

Felton Fire Protection District

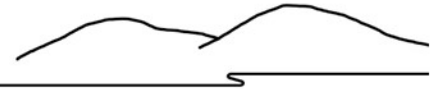
FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2020

and

June 30, 2021



December 9, 2021

Felton Fire Protection District

Felton, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Felton Fire Protection District as of and for the year-ended June 30, 2020 and June 30, 2021, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

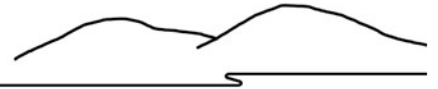
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Felton Fire Protection District as of June 30, 2020 and June 30, 2021, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Zach Pehling, CPA's

Felton Fire Protection District

**Audit Report
June 30, 2020
and
June 30, 2021**

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Felton Fire Protection District

Management's Discussion and Analysis for Fiscal Years Ended June 30, 2020 and June 30, 2021

As management of the Felton Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2020 and June 30, 2021, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2019-2020 and FY 2020-2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by \$2,771,289 (net position) at the close of fiscal June 30, 2020. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was \$1,684,582 at June 30, 2020.
- The assets of the District exceeded its liabilities by \$2,543,227 (net position) at the close of fiscal June 30, 2021. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was \$1,217,748 at June 30, 2021.
- The District's total net position increased/(decreased) by \$59,089 and 228,062 for 2020 and 2021 respectively.
- Short-term liabilities (accounts payable, interest and accrued expenses) decreased (\$3,283). The District's long-term liabilities increased \$44,260 (pension).

Using This Annual Report - Overview of the Financial Statements

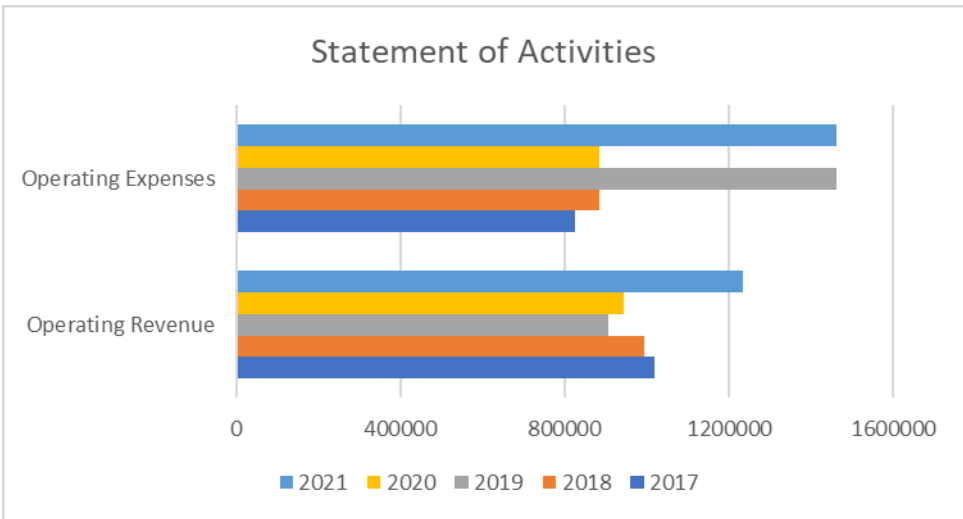
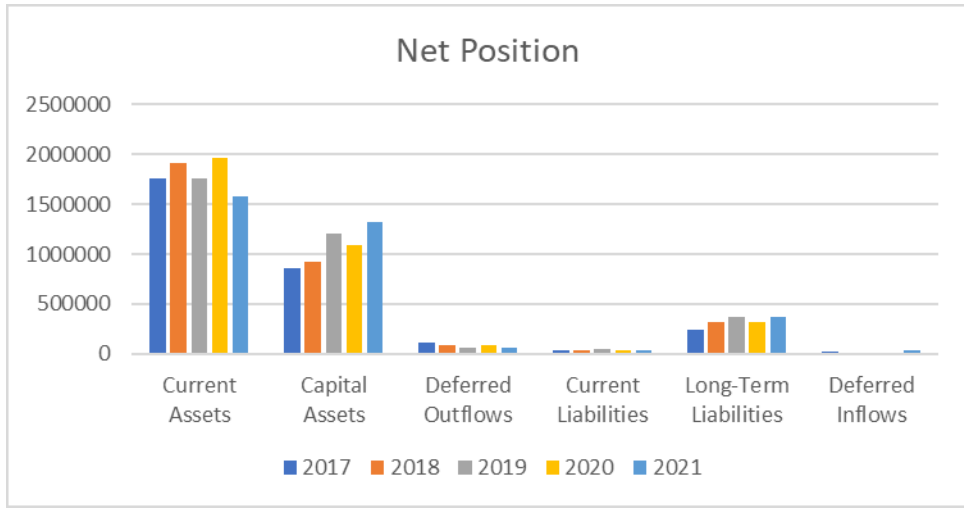
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial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

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

Government-wide Financial Statements

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

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



Budget vs Actual

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

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2020-2021, the District had \$2,533,089 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2020-2021 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2020-2021 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

Although the District experienced financial growth, the District needs to be aware of external factors that affect the largest cost; wages and benefits. There also is the continuing need to replace vehicles, equipment, and major maintenance projects. The long-term effect of these concerns is routinely reviewed and analyzed when preparing extended projections. The board and staff members use the projections as a basis to gain efficiencies on a number of different levels.

CalPERS Retirement Program

The District currently provides CalPERS retirement plans for four basic employee groups: Safety Classic (3% at age 55). The distinction of Classic are CalPERS members prior to January 1, 2013 and Non-Classic are CalPERS members January 1, 2013 and thereafter. Since our plans each had fewer than 100 active members as of June 30, 2003, we were required to participate in a risk pool. At the time of joining the risk pool, a side fund (unfunded asset liability) was created to account for the difference between the funded status of the pool and the funded status of our plans.

The unfunded asset liability (UAL) for the District plans, including side funds, as of the following measurement dates, are:

	2021	2020	2019	2018	2017	2016	2015
SAFETY							
Proportionate share of the net pension liability	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	\$ 367,798	\$ 323,538	\$ 289,453	\$ 286,481	\$ 242,326	\$ 179,670	\$ 178,658
Covered - employee payroll - measurement period	\$ 258,899	\$ 234,096	\$ 208,939	\$ 180,353	\$ 176,531	\$ 175,400	\$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 45,153	\$ 38,180	\$ 47,773	\$ 44,901	\$ 38,248	\$ 35,797	\$ 34,677
Contributions in relation to the actuarially determined contributions	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	\$ 334,535	\$ 258,899	\$ 234,096	\$ 208,939	\$ 180,353	\$ 176,531	\$ 175,400
Contributions as a percentage of covered - employee payroll	13.50%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%

GASB 68 modified the reporting requirements for UAL. For accounting valuations, the fiduciary net position includes, if applicable, deficiency reserves, fiduciary self-insurance and OPEB expenses. These amounts are excluded for rate setting in the funding actuarial valuation. Differences may also result from early CAFR closing and final reconciled reserves.

The District's management continues to carefully monitor the condition of our pension funds and the discount rate. It is not possible to accurately predict the market's future impact on CalPERS, but prior disappointing investment returns and resulting discount rate reduction shows the cause and effect relationship.

Other Fiscal Matters

As always, the District actively pursues as many sources of funding as are available to us (including grants) to ensure that during these challenging economic times our level of service to the public remains at the high level we have all come to expect.

Requests for Information

This financial report is designed to provide a general overview of the Felton Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, Felton Fire Protection District, 131 Kirby St, Felton, CA 95018

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

**Balance Sheet
June 30, 2020
and
June 30, 2021**

	2020	2021
	<u>General Fund</u>	<u>General Fund</u>
<u>ASSETS</u>		
<u>Assets:</u>		
Cash	\$ 1,949,819	\$ 1,568,024
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
	<hr/>	<hr/>
TOTAL ASSETS	<u>1,949,819</u>	<u>1,568,024</u>
 <u>LIABILITIES & FUND BALANCES</u>		
<u>Liabilities:</u>		
Accounts Payable	11,337	-
Accrued Payroll	18,052	21,767
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>29,389</u>	<u>21,767</u>
 <u>Fund Balances:</u>		
Unassigned	1,920,230	1,546,057
Unspendable	200	200
Committed	-	-
	<hr/>	<hr/>
Total Fund Balance	<u>1,920,430</u>	<u>1,546,257</u>
 <u>TOTAL LIABILITIES & FUND BALANCE</u>		
	<u>\$ 1,949,819</u>	<u>\$ 1,568,024</u>

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

Felton Fire Protection District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2020
and
June 30, 2021**

<u>REVENUE</u>	2020	2021
	<u>General Fund</u>	<u>General Fund</u>
Tax Revenue	\$ 850,375	\$ 882,077
Strike Team Reimbursements	-	186,825
Charges for Service	-	250
Interest & Investment Earnings	33,941	9,720
License & Permits	38,055	39,567
Grants & Contributions	-	-
Miscellaneous	20,810	132,684
TOTAL REVENUE	<u>943,181</u>	<u>1,251,123</u>
<u>EXPENDITURES</u>		
Capital Assets	30,191	704,176
Debt Service:		
Principle	-	-
Interest	-	-
Salaries and Employee Benefits	407,449	682,145
Repairs and Maintenance	44,027	45,759
Insurance	25,794	25,070
Services, Supplies and Refunds	215,921	168,146
TOTAL EXPENDITURES	<u>723,382</u>	<u>1,625,296</u>
Excess (Deficit) Revenues over Expenditures	<u>219,799</u>	<u>(374,173)</u>
<u>CHANGE IN FUND BALANCE</u>	<u>219,799</u>	<u>(374,173)</u>
<u>FUND BALANCE, BEGINNING OF YEAR</u>	<u>1,700,631</u>	<u>1,920,430</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 1,920,430</u>	<u>\$ 1,546,257</u>

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position

June 30, 2020

and

June 30, 2021

<u>ASSETS</u>	<u>2020</u>	<u>2021</u>
<u>Current Assets:</u>		
Cash	\$ 1,949,819	\$ 1,568,024
Accounts Receivable	-	-
Deposits & Prepaid Expenses	12,541	13,427
Total Current Assets	<u>1,962,360</u>	<u>1,581,451</u>
<u>Capital Assets:</u>		
Land	6,250	6,250
Buildings & Improvements	508,445	526,193
Firefighting Equipment	2,045,718	2,000,646
Construction in Progress	-	-
Less: Accumulated Depreciation	<u>(1,473,706)</u>	<u>(1,207,610)</u>
Total Capital Assets	<u>1,086,707</u>	<u>1,325,479</u>
TOTAL ASSETS	<u>3,049,067</u>	<u>2,906,930</u>
<u>DEFERRED OUTFLOW</u>		
GASB 68 Pension	<u>86,137</u>	<u>66,252</u>
TOTAL DEFERRED OUTFLOW	<u>86,137</u>	<u>66,252</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>3,135,204</u>	<u>2,973,182</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	11,337	-
Accrued Payroll Liabilities	18,052	21,767
Accrued Compensated Absences	<u>5,407</u>	<u>9,746</u>
Total Current Liabilities	<u>34,796</u>	<u>31,513</u>
<u>Long-term Liabilities:</u>		
Net Pension Liability	<u>323,538</u>	<u>367,798</u>
Total Long-term Liabilities	<u>323,538</u>	<u>367,798</u>
TOTAL LIABILITIES	<u>358,334</u>	<u>399,311</u>
<u>DEFERRED INFLOWS</u>		
GASB 68 Pension	<u>5,581</u>	<u>30,644</u>
TOTAL DEFERRED INFLOWS	<u>5,581</u>	<u>30,644</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>363,915</u>	<u>429,955</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,086,707	1,325,479
Unrestricted	<u>1,684,582</u>	<u>1,217,748</u>
TOTAL NET POSITION	<u>\$ 2,771,289</u>	<u>\$ 2,543,227</u>

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

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

	June 30, 2020	June 30, 2021
Total Fund Balances - Governmental Funds	\$ 1,920,430	\$ 1,546,257
<p>Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.</p>		
Total Historical Cost of Capital Assets	2,560,413	2,533,089
Less: Accumulated Depreciation	(1,473,706)	(1,207,610)
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	12,541	13,427
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	(5,407)	(9,746)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	86,137	66,252
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds. This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(5,581)	(30,644)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(323,538)	(367,798)
Net Position	\$ 2,771,289	\$ 2,543,227

The accompanying notes are an integral part of these financial statements

Felton Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2020
and
June 30, 2021

2020						
	Expenses	Operating Revenues			Excess of Revenues/(Expenses)	
		Charges for Services	Strike Team Reimbursements	Grants and Contributions		
<u>Governmental Activities</u>						
Public Protection	\$ 790,377	\$ -	\$ -	\$ -	\$ (790,377)	
Depreciation (Unallocated)	92,815	-	-	-	(92,815)	
Total Governmental Activities					(883,192)	
General Revenues:						
Tax Revenue					850,375	
Interest & Investment Earnings					33,941	
License, Permits & Rents					38,055	
Miscellaneous					20,810	
Total General Revenues					943,181	
NET CHANGE IN NET POSITION					59,989	
NET POSITION, BEGINNING OF YEAR					2,711,300	
NET POSITION, END OF YEAR					\$ 2,771,289	
2021						
	Expenses	Operating Revenues			Excess of Revenues/(Expenses)	
		Charges for Services	Strike Team Reimbursements	Grants and Contributions		
<u>Governmental Activities</u>						
Public Protection	\$ 1,352,224	\$ 250	\$ 186,825	\$ -	\$ (1,165,149)	
Depreciation (Unallocated)	109,773	-	-	-	(109,773)	
Total Governmental Activities					(1,274,922)	
General Revenues:						
Tax Revenue					882,077	
Interest & Investment Earnings					9,720	
License, Permits & Rents					39,567	
Miscellaneous					115,496	
Total General Revenues					1,046,860	
NET CHANGE IN NET POSITION					(228,062)	
NET POSITION, BEGINNING OF YEAR					2,771,289	
NET POSITION, END OF YEAR					\$ 2,543,227	

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

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

	June 30, 2020	June 30, 2021
Net Change in Fund Balances - Total Governmental Funds	\$ 219,799	\$ (374,173)
Amounts reported for governmental activities in the Statement of Activities are different as follows:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year		
Current Year Capital Outlays	-	365,733
Less: Current Year Depreciation Expense	(92,815)	(109,773)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	(62,495)	(89,208)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-	(17,189)
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	(4,500)	(4,339)
In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts incurred during the year	-	887
Change in Net Position of Governmental Activities	\$ 59,989	\$ (228,062)

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position

June 30, 2020

and

June 30, 2021

<u>ASSETS</u>	<u>2020</u>	<u>2021</u>
<u>Current Assets:</u>		
Cash	71,837	88,813
Total Current Assets	71,837	88,813
<u>Capital Assets:</u>		
Firefighting Equipment	23,852	23,852
Less: Accumulated Depreciation	(23,852)	(23,852)
Total Capital Assets	-	-
TOTAL ASSETS	71,837	88,813
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	-	-
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
<u>NET POSITION</u>		
Breathing support units maintenance fund	28,692	37,557
Education trailer mainenance fund	43,145	51,256
Hose maintenance fund	-	-
TOTAL NET POSITION	\$ 71,837	\$ 88,813

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

Felton Fire Protection District

**Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2020
and
June 30, 2021**

	2020	2021
	<u>Fiduciary Fund</u>	<u>Fiduciary Fund</u>
<u>ADDITIONS</u>		
Aid from other government agencies	22,000	20,000
Use of Money and Property	<u>304</u>	<u>80</u>
TOTAL ADDITIONS	<u>22,304</u>	<u>20,080</u>
<u>DEDUCTIONS</u>		
Depreciation	-	-
Services, Supplies and Refunds	<u>9,471</u>	<u>3,104</u>
TOTAL DEDUCTIONS	<u>9,471</u>	<u>3,104</u>
<u>CHANGE IN NET POSITION</u>	<u>12,833</u>	<u>16,976</u>
<u>NET POSITION, BEGINNING OF YEAR</u>	<u>59,004</u>	<u>71,837</u>
<u>NET POSITION, END OF YEAR</u>	<u>\$ 71,837</u>	<u>\$ 88,813</u>

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

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

Background: The District is an independent special district within the County of Santa Cruz and was established under Health and Safety Code Section 14001 in October 23, 1946 and reorganized in conformity with under Health and Safety Code Section 13801 in September 1966. It is governed by a five-member Board of Directors who are elected to four-year terms by area residents. The District provides fire protection in the Town of Felton and surrounding areas.

Note 1 - Significant Accounting Policies

Accounting Principles

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

Basis of Accounting and Measurement Focus

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

Financial Statement Presentation

Government-Wide Financial Statements

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

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

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

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

Fiduciary Fund Financial Statements

The District entered into an arrangement whereby the District reports resources held and administered by the District in a fiduciary capacity for the San Lorenzo Valley Fire Districts Council. Per Definition, the resources held under this arrangement are not available to support the District's own programs. Fiduciary fund financial statements include a statement of net position and a statement on activities and change in net position.

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

Use of Restricted/Unrestricted Net Position

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

Budgets and Budgetary Accounting

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

Pooled Cash and Investments

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

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

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

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Accounts Receivable

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

Prepaid Expenditures

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

Capital Assets

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

General Capital Assets	\$300 and or a serviceable life greater than 5 years
------------------------	--

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

Buildings	40 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

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

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

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

Property Taxes

The County of Santa Cruz assesses properties, bills, and collects property taxes for the District. Assessed values are determined annually by the County Assessor as of March 1, and become a lien on real property as of that date. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County bills and collects property taxes and remits them to the District

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

under the state authorized method of apportioning taxes whereby all local agencies, including special districts, receive for the County their respective shares of the amount of ad valorem taxes collected.

Estimates

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

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.

Note 2 – Cash

Summary of Cash

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
County Cash	\$ 1,949,619	\$ 1,567,824
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	<u>\$ 1,949,819</u>	<u>\$ 1,568,024</u>

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

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

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

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

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

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2021.

Note 3 –Accounts Receivable

On June 30, 2021, the District had \$0 in Accounts Receivable.

On June 30, 2020, the District had \$0 in Accounts Receivable.

Note 5 – Capital Assets

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

Note 6 – Compensated Absences

On June 30, 2021, the liability for compensated absences was \$9,746

On June 30, 2020, the liability for compensated absences was \$5,407

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

Note 7 – Lease Commitments

The District leases to a third party a portion of its real property located at 131 Kirby Street under a noncancellable operating lease. The lease commenced on December 1, 1997 with an initial term of five years, at which time the tenant will have an option to renew for an additional five consecutive periods of five years each. The tenant exercised an amended agreement, rent is currently \$2,758 per month

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Felton Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Validation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Both the June 30, 2019 total pension liability were based on the following actuarial methods and assumptions:

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2018 total pension liability were based on the following actuarial methods and assumptions:

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.5% Net of Pension Plan Administrative and Investment Expenses
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table ¹	Derived using CalPERS' membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2010 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2020 Reporting Date:		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	10,673	-
Differences between Expected and Actual Experience	21,124	-
Differences between Projected and Actual Investment Earnings	-	4,451
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,130
Change in Employer's Proportion	24,159	-
Pension Contributions Made Subsequent to Measurement Date	30,180	-
	<u>86,137</u>	<u>5,581</u>
Net Pension Liability as of 6/30/2020	<u>323,538</u>	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the [Jul 2019-Jun 2020 JE Flow](#) worksheet

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Pension Expense as of June 30, 2020 92,675

At 6/30/2020, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	<u>323,538</u>
Total	323,538
	-

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2019 and 6/30/2020:

	Miscellaneous	Safety	Total
Proportion - June 30, 2019	0.00000%	0.00493%	0.00300%
Proportion - June 30, 2020	<u>0.00000%</u>	<u>0.00518%</u>	<u>0.00316%</u>
Change - Increase/(Decrease)	0.00000%	0.00025%	0.00015%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2021	\$ -	\$ 37,319	\$ 37,319
2022	-	6,439	6,439
2023	-	5,752	5,752
2024	-	866	866
2025	-	-	-
Thereafter	-	-	-
	<u>-</u>	<u>50,376</u>	<u>\$ 50,376</u>

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Employer's Net Pension Liability/(Asset) - Miscellaneous	-	-	-
Employer's Net Pension Liability/(Asset) - Safety	<u>527,217</u>	<u>323,538</u>	<u>156,553</u>
Employer's Net Pension Liability/(Asset) - Total	527,217	323,538	156,553
	-	-	-

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2021 Reporting Date:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	-	1,225
Differences between Expected and Actual Experience	28,521	-
Differences between Projected and Actual Investment Earnings	7,994	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	29,419
Change in Employer's Proportion	24,355	-
Pension Contributions Made Subsequent to Measurement Date	45,153	-
	<u>106,022</u>	<u>30,644</u>
Net Pension Liability as of 6/30/2021	<u>367,798</u>	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the [Jul 2020-Jun 2021 JE Flow](#) worksheet

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Pension Expense as of June 30, 2021 102,591

At 6/30/2021, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	<u>367,798</u>
Total	367,798
	-

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2020 and 6/30/2021:

	Miscellaneous	Safety	Total
Proportion - June 30, 2020	0.00000%	0.00518%	0.00316%
Proportion - June 30, 2021	<u>0.00000%</u>	<u>0.00552%</u>	<u>0.00338%</u>
Change - Increase/(Decrease)	0.00000%	0.00034%	0.00022%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2022	\$ -	\$ 10,712	\$ 10,712
2023	-	10,322	10,322
2024	-	5,186	5,186
2025	-	4,005	4,005
2026	-	-	-
Thereafter	-	-	-
	<u>-</u>	<u>30,225</u>	<u>\$ 30,225</u>

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Employer's Net Pension Liability/(Asset) - Miscellaneous	-	-	-
Employer's Net Pension Liability/(Asset) - Safety	<u>615,840</u>	<u>367,798</u>	<u>164,257</u>
Employer's Net Pension Liability/(Asset) - Total	615,840	367,798	164,257
	-	-	-

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

SAFETY	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	\$ 367,798	\$ 323,538	\$ 289,453	\$ 286,481	\$ 242,326	\$ 179,670	\$ 178,658
Covered - employee payroll - measurement period	\$ 258,899	\$ 234,096	\$ 208,939	\$ 180,353	\$ 176,531	\$ 175,400	\$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 45,153	\$ 38,180	\$ 47,773	\$ 44,901	\$ 38,248	\$ 35,797	\$ 34,677
Contributions in relation to the actuarially determined contributions	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	\$ 334,535	\$ 258,899	\$ 234,096	\$ 208,939	\$ 180,353	\$ 176,531	\$ 175,400
Contributions as a percentage of covered - employee payroll	13.50%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:							
Valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Note 9 – Risk Management

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

CSAC-EIA is a joint powers agency (JPA formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance note is given. However, CSAC-EIA may cancel a membership at any time upon a two-thirds vote of the Board of Directors and with sixty days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods they have participated. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting and annual budget.

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

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

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Insurance coverage as of June 30, 2020 and 2021 is as follows:

<u>Property</u>	<u>Deductible</u>	<u>Limits</u>
Real Property, Including Code Upgrade and On-site Equipment Breakdown	\$1,000	Guaranteed Replacement Cost Included
Building Contents and Personal Property	\$1,000	
Building and Contents Sublime, Earthquake and Flood	\$1,000	\$1,000,000 Each loss and each location
<u>Electronic Data Processing</u>		
Business - Personal Property Included	\$500	\$250,000
Equipment	\$500	\$250,000
Software	\$500	\$250,000
<u>Emergency Services</u>	<u>Deductible</u>	<u>Limits</u>
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater:	\$250	Guaranteed Replacement Cost (Unlimited)
Miscellaneous Portable Equipment		\$250,000
Public Employee Dishonesty/Fidelity Bond		\$1,000,000
Employee Benefits Liability		Agreed Value or ACV
Automobile Comprehensive	\$250/1,000	Agreed Value or ACV
Automobile Collision	\$250/1,000	
<u>Liability</u>		
Commercial/General Liability Each Occurrence		\$1,000,000
General Aggregate Limit		\$10,000,000
<u>Automobile Coverage -</u>		
Combined Single Limit		\$1,000,000
Uninsured/Underinsured Motorists		\$1,000,000
<u>Excess Liability Coverage -</u>		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		\$5,000,000 Each Occurrence \$10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		\$1,000,000 Each Wrongful Act \$10,000,000 Aggregate
Medical Expense (Any one person)		\$5,000
Valuable Papers/Records		\$250,000
Loss of Income - Extra Expense		Actual Cost
Money and Securities	\$250	\$25,000
Uncollected Funds		\$250,000
<u>Personnel:</u>		
Workers' Compensation		Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current		Per Policy

Felton Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021**

Dental				Per Policy
Term Life Insurance				Per Policy

Note 10 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2021 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **December 9, 2021**, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after **December 9, 2021**.

Felton Fire Protection District

**Supplemental Information
June 30, 2020**

June 30, 2021

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2020

<u>REVENUE</u>	<u>Final Budget</u>	<u>General Fund</u>	<u>Variance</u>
Tax Revenue	\$ -	\$ 850,375	\$ 850,375
Strike Team Reimbursements	-	-	-
Charges for Service	-	-	-
License & Permits	-	33,941	33,941
Interest & Investment Earnings	-	38,055	38,055
Grants & Contributions	-	-	-
Miscellaneous	-	20,810	20,810
TOTAL REVENUE	-	943,181	943,181
 <u>EXPENDITURES</u>			
Capital Assets	-	30,191	(30,191)
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	-	407,449	(407,449)
Repairs and Maintenance	-	44,027	(44,027)
Insurance	-	25,794	(25,794)
Services, Supplies and Refunds	503	218,288	(217,785)
Total Expenditures	503	725,749	(725,246)
 <u>CHANGE IN FUND BALANCE</u>	 <u>(503)</u>	 <u>217,432</u>	
 <u>FUND BALANCE, BEGINNING OF YEAR</u>		 <u>1,705,920</u>	
 <u>FUND BALANCE, END OF YEAR</u>		 <u>\$ 1,923,352</u>	

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2021

<u>REVENUE</u>	<u>Final Budget</u>	<u>General Fund</u>	<u>Variance</u>
Tax Revenue	\$ 922,765	\$ 882,077	\$ (40,688)
Strike Team Reimbursements	-	-	-
Charges for Service	-	250	250
License & Permits	48,753	39,567	(9,186)
Interest & Investment Earnings	-	9,720	9,720
Grants & Contributions	-	-	-
Miscellaneous	-	132,684	132,684
TOTAL REVENUE	971,518	1,064,298	92,780
 <u>EXPENDITURES</u>			
Capital Assets	786,913	704,176	82,737
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	387,500	682,145	(294,645)
Repairs and Maintenance	100,690	45,759	54,931
Insurance	12,000	25,070	(13,070)
Services, Supplies and Refunds	324,820	168,568	156,252
Total Expenditures	1,611,923	1,625,718	(13,795)
 CHANGE IN FUND BALANCE	 (640,405)	 (561,420)	
 FUND BALANCE, BEGINNING OF YEAR		 1,923,352	
 FUND BALANCE, END OF YEAR		 \$ 1,361,932	