,870
Bonds payable, due within one year	229,956
Bonds payable, due beyond one year	1,210,375
Net OPEB liability	<u>1,306,977</u>
Total liabilities	<u>4,801,805</u>

**NET POSITION**

Net investment in capital assets	3,765,114
Unrestricted	<u>5,295,554</u>
Total net position	<u>9,060,668</u>
Total liabilities and net position	<u>\$ 13,862,473</u>

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

**SARATOGA FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Public protection	\$ 10,503,318	\$ -	\$ -	\$ (10,503,318)
Interest on long-term debt	<u>704,146</u>	<u>-</u>	<u>-</u>	<u>(704,146)</u>
Total governmental activities	<u>\$ 11,207,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(11,207,464)</u>
 <b>General revenues:</b>				
Property taxes				11,953,192
Use of money and property				<u>225,414</u>
Total general revenues				<u>12,178,606</u>
Change in net position				971,142
Net position, beginning of year				<u>8,089,526</u>
Net position, end of year				<u>\$ 9,060,668</u>

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

## FUND FINANCIAL STATEMENTS

**SARATOGA FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<u>General Fund</u>	<u>Debt Service GO Bond Fund</u>	<u>Nonmajor Special Revenue SFD-Equipment Maintenance Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 7,309,995	\$ 1,002,250	\$ 186,109	\$ 8,498,354
Interest receivable	50,762	5,614	1,664	58,040
Prepaid expenditure	<u>18,413</u>	<u>-</u>	<u>-</u>	<u>18,413</u>
Total assets	<u>7,379,170</u>	<u>1,007,864</u>	<u>187,773</u>	<u>8,574,807</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>1,458,627</u>	<u>-</u>	<u>-</u>	<u>1,458,627</u>
Total liabilities	<u>1,458,627</u>	<u>-</u>	<u>-</u>	<u>1,458,627</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid	18,413	-	-	18,413
Committed				
Major repairs and renovation	400,000	-	-	400,000
Assigned				
Special revenue fund	-	-	187,773	187,773
Debt service fund	-	1,007,864	-	1,007,864
Unassigned				
General fund	<u>5,502,130</u>	<u>-</u>	<u>-</u>	<u>5,502,130</u>
Total fund balances	<u>5,920,543</u>	<u>1,007,864</u>	<u>187,773</u>	<u>7,116,180</u>
Total liabilities and fund balances	<u>\$ 7,379,170</u>	<u>\$ 1,007,864</u>	<u>\$ 187,773</u>	<u>\$ 8,574,807</u>

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

**SARATOGA FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u>Governmental Funds</u>
Fund balances - total governmental funds	\$ 7,116,180
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in the governmental funds.	
Capital assets, net	5,205,445
In governmental funds, accrued interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, accrued interest on long-term liabilities is recognized when it is incurred.	
	(595,870)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period, and therefore, are not reported in the governmental funds:	
Deferred outflows of resources - OPEB	82,221
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the governmental funds:	
Net OPEB liability	(1,306,977)
Bonds payable	<u>(1,440,331)</u> <u>(2,747,308)</u>
Net position - governmental activities	<u>\$ 9,060,668</u>

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

**SARATOGA FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Debt Service GO Bond Fund</u>	<u>Nonmajor Special Revenue SFD-Equipment Maintenance Fund</u>	<u>Total</u>
<b>REVENUES</b>				
Property taxes	\$ 11,013,971	\$ 939,221	\$ -	\$ 11,953,192
Use of money and property	<u>202,866</u>	<u>16,116</u>	<u>6,432</u>	<u>225,414</u>
Total revenues	<u>11,216,837</u>	<u>955,337</u>	<u>6,432</u>	<u>12,178,606</u>
<b>EXPENDITURES</b>				
Current:				
Public protection:				
Salaries and employee benefits	257,148	-	-	257,148
Services and supplies	10,143,796	1,380	-	10,145,176
Capital outlay	207,236	-	-	207,236
Debt service:				
Principal	-	225,339	-	225,339
Interest	<u>-</u>	<u>649,661</u>	<u>-</u>	<u>649,661</u>
Total expenditures	<u>10,608,180</u>	<u>876,380</u>	<u>-</u>	<u>11,484,560</u>
Net change in fund balances	608,657	78,957	6,432	694,046
Fund balances, beginning of year	<u>5,311,886</u>	<u>928,907</u>	<u>181,341</u>	<u>6,422,134</u>
Fund balances, end of year	<u>\$ 5,920,543</u>	<u>\$ 1,007,864</u>	<u>\$ 187,773</u>	<u>\$ 7,116,180</u>

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

**SARATOGA FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

		<u>Governmental Funds</u>
Net change in fund balances - total governmental funds	\$	694,046
<p>Capital outlays are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlays	207,236	
Depreciation expenses	<u>(144,630)</u>	62,606
<p>Repayments of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and does not affect the statement of activities:</p>		
Principal repayments	<u>225,339</u>	225,339
<p>Interest in long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requiring the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		(54,485)
<p>Governmental funds report the OPEB contributions as expenditures. However, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expenses:</p>		
OPEB income (expenses)		<u>43,636</u>
Change in net position - governmental activities	\$	<u><u>971,142</u></u>

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

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 1 - REPORTING ENTITY**

**A. Organization**

Saratoga Fire Protection District (the “District”) was organized on February 18, 1924, and operates under the provision of Part 2.7 of Division 12 of the Health and Safety Code (Sections 13801 through 13999). The District has been reorganized several times; the reorganization in 1962 was in accord with Health and Safety Code sections 140001 through 14306. The District is an independent special district.

The District provides fire protection services to approximately 12.5 square miles encompassing one-half of the City of Saratoga and sections of the unincorporated areas to the South. Approximately 14,500 people reside within the District's service area.

In July 2008, the District began a contract for fire prevention services with the Santa Clara County Fire Department (also known as Central Fire). Under the contract, all the District's safety employees became Santa Clara County personnel. Currently, the only District employee is a part-time business manager. The District owns a fire station at 14380 Saratoga Avenue. The fire station is maintained by the Santa Clara County Fire Department.

**B. District Officials**

The District is governed by a three-member Board of Fire Commissioners (the “Board”). Voters residing in the Fire District elect the Board for a four-year term. Membership on the Board is limited to residents living within the boundaries of the District. As of June 30, 2025, the Board of Fire Commissioners consisted of:

	<u>Term Expires November</u>
Chiiming Kao, Board Member	2028
Ernest Kraule, Board Member	2026
Eugene Zambetti, Board Member	2028

The members of the Board of Fire Commissioners have the ultimate responsibility of ensuring the lawful and efficient operation of the District. Their responsibility is to ratify all annual budgets and expenditures and to establish and/or ratify annual salaries, wages, and benefits. The members of the Board set the official policy of the District, establish rules and regulations related to the operation of the District, and establish any ordinances required to enforce the Uniform Fire Code. The Board is responsible for providing fire, health, and safety services required in accordance with established legislation.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the District's accounting policies are described below:

**A. Basis of Presentation**

**Government-Wide Financial Statements**

The *Statement of Net Position and Statement of Activities* displays information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal service fund activities. The District does not have fiduciary activities or internal service funds. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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 specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues would include charges paid by the recipients of goods or services offered by the programs, as well as grants and contributions that are restricted to meeting the operational or capital requirements of the programs. Revenues that are not classified as program revenues, including all kinds of taxes and interest and investment income, are presented as general revenues. The comparison of program revenues and direct expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

When both restricted and unrestricted net positions are available, restricted resources are used only after the unrestricted resources are depleted.

**Fund Financial Statements**

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Separate statements are presented for each fund category. The emphasis of fund financial statements is on major governmental funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column in the proprietary fund financial statements. The District does not have proprietary or fiduciary or internal service funds.

**Governmental Funds**

The District reports the following major governmental funds:

- The *General Fund* is the primary operating fund of the District and is always classified as a major fund. It is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund's primary activity is public protection.
- *Debt Service Fund* is maintained to account for the accumulation of resources for the payment of long-term debt principal and interest. This fund is the General Obligation Bond fund.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

***A. Basis of Presentation (Cont'd)***

The District reports the following nonmajor governmental fund:

- The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This fund is the Equipment Maintenance fund. The District has only one nonmajor fund.

***B. Measurement Focus and Basis of Accounting***

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

The government-wide financial statements are prepared using the *economic resources measurement focus and the accrual basis of accounting*. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and governmental fund financial statements.

The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

Under the *accrual basis of accounting*, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

The governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

In the current financial resources measurement focus, only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is used to measure available spendable financial resources at the end of the period.

Under the *modified accrual basis of accounting*, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt expenditures (principal and interest), as well as expenditures related to compensated absences, which are reported when the expense is due.

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Budgets and Budgetary Accounting**

The District prepares a fiscal year's budget in accordance with applicable laws and regulations. The budget is prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The annual budget is prepared and adopted by the Board of Commissioners. Once the budget is approved, it can be amended at the Function and Fund level only by the approval of a majority of the Board of Commissioners. Such amendments are presented to the Board at their regular meetings. All amendments are made before the fact and are reflected in the official minutes of the Board. Individual amendments noted were not material in relation to the original appropriations. All budget appropriation lapses at year-end. Encumbrance accounting is not used. There was no budget adopted for the special revenue fund. Generally accepted accounting principles and the Health and Safety Code do not require a budget for capital project funds.

The actual expenditures (budgetary basis) for the general fund does not exceed appropriations for the year ended June 30, 2025, as presented in the required supplementary information.

**D. Capital Assets**

Capital assets include property, equipment, and infrastructure assets, which are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded), and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not known. Donated capital assets are valued at their fair value as on the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation expense is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The estimated useful lives by the type of asset are as follows:

Assets	Years
Buildings	10-50 years
Vehicle	10-20 years
Equipment	20 years
Furniture and fixtures	3-20 years

Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts, and any resulting gain or loss is included in the results of operations.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Upon sale of capital assets, the proceeds from the sale of capital assets are included in the results of operations as other financing sources.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements using the consumption method.

**F. Long-term Debt**

All long-term debt to be paid from governmental resources are reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of bonds payable.

In fund financial statements, long-term debt is not reported as liabilities. The debt proceeds are reported as other financing sources, and payment of principal and interest are reported as expenditures.

**G. Compensated Absences**

Employees are entitled to accrue 20 vacation days annually. If their working hours are reduced to half-time or less, the accrual rate will adjust to 10 vacation days per year. Employees may request a cash-out of accrued vacation days at any time.

**H. Equity Classifications**

In the government-wide financial statements, equity is classified as net position and divided into three components:

- *Net Investment in Capital Assets* - Net investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* - Consists of net position with constraints placed on the use of either (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) laws through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "other purposes" are described in the Notes to the Basic Financial Statements (if any). The District does not have any restricted balance as of June 30, 2025.
- *Unrestricted Net Position* - All other net positions that do not meet the definition of "restricted" or "Net investment in capital assets."

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable forms-such as inventory, prepaid amounts, or long-term notes receivable, or (b) legally or contractually required to be maintained intact-such as a trust that must be retained in perpetuity. The "not in spendable form" criterion includes items that are expected to be converted to cash.
- *Restricted Fund Balance* - constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The District does not have any restricted balance as of June 30, 2025.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**H. Equity Classifications (Cont'd)**

- *Committed Fund Balance* - amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority, the Board. Commitments may be changed or lifted by the District taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* - comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The intent is expressed by (a) the District's Board or (b) a body (e.g., a budget or finance committee) or official to which the District's Board has delegated the authority to assign, modify, rescind amounts to be used for specific purposes. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.
- *Unassigned Fund Balance* - residual classification for the General Fund. It is also used to report negative fund balance in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**I. Current Accounting Pronouncements**

GASB Statement No. 101, Compensated Absences (GASB 101). The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District adopted GASB 101 in the current year. It was determined that the adoption had no material effect on the District's financial statements.

GASB Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to establish financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints that limit the District's ability to acquire resources or to control spending. Concentrations are a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed by an external party or by formal action of a government's highest level of decision-making authority. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The District has determined that this pronouncement has no impact on its financial statements.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

***J. Future Accounting Pronouncements***

The GASB has issued several new accounting pronouncements, which will be effective for the District in subsequent years. The following GASB pronouncements have been issued, but are not yet effective as of June 30, 2025. The District will implement the applicable new GASB pronouncements in the fiscal year no later than the required effective date. The District has not yet determined the financial impact from future implementation of these standards.

GASB has issued Statement No. 103, Financial Reporting Model Improvements, effective for the year beginning after June 15, 2025. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision-making and assisting a government's accountability. Additionally, the statements also address certain application issues.

GASB has issued Statement No. 104, Disclosure of Certain Capital Assets effective for the year beginning after June 15, 2025. State and Local government are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

***K. 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 and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3 - CASH AND INVESTMENTS**

The cash balance of the District is pooled and invested by the County's Treasurer in the pooled cash investment program ("Pool") for the purpose of increased earnings through investment activities. The County's pooled deposits and investments are regulated by the California Government Code and a County investment policy approved annually by the County Treasury Oversight Committee and the Board. At fiscal year-end, the County provides the participants with the pooled investments' fair value based on quoted market prices. The County allocates interest to the District based on the District's average daily cash balance relative to the entire Pool. The value of the participants' pool shares that may be withdrawn is determined on an amortized basis, which is different than the fair value of the participants' positions in the Pool.

In addition, the County's investment Pool is not rated by any of the credit rating agencies. The County's commingled pool consists of cash in the bank, U.S. government and agency securities, corporate bonds, negotiable certificates of deposit, commercial paper, and deposits in the State's Local Agency Investment Fund. Additional information regarding the County's investment policy and cash and investments, including interest rate risk, credit risk, custodial credit risk categories, and maturities of the different categories of investments, can be found in the County's notes to the basic financial statements.

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 3 - CASH AND INVESTMENTS (CONT'D)**

The fair value of the District's position in the Pool is almost the same as the value of its Pool shares. Cash and investments as of June 30, 2025, consist of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<i>Major funds:</i>		
General fund		
Cash with County Treasury	\$ 6,479,494	\$ 6,107,681
Cash in banks	830,501	830,501
Debt service		
Cash with County Treasury	1,002,250	909,531
<i>Nonmajor fund:</i>		
Special revenue		
Cash with County Treasury	186,109	176,952
Total cash and investments	<u>\$ 8,498,354</u>	<u>\$ 8,024,665</u>

Governmental Accounting Standards Board, Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*," establishes accounting and financial reporting standards for all investments held by governmental external investment pools. The standard requires governmental entities to report their investments at fair value.

The District's fund held by the County is an investment pool managed by the California State Treasurer.

Cash in banks is insured with the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. These accounts are held within various financial institutions. For the year ended June 30, 2025, cash and investments balances in excess of FDIC insurance are not secured by any pledged collateral; these balances were uninsured for the year ended June 30, 2025.

Based on the County's calculations, the fair market value would change the District's cash balance and interest income by a decrease of \$371,813 for the General Fund, a decrease of \$92,719 for the Debt Service Fund, and a decrease of \$9,157 for the Special Revenue Fund. However, since the effect of the application of fair value, in this instance, is not material, the District's cash and investments account is stated at cost.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 4 - PROPERTY TAX**

Assessed values are determined annually by the County's assessor as of January 1, often referred to as the tax lien date. Secured taxes are due as follows: 50% on November 1 and 50% on February 1 and are delinquent if not paid by December 10 (for November) and April 10 (for February). Unsecured taxes are due upon receipt of billing and are delinquent if not paid by August 31. These taxes are secured by liens on the property being taxed. The term "secured" refers to taxes on real estate, land, and buildings, while "unsecured" refers to taxes on personal property other than real estate, land, and buildings. Property taxes levied are recorded as revenue in the fiscal year of levy. Property taxes that cannot be recorded as current year revenues, in accordance with the modified accrual basis of accounting, are recorded as deferred revenues. The County bills and collects property taxes and remits them to the District under the State authorized method of apportioning, whereby all local agencies, including special districts, receive their respective share of the amounts of ad valorem taxes collected from the County.

**NOTE 5 - TAX ABATEMENT**

The District has implemented the Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures. A tax abatement is created when a government enters into an agreement with an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The District identified two abatement programs, namely the Williamson Act and the Mills Act, that may affect the District's share of the 1% ad valorem tax (property tax). The Williamson Act enables the County to enter into contracts with private landowners for restricting specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments, which are much lower than normal because they are based upon farming and open space uses as opposed to full market value. The Mills Act allows the county to enter into contracts with owners of historic properties who actively participate in the restoration and maintenance of the property in exchange for receiving property tax relief. As per the Santa Clara County Controller's Office, the District's revenue might be affected by the Williamson Act and the Mills Act if there is any Williamson Act and the Mills Act properties within the District. For the fiscal year ending June 30, 2025, the total abated Ad Valorem Tax was \$36,758.

**SARATOGA FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 - CAPITAL ASSETS**

The capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>			
Capital assets, not being depreciated:			
Land	\$ 1,441,043	\$ -	\$ 1,441,043
Total capital assets, not being depreciated	<u>1,441,043</u>	<u>-</u>	<u>1,441,043</u>
Capital assets, being depreciated:			
Building	5,586,127	154,360	5,740,487
Vehicles	151,195	1,500	152,695
Equipment	47,108	-	47,108
Furniture and fixtures	<u>109,890</u>	<u>51,376</u>	<u>161,266</u>
Total capital assets, being depreciated	<u>5,894,320</u>	<u>207,236</u>	<u>6,101,556</u>
Less: accumulated depreciation for			
Buildings	(1,977,709)	(128,815)	(2,106,524)
Vehicles	(83,003)	(7,591)	(90,594)
Equipment	(25,931)	(1,268)	(27,199)
Furniture and fixtures	<u>(105,881)</u>	<u>(6,956)</u>	<u>(112,837)</u>
Total accumulated depreciation	<u>(2,192,524)</u>	<u>(144,630)</u>	<u>(2,337,154)</u>
Total capital assets, being depreciated, net	<u>3,701,796</u>	<u>62,606</u>	<u>3,764,402</u>
Total capital assets, net	<u>\$ 5,142,839</u>	<u>\$ 62,606</u>	<u>\$ 5,205,445</u>

For the year ended June 30, 2025, depreciation expense charged to public protection function under governmental activities was \$144,630.

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - LONG-TERM DEBT**

During the year ended June 30, 2025, the following changes occurred in the long-term debts reported in the government-wide statement of net position:

	<u>Beginning Balance</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>	<u>Amount Due Beyond One Year</u>
Bonds payable	\$ 1,665,670	\$ (225,339)	\$ 1,440,331	\$ 229,956	\$ 1,210,375
Total	<u>\$ 1,665,670</u>	<u>\$ (225,339)</u>	<u>\$ 1,440,331</u>	<u>\$ 229,956</u>	<u>\$ 1,210,375</u>

***A. Bonds Payable***

On September 12, 2000, the District issued the Election of 2000 General Obligation Bonds, Series A, to finance the renovation, construction, and acquisition of District facilities and property. The bond issue consists of \$2,455,000 Current Interest Serial Bonds with interest ranging from 4.1% to 5.0% and \$3,518,736 of 5.3% to 5.8% Capital Appreciation Serial Bonds, maturing on September 01, 2030.

As of June 30, 2025, the outstanding principal balance amounted to \$1,440,331. The annual requirements to amortize the bond payable, including interest payment, are as follows:

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 229,956	\$ 715,044	\$ 945,000
2027	232,726	792,274	1,025,000
2028	236,945	868,055	1,105,000
2029	242,000	953,000	1,195,000
2030	246,725	1,043,275	1,290,000
2031	<u>251,979</u>	<u>1,143,021</u>	<u>1,395,000</u>
Total	<u>\$ 1,440,331</u>	<u>\$ 5,514,669</u>	<u>\$ 6,955,000</u>

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when they are currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a valuation date no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a measurement date up to one year prior to the close of the fiscal year. The following dates were used for OPEB:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024
Fiscal Year Ended	June 30, 2025

**A. Plan Description**

The District provides continuation of medical, dental, vision, and long-term care coverage for a closed group of retired employees. These benefits may create the following types of OPEB liabilities:

- *Explicit subsidy liabilities:* An “explicit subsidy” exists when the employer contributes directly toward the cost of retiree healthcare. In this program, the District has most or all of the medical premiums for qualifying retirees. Premiums for any other coverage continued must be fully paid by the retiree.
- *Implicit subsidy liabilities:* An “implicit subsidy” exists when premiums are developed using blended active and retiree claims experience. In this situation, premiums charged for retirees may not be sufficient to cover expected medical claims and the premiums charged for active employees are said to “implicitly subsidize” retirees. This OPEB program includes implicit subsidy liabilities for retiree medical coverage prior to coverage under medicare. We believe no implicit liability exists with respect to dental, vision or long-term care (with age-banded premiums) coverage provided to retirees, or that it is insignificant.
- *Other subsidy liabilities:* In the CalPERS medical program, premium rates for Medicare-covered retirees are based only on retiree claims the experience of the pool. Pooled plans that do not blend active and retiree premiums likely generate subsidies between employers and retirees within the pool. An actuarial practice note indicates these subsidies should be included in plan liabilities to the extent they are paid by the employer. We generally expect these subsidies to be small and include any such liability with the implicit subsidy liability in this report.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit and other subsidy liabilities as the projected difference between (a) estimated retiree medical claim costs by age and (b) premiums charged for retiree coverage.

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONT'D)**

**A. Plan Description (Cont'd)**

The District's OPEB funding policy affects the calculation of liabilities by impacting the discount rate used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The District has not established an irrevocable OPEB trust and continues to finance this PEBP OPEB liability on a pay-as-you-go basis. With the County's approval, the discount rate used in this valuation is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. On the current measurement date (June 30, 2024), this rate was 3.93%.

**B. Employees Covered**

The District's OPEB Plan is a closed plan covering only retired employees. Absent significantly different increases of future required subsidy levels from present assumptions, we expect this liability to decrease gradually over time.

	<u>No. of Employees</u>
Covered retirees	5
Covered surviving spouses	3
Total	8

**C. District Contributions to the Plan**

The District contributions to the Plan occur as benefits are paid to or on behalf of retirees. Benefit payments may occur in the form of direct payments for premiums ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). The District OPEB benefits payments made after the measurement date but prior to the current fiscal year end are shown below:

Benefits Paid to Retirees	\$ 82,221
Total Contributions During the Current Fiscal Year	\$ 82,221

**D. Discount Rate**

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. The discount rate used for the measurement date June 30, 2024, is 3.93%.

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONT'D)**

***E. Actuarial Assumptions***

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2024, based on the following actuarial methods and assumptions:

Actuarial Assumptions

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Funding Method	Entry age normal cost, level percent of pay
Assets valuation method	Not applicable; the plan is not being funded through a trust
Municipal Bond Index	Bond Buyer General Obligation 20-Bond Municipal Bond Index
Discount rates	3.93% as of June 30, 2024, and 3.86% as of June 30, 2023
Participants valued	Only current retired participants and covered dependents are valued. This plan is closed to future entrants.
Salary increase	Not applicable; there are no active employees in this plan.
General Inflation Rate	2.50% per year
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2017
Healthcare Trend Rate	6.00% effective January 2026 fluctuating down to 3.9% by 2075

***F. Net OPEB Liability***

The components of the net OPEB liability of the District as of June 30, 2025, for the measurement date June 30, 2024 were as follows:

Total OPEB liability	\$ 1,306,977
Less: Plan fiduciary net position	<u>-</u>
Net OPEB liability	<u><u>\$ 1,306,977</u></u>

***G. Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate***

The discount rate used for accounting purposes for the fiscal year end 2025 is 3.93%. Healthcare Cost Trend Rate was assumed to start at a 6% effective January 1, 2026 (actual increase on January 1, 2025, are already reflected) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions are shown in the tables in this sections:

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONT'D)**

**G. Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate (Cont'd)**

<u>Change in Discount Rate</u>	<u>Discount Rate-1% 2.93%</u>	<u>Current Discount Rate 3.93%</u>	<u>Discount Rate+1% 4.93%</u>
Net OPEB liability (Assets)	\$ 1,456,976	\$ 1,306,977	\$ 1,181,995
Increase (Decrease)	\$ 149,999	\$ -	\$ (124,982)
% Increase (Decrease)	11.5%	0.00%	(9.6)%

<u>Change in Healthcare Cost Trend Rate</u>	<u>Current Trend - 1%</u>	<u>Current Trend</u>	<u>Current Trend + 1%</u>
Net OPEB liability (Assets)	\$ 1,187,625	\$ 1,306,977	\$ 1,447,055
Increase (Decrease)	\$ (119,352)	\$ -	\$ 140,078
% Increase (Decrease)	(9.1)%	0.00%	10.7%

**H. Recognition of Deferred Outflows and Deferred Inflows of Resources**

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Difference between projected and actual earnings on OPEB plan investments: 5 year straight - line recognition

All other amounts: Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired, and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

**I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

The District's OPEB (income) expenses for the year ended June 30, 2025 was \$(43,636). The table below shows deferred resources as of the fiscal year ended June 30, 2025:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contribution made subsequent to the measurement date	\$ 82,221	\$ -
Total	<u>\$ 82,221</u>	<u>\$ -</u>

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONT'D)**

***I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Cont'd)***

An amount of \$82,221 was reported as deferred outflows of resources related to estimated contributions subsequent to the June 30, 2024; measurement date, will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025.

**NOTE 9 - FUND BALANCE**

	<u>General Fund</u>	<u>Debt Service GO Bond Fund</u>	<u>Nonmajor Special Revenue SFD-Equipment Maintenance Fund</u>	<u>Total</u>
<b>Nonspendable:</b>				
Prepaid	\$ 18,413	\$ -	\$ -	\$ 18,413
Total nonspendable	<u>18,413</u>	<u>-</u>	<u>-</u>	<u>18,413</u>
<b>Committed:</b>				
Major repairs and renovation	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Total committed	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
<b>Assigned:</b>				
Special revenue fund	-	-	187,773	187,773
Debt service fund	<u>-</u>	<u>1,007,864</u>	<u>-</u>	<u>1,007,864</u>
Total assigned	<u>-</u>	<u>1,007,864</u>	<u>187,773</u>	<u>1,195,637</u>
<b>Unassigned:</b>				
General fund	<u>5,502,130</u>	<u>-</u>	<u>-</u>	<u>5,502,130</u>
Total fund balances	<u>\$ 5,920,543</u>	<u>\$ 1,007,864</u>	<u>\$ 187,773</u>	<u>\$ 7,116,180</u>

The District currently has no funds classified as Restricted.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated all subsequent events through January 13, 2026, the date at which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

## REQUIRED SUPPLEMENTARY INFORMATION

**SARATOGA FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
JUNE 30, 2025**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Resources (inflows)</b>				
Property taxes	\$ 10,901,000	\$ 10,901,000	\$ 11,013,971	\$ 112,971
Use of money and property	<u>165,000</u>	<u>165,000</u>	<u>202,866</u>	<u>37,866</u>
Total resources (inflows)	<u>11,066,000</u>	<u>11,066,000</u>	<u>11,216,837</u>	<u>150,837</u>
<b>Charges to appropriations (outflows)</b>				
Current:				
Public protection:				
Salaries and employee benefits	250,500	250,500	257,148	(6,648)
Services and supplies	10,131,000	10,131,000	10,143,796	(12,796)
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>207,236</u>	<u>(7,236)</u>
Total charges to appropriations (outflows)	<u>\$ 10,581,500</u>	<u>\$ 10,581,500</u>	<u>\$ 10,608,180</u>	<u>\$ (26,680)</u>

See the accompanying notes to required supplementary information.

**SARATOGA FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR LAST TEN FISCAL YEARS\***

Fiscal year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability</b>								
Interest	\$ 50,359	\$ 45,055	\$ 33,845	\$ 41,488	\$ 50,831	\$ 51,985	\$ 58,603	\$ 53,467
Difference between expected and actual experience	-	-	(228,815)	-	(126,075)	-	(229,655)	-
Changes of assumptions	(11,774)	109,045	(272,416)	122,644	459,914	-	45,657	(149,865)
Benefit payments	(72,468)	(68,473)	(80,308)	(109,147)	(81,771)	(85,961)	(83,480)	(93,544)
Net change in total OPEB liability	(33,883)	85,627	(547,694)	54,985	302,899	(33,976)	(208,875)	(189,942)
Total OPEB liability, beginning	<u>1,340,860</u>	<u>1,255,233</u>	<u>1,802,927</u>	<u>1,747,942</u>	<u>1,445,043</u>	<u>1,479,019</u>	<u>1,687,894</u>	<u>1,877,836</u>
Total OPEB liability, ending	<u>1,306,977</u>	<u>1,340,860</u>	<u>1,255,233</u>	<u>1,802,927</u>	<u>1,747,942</u>	<u>1,445,043</u>	<u>1,479,019</u>	<u>1,687,894</u>
<b>Plan fiduciary net position</b>								
Contribution - employer	72,468	68,473	80,308	109,147	81,771	85,961	83,480	93,544
Net investment income	(72,468)	(68,473)	(80,308)	(109,147)	(81,771)	(85,961)	(83,480)	(93,544)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position, ending	-	-	-	-	-	-	-	-
<b>Net OPEB liability, ending</b>	<u>\$ 1,306,977</u>	<u>\$ 1,340,860</u>	<u>\$ 1,255,233</u>	<u>\$ 1,802,927</u>	<u>\$ 1,747,942</u>	<u>\$ 1,445,043</u>	<u>\$ 1,479,019</u>	<u>\$ 1,687,894</u>

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

See the accompanying notes to required supplementary information.

**SARATOGA FIRE PROTECTION DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS - OPEB  
FOR LAST TEN FISCAL YEARS\***

Fiscal year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Employer contributions in the form of direct benefit payments (not reimbursed by trust)	\$ 82,221	\$ 72,468	\$ 68,473	\$ 67,748	\$ 83,447	\$ 81,771	\$ 85,961	\$ 83,480
Implicit contributions	-	-	-	12,560	25,700	-	-	-
<b>Total employer contributions</b>	<b><u>\$ 82,221</u></b>	<b><u>\$ 72,468</u></b>	<b><u>\$ 68,473</u></b>	<b><u>\$ 80,308</u></b>	<b><u>\$ 109,147</u></b>	<b><u>\$ 81,771</u></b>	<b><u>\$ 85,961</u></b>	<b><u>\$ 83,480</u></b>

**NOTES TO SCHEDULE**

**Methods and assumptions used to establish “actuarially determined contribution” rates:**

Valuation date	June 30, 2024
Actuarial cost method	Entry Age Normal level % of Pay
Inflation	2.50% per year
Healthcare cost trend rates	6% grading to 3.9% by 2075
Salary increases	Not applicable; All retired
Discount rate on measurement date	3.93%
Retirement age	Not applicable; All retired
Mortality	2021 CalPERS Experience Study
Mortality improvement	MacLeod Watts Scale 2022 generational

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

See the accompanying notes to required supplementary information.

**SARATOGA FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 1 - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS  
AND GAAP REVENUES AND EXPENDITURES**

Sources/Inflows of resources	
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 11,216,837
Differences - budget and GAAP	_____ -
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 11,216,837</u>
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,608,180
Differences - budget and GAAP	_____ -
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 10,608,180</u>
	Concluded

**NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2025, expenditures exceeded appropriations in the General Fund by \$6,648 in salaries and employee benefits \$12,796 in services and supplies, and \$7,236 in capital outlay. This was largely caused by an increase in the cost of fire protection services. Fire protection costs are based on property taxes received and taxes received were greater than budgeted.

## COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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**

To the Board of Fire Commissioners  
Saratoga Fire Protection District  
Saratoga, 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 Saratoga Fire Protection District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harshmal & Company LLP*

San Diego, California  
January 13, 2026

**SARATOGA FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

**SARATOGA FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

There are no findings in the current year to report.

**SARATOGA FIRE PROTECTION DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

The District had no findings noted in prior years that require a status update.