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**BOULDER CREEK FIRE PROTECTION DISTRICT
BOULDER CREEK, CALIFORNIA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**BOULDER CREEK FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
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INDEPENDENT AUDITORS' REPORT

To the District Council
Boulder Creek Fire Protection District
Boulder Creek, California

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Boulder Creek Fire Protection District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Boulder Creek Fire Protection District's basic financial statements 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Boulder Creek Fire Protection District as of June 30, 2019, 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, as well as compliance requirements prescribed by the State Controller governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 29-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


Don Cole & Company
Sacramento, California

October 13, 2021

**BOULDER CREEK FIRE PROTECTION DISTRICT
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2019**

BOULDER CREEK FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The Boulder Creek Fire Protection District (District) provides fire protection for the town of Boulder Creek and surrounding areas. This Management's Discussion and Analysis (MD&A) is a Government Accounting Standards Board Statement 34 (GASB 34) requirement. It should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements. The MD&A presents a narrative overview and analysis of the financial performance of the District during the fiscal years that ended on June 30, 2019 and 2018.

FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2018/19 and 2017/18 include the following:

Financial Analysis of the District as a Whole:

- The District's net position increased by \$361,212 or approximately 13% for the fiscal year ended June 30, 2019 and increased by \$288,195 or approximately 11% for fiscal year ended June 30, 2018.
- The total Net Position at June 30, 2019 and 2018 were \$3,237,916 and \$2,876,704, respectively.
- Net Position includes \$2,246,574 and \$1,523,582 invested in capital assets (net of accumulated depreciation and related debt) at June 30, 2019 and 2018, respectively.
- Measure N assessments collected and spent in 2019 and 2018 were \$183,750 and \$176,592 respectively.

Financial Analysis of the District's Funds:

- Governmental Fund Balances decreased by \$365,429 and increased by \$331,450 for the fiscal years ended June 30, 2019 and 2018, respectively.

The main reason for the differences between the increases/decreases in District fund balances and the increases in the District's net position is the difference in accounting for capital assets.

USING THIS ANNUAL REPORT

The discussion and analysis that follows is intended to serve as an introduction to the District's basic financial statements. These statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements and (3) Notes to Financial Statements. This report also contains required and other Supplementary information provided in addition to the basic financial statements.

Reporting the District as a Whole

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

The Statement of Net Position presents information on all of the District's assets and liabilities, with differences between the two reported as net position. Net position increase or decrease each year based on whether government-wide revenues exceeded the related expenses (increase), or government-wide expenditures exceeded revenues (decrease). The change in net position over time may provide a useful tool in measuring whether or not the financial position of the District is improving or deteriorating.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and inter-governmental revenues (government activity).

The government-wide financial statements include the District only (known as the primary government). There are no component or blended component units that are part of the District's operations.

BOULDER CREEK FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Reporting the District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law and by bond covenants. The District also establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal or contractual responsibilities. All of the funds of the District are governmental funds.

Governmental Funds. All of the District's basic services are reported in governmental funds. These funds focus on how money flows into and out of these funds and balances left at year end that are available for subsequent expenditures. These funds are reported using an accounting method called modified accrual which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides.

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 so doing, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements provide detailed information about each of the District's most significant funds, called major funds. Each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the District for the year, and may change from year to year and result of changes in the pattern or the District's activities. Information is presented separately in the governmental funds balance sheet and in the governmental funds statements of revenues, expenditures and changes in fund balances for the following major funds:

- General Fund

Notes to Financial Statements

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

Required Supplementary Information

In addition to the Basic Financial Statements and accompanying notes, this report presents certain required supplementary information (RSI) concerning the District's budget and PERS funding status. The RSI can be found on pages 29-32 of this report.

BOULDER CREEK FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FINANCIAL ACTIVITY OF THE DISTRICT AS A WHOLE

This analysis focuses on the net position and changes in net position of the District as a whole.

Table 1
SUMMARY OF NET POSITION
AS OF JUNE 30,

	<u>2019</u>	<u>2018</u>
ASSETS:		
Current and other assets	\$ 1,396,651	\$ 1,753,943
Capital assets, net of accumulated depreciation	<u>2,246,574</u>	<u>1,523,582</u>
TOTAL ASSETS	<u>\$ 3,643,225</u>	<u>\$ 3,277,525</u>
Deferred outflows of resources	<u>\$ 93,524</u>	<u>\$ 113,950</u>
LIABILITIES:		
Current liabilities	\$ 47,674	\$ 34,420
Long-term liabilities	<u>447,626</u>	<u>473,388</u>
TOTAL LIABILITIES	<u>\$ 495,300</u>	<u>\$ 507,808</u>
Deferred inflows of resources	<u>\$ 3,533</u>	<u>\$ 6,963</u>
NET POSITION:		
Invested in capital assets	\$ 2,246,574	\$ 1,523,582
Restricted – Measure N	214,470	176,592
Unrestricted	<u>776,872</u>	<u>1,176,530</u>
TOTAL NET POSITION	<u>\$ 3,237,916</u>	<u>\$ 2,876,704</u>

Table 2
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>
GENERAL REVENUES:		
Property taxes	\$ 1,008,306	\$ 941,050
Assessments – Measure N	183,750	176,592
Use of money and property (interest income)	31,855	17,173
Aid from other government agencies	5,679	5,664
Other revenues	<u>59,167</u>	<u>91,840</u>
TOTAL GENERAL REVENUES	<u>1,288,757</u>	<u>1,232,319</u>
EXPENSES:		
Fire protection	<u>927,545</u>	<u>944,124</u>
CHANGE IN NET POSITION	<u>361,212</u>	<u>288,195</u>
NET POSITION, July 1	2,876,704	2,963,253
Prior period adjustment	-	<u>(374,744)</u>
NET POSITION, July 1 restated	<u>2,876,704</u>	<u>2,588,509</u>
NET POSITION, June 30	<u>\$ 3,237,916</u>	<u>\$ 2,876,704</u>

BOULDER CREEK FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, is located in the Required Supplementary Information, and shows the difference between the budgeted revenues and expenditures and the actual amounts received and expended.

Following is a summary of the District's budgetary changes and actual results for the year ended June 30, 2019.

Table 3a

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 955,714	\$ 955,714	\$ 1,008,306	\$ 52,592
Assessments – Measure N	185,818	185,818	183,750	(2,068)
Use of money and property	8,000	8,000	31,855	23,855
Aid from other governments	-	-	5,679	5,679
Charges for services	8,000	8,000	15,058	7,058
Miscellaneous revenue	<u>42,600</u>	<u>42,600</u>	<u>44,109</u>	<u>1,509</u>
TOTAL REVENUES	<u>1,200,132</u>	<u>1,200,132</u>	<u>1,288,757</u>	<u>88,625</u>
EXPENDITURES:				
Salaries and employee benefits	472,077	472,077	416,409	55,668
Services and supplies	411,543	411,543	367,541	44,002
Capital outlay	<u>236,664</u>	<u>870,236</u>	<u>870,236</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,120,284</u>	<u>1,753,856</u>	<u>1,654,186</u>	<u>99,670</u>

Following is a summary of the District's budgetary changes and actual results for the year ended June 30, 2018.

Table 3b

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 901,600	\$ 901,600	\$ 941,050	\$ 39,450
Assessments – Measure N	176,784	176,784	176,592	(192)
Use of money and property	5,000	5,000	17,173	12,173
Aid from other governments	-	-	5,664	5,664
Charges for services	8,000	8,000	15,808	7,808
Miscellaneous revenue	<u>58,500</u>	<u>58,500</u>	<u>109,510</u>	<u>51,010</u>
TOTAL REVENUES	<u>1,149,884</u>	<u>1,149,884</u>	<u>1,265,797</u>	<u>115,913</u>
EXPENDITURES:				
Salaries and employee benefits	498,465	498,465	464,261	34,204
Services and supplies	433,037	433,037	355,913	77,124
Capital outlay	481,860	481,860	114,173	367,687
Contingencies	<u>45,771</u>	<u>45,771</u>	<u>-</u>	<u>45,771</u>
TOTAL EXPENDITURES	<u>1,459,133</u>	<u>1,459,133</u>	<u>934,347</u>	<u>524,786</u>

BOULDER CREEK FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CAPITAL ASSETS

Capital assets include fire equipment, land, and structures and improvements.

The net cost of capital assets recorded on the District's financial statements was as shown below:

Table 4
CAPITAL ASSETS, NET OF DEPRECIATION
AS OF JUNE 30,

	<u>2019</u>	<u>2018</u>
Capital assets, not being depreciated:		
Land	\$ 300,295	\$ 300,295
Depreciable capital assets, net:		
Structures and improvements	896,041	858,624
Equipment	<u>1,050,238</u>	<u>364,663</u>
TOTAL NET CAPITAL ASSETS	<u>\$ 2,246,574</u>	<u>\$ 1,523,582</u>

LONG-TERM LIABILITIES

The long-term liabilities recorded on the District's financial statements are as follows:

Table 5
LONG-TERM LIABILITIES
AS OF JUNE 30,

	<u>2019</u>	<u>2018</u>
Net pension liability	\$ 118,970	\$ 116,190
Net OPEB obligation	<u>328,656</u>	<u>357,198</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 447,626</u>	<u>\$ 473,388</u>

CONTACTING THE DISTRICT

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District at 13230 Central Avenue, Boulder Creek, California 95006, telephone (831) 338-7222.

**BOULDER CREEK FIRE PROTECTION DISTRICT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

BOULDER CREEK FIRE PROTECTION DISTRICT

GOVERNMENT-WIDE STATEMENT OF NET POSITION AS OF JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash in county treasury - unrestricted	\$ 1,169,011
Imprest cash	100
Prepaid insurance	13,070
Restricted cash:	
Cash in county treasury – Measure N	<u>214,470</u>
Total current assets	<u>1,396,651</u>
Noncurrent assets:	
Capital assets:	
Land	300,295
Structures and improvements	1,502,144
Equipment	<u>2,575,038</u>
Total station and equipment	4,377,477
Less: accumulated depreciation	<u>(2,130,903)</u>
Capital assets, net	<u>2,246,574</u>
Total noncurrent assets	<u>2,246,574</u>
Total assets	<u>\$ 3,277,525</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions	<u>\$ 93,524</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 18,383
Accrued salaries and benefits	10,215
Compensated absences	<u>19,076</u>
Total current liabilities	<u>47,674</u>
Noncurrent liabilities:	
Net pension liability	118,970
Net OPEB obligation	<u>328,656</u>
Total noncurrent liabilities	<u>447,626</u>
Total liabilities	<u>\$ 495,300</u>
DEFERRED INFLOWS OF RESOURCES:	
Pensions	<u>\$ 3,533</u>
NET POSITION:	
Invested in capital assets, net of related debt	\$ 2,246,574
Restricted – Measure N	214,470
Unrestricted	<u>776,872</u>
Total net position	<u>\$ 3,237,916</u>

See accompanying notes to basic financial statements

BOULDER CREEK FIRE PROTECTION DISTRICT

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Operating Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Governmental Activities</u> Total
GOVERNMENTAL ACTIVITIES:			
Fire protection:			
Salaries and benefits	\$ 412,760	\$ -	\$ 412,760
Services and supplies	367,541	15,058	352,483
Depreciation	<u>147,244</u>	<u>-</u>	<u>147,244</u>
Total governmental activities	<u>\$ 927,545</u>	<u>\$ 15,058</u>	<u>912,487</u>
GENERAL REVENUES:			
Property taxes			1,008,306
Assessments – Measure N			183,750
Use of money and property			31,855
Aid from other government agencies			5,679
Other revenue			<u>44,109</u>
Total general revenues			<u>1,273,699</u>
Changes in net position			361,212
Net position, beginning of year			<u>2,876,704</u>
Net position, end of the year			<u>\$ 3,237,916</u>

See accompanying notes to basic financial statements

BOULDER CREEK FIRE PROTECTION DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS AS OF JUNE 30, 2019

	<u>Total Governmental Funds</u>
	<u>General Fund</u>
ASSETS:	
Cash in county treasury - unrestricted	\$ 1,169,011
Imprest cash	100
Restricted cash:	
Cash in county treasury – Measure N	<u>214,470</u>
TOTAL ASSETS	<u>\$ 1,383,581</u>
LIABILITIES:	
Accounts payable	\$ 18,383
Accrued payroll liabilities	<u>10,215</u>
TOTAL LIABILITIES	<u>28,598</u>
FUND BALANCES:	
Committed:	
Workers' compensation claims	250,000
Building and improvements reserve	4,498
Replacement of mobile equipment	178,841
Clothing and personal reserve	34,630
Restricted – Measure N	214,470
Unassigned	<u>672,544</u>
TOTAL FUND BALANCES	<u>1,354,983</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,383,581</u>

See accompanying notes to basic financial statements

BOULDER CREEK FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total fund balances, governmental funds	\$ 1,354,983
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Total historical cost of capital assets	4,377,477
Less: accumulated depreciation	(2,130,903)
Prepaid insurance in governmental activities are not financial resources and therefore are not reported in the governmental funds.	13,070
Governmental funds do not report long-term liabilities.	
Due within one year	(19,076)
Due after one year	(447,626)
Amounts reported as deferred outflows/inflows of resources related to the District's pension plan will be allocated to future fiscal years.	
Deferred outflows	93,524
Deferred inflows	<u>(3,533)</u>
Total net position – governmental funds	<u>\$ 3,237,916</u>

See accompanying notes to basic financial statements

BOULDER CREEK FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Total Governmental Funds</u>
	<u>General Fund</u>
REVENUES:	
Property taxes	\$ 1,008,306
Assessments – Measure N	183,750
Use of money and property	31,855
Aid from other government agencies	5,679
Charges for services	15,058
Miscellaneous revenue	<u>44,109</u>
TOTAL REVENUES	<u>1,288,757</u>
EXPENDITURES:	
Salaries and employee benefits	416,409
Services and supplies	367,541
Capital outlay	<u>870,236</u>
TOTAL EXPENDITURES	<u>1,654,186</u>
NET CHANGE IN FUND BALANCES	(365,429)
FUND BALANCE (DEFICIT), July 1, 2018	<u>1,720,412</u>
FUND BALANCE (DEFICIT), June 30, 2019	<u>\$ 1,354,983</u>

See accompanying notes to basic financial statements

BOULDER CREEK FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total net change in fund balance, governmental funds \$ (365,429)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in government funds because:

Capital outlays are reported in government funds as expenditures. However, in the government-wide Statement of Activities and changes in net position, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

Capital asset additions 870,236

Depreciation expense on capital assets is reported in the government-wide Statement of Activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (147,244)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease (increase) in the compensated absences balance (5,117)
Pension expense adjustment (19,776)
OPEB expense adjustment 28,542

Change in net position – governmental activities \$ 361,212

See accompanying notes to basic financial statements

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Boulder Creek Fire Protection District (District) was organized August 15, 1923, in conformity with the Deering act 2593, Statutes of 1881, since codified into the State of California Health and Safety Code, Sections 14001 et seq. The District was reorganized in September 1966 in conformity with the Health and Safety Code, Sections 13801 et seq. The District provides fire protection for the town of Boulder Creek and the surrounding area.

DISTRICT OFFICIALS

The District is governed by a board of five directors. The following were in office at June 30, 2019:

	<u>Term Expires November</u>
Rick Rogers, Chairman	2020
Sam Robustelli	2019
Bob Locatelli	2020
Bob Presswood	2019
Chris Currier	2020

Kevin McClish was the Fire Chief at June 30, 2019.

ACCOUNTING RECORDS

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

MINUTES

Minutes were recorded for meetings and contained approvals for disbursements.

BUDGETARY PROCEDURE

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide Financial Statements

The government-wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report aggregated information for the overall government for all the activities of the primary government.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues are reported separately. The Statement of Net Position presents the overall government's financial position at year-end. The Statement of Activities presents direct expenses of a given function or identifiable activity offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other non-exchange revenues not properly included among program revenues are reported as general revenues.

C. Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered to be 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 balance, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenue or expenditures) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District reports the General Fund as a major fund.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions are grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

Imposed Non-exchange Revenue, result from assessments on non-governmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes and fines, penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.

Government-mandated Non-exchange Transactions, frequently established eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement ("expenditure-driven") basis at the time the recipient has incurred allowable costs under the applicable program.

Voluntary Non-exchange Transactions, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by non-governmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

Derived Tax Revenue, result from assessments imposed on exchange transactions. Examples include income taxes, sales taxes, and other assessments on earnings or consumption.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Fund Balance

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, cash in the bank, and cash with the County Treasury.

Receivables and Payables

All accounts receivable and accounts payable, if any, are shown net of any allowance for uncollectible accounts. All receivables/payables which have been remitted/paid within 60 days subsequent to fiscal year end are considered measurable and available and recognized as income/expenditure in the governmental fund financial statements.

Inventory, Materials and Supplies

The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide and governmental fund financial statements, as applicable.

Capital Assets

Capital assets, which include land, buildings, improvements, and equipment are reported at historical cost, or estimated historical cost if constructed. Contributed assets are reported at fair market value as of the date received. Maintenance and repairs of property determined to be less than units of property, are charged to operating expenses.

The District has set capitalization thresholds for reporting capital assets at the following:

Structures	\$10,000
Equipment	\$ 5,000

Depreciation is reported using the straight-line method calculated on a service-life basis to amortize the cost of the assets over their estimated economic useful lives, which are as follows:

Structures	40 Years
Equipment	5 - 20 Years

Liability for Compensated Absences

The District is required to recognize a liability for employee's rights to receive compensation for future absences. On June 30, 2019 the liability for compensated absences was \$19,076.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Fund Balance (continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Invested in capital assets net of related debt consist of capital assets less accumulated depreciation and net of outstanding balances of any debts used to finance those assets, such as loans.

Restricted may be used only to finance specific types of transactions. These restrictions may be established by debt covenants, grantors, or laws or regulations of other governments. Restricted net position represents the balance of restricted assets less the outstanding balances of any liabilities that will be settled using restricted assets.

Unrestricted net position are those that do not meet the definition of either net position invested in capital assets net of related debt or restricted net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

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

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors of amounts constrained due to constitutional provisions or 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 taking the same formal action that imposed the constraint originally.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance maybe assigned by the District Manager or Board of Directors.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property Tax Revenue

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

G. Assessments – Measure N

The Boulder Creek Fire Protection District successfully passed a special tax, Measure N, approved by the voters of the District. Ordinance Number 2016-01 levies a special tax to properties with an assessed value of \$2,000 or more. The funds raised from this special tax are to be used only for acquisition of emergency response vehicles, protective gear and equipment and self contained breathing apparatus. The special tax shall terminate on June 30, 2048.

H. District Special Expense

Because fire hose couplings and nozzles are peculiar to fire districts, the manual of the State Controller provides that purchases of such items be charged to the expense account "District Special Expense."

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

J. Fair Value Measurement

The District uses a framework for defining and measuring fair value in accordance with generally accepted accounting principles, which maximizes the use of observable inputs and minimizes the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value;

Level 1 uses quoted prices and active markets for identical assets or liabilities when determining fair market value;

Level 2 uses non active quoted prices for similar assets and liabilities that can be corroborated with market data;

Level 3 uses unobservable information with little or no market data.

The District reports assets and liabilities using level 1 inputs.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 2 CASH AND INVESTMENTS

A. Cash with County Treasury

The County of Santa Cruz holds the District's cash and investments within the County's external investment pool. Total cash with the County Treasury at June 30, 2019 was \$1,383,481, \$1,169,011 of which is unrestricted and \$214,470 restricted for Measure N. The County sponsors an investment pool that is managed by the County Treasurer. Cash and investments for most County activities are included in the investment pool. All District monies held by the Santa Cruz County Treasurer receive monthly allocations of County investment income based on the average daily cash balance of the District in relation to the total invested cash by the County.

Government Code Section 53601 governs the County's investment policies. These policies authorize the District to invest in the following types of investments:

Bonds issued by the State of California and/or any local agency within the State of California Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies Local Agency Investment Fund (State Pool) Demand Deposits Medium Term Corporate Notes	Securities of the US Government, or its agencies Negotiable Certificates of Deposit Bankers Acceptances Commercial Acceptance Repurchase Agreements (Repos) Reverse Repurchase Agreements Passbook Savings Account Demand Deposits Mutual Funds holding the above allowable Investments
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B. Credit Risk

Governmental Accounting Standards Board Statement No. 3 requires that deposits and investments be classified by credit risk.

Classifications of deposits and investments by credit risk are as follows:

Deposits

- Category 1—Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2—Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3—Deposits which are uninsured or uncollateralized.

Investments

- Category 1—Insured or registered, with securities held by the entity or its agent in the entity's name.
- Category 2—Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3—Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

The following is a summary of cash and investments at June 30, 2019:

	Credit Risk Category	Total
Cash with County Treasury	N/A	\$ 1,383,481
Imprest cash	N/A	100
Total cash and investments		\$ 1,383,581

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 3 CAPITAL ASSETS

Government-wide financial statements report capital assets whereas fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position. At June 30, 2019, the District's capital assets consisted of the following:

	July 1, 2018	Additions	Deletions	June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 300,295	\$ -	\$ -	\$ 300,295
Depreciable capital assets:				
Structures and improvements	1,402,633	99,511	-	1,502,144
Equipment	<u>1,804,313</u>	<u>770,725</u>	<u>-</u>	<u>2,575,038</u>
Total depreciable capital assets	<u>3,206,946</u>	<u>870,236</u>	<u>-</u>	<u>4,077,182</u>
Less: accumulated depreciation				
Structures and improvements	(544,009)	(62,094)	-	(606,103)
Equipment	<u>(1,439,650)</u>	<u>(85,150)</u>	<u>-</u>	<u>(1,524,800)</u>
Total accumulated depreciation	<u>(1,983,659)</u>	<u>(147,244)</u>	<u>-</u>	<u>(2,130,903)</u>
Net depreciable capital assets	<u>1,223,287</u>	<u>722,992</u>	<u>-</u>	<u>1,946,279</u>
Net capital assets	<u>\$ 1,523,582</u>	<u>\$ 722,992</u>	<u>\$ -</u>	<u>\$ 2,246,574</u>

Note 4 LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Net pension liability	\$ 116,190	\$ 36,082	\$ (33,302)	\$ 118,970
Net OPEB obligation	<u>357,198</u>	<u>10,761</u>	<u>(39,303)</u>	<u>328,656</u>
Total	<u>\$ 473,388</u>	<u>\$ 46,843</u>	<u>\$ (72,605)</u>	<u>\$ 447,626</u>

Note 5 LEASE COMMITMENTS

Lease with the California Department of Forestry

On May 9, 1989, the District entered into an agreement with the State of California, Department of Forestry and Fire Protection (CDF). The agreement calls for a parcel of land, owned by the District, to be leased to the CDF rent free. The lease provides for the CDF to build a fire station for the joint use by the CDF and the District for a period of 30 years, renewable for another 30 years, provided the State gives notice of its intent to extend the lease at least six months prior to the end of the term. The lease agreement will terminate if at any time CDF discontinues the use of the fire station for a consecutive period of two years or if CDF declares the fire station surplus, the fire station and its associated outbuilding will revert in ownership to the District.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 5 LEASE COMMITMENTS (continued)

Lease with the Boulder Creek Recreation District

The District entered into a lease agreement with the Boulder Creek Recreation District to lease the Boulder Creek recreation hall to the Boulder Creek Recreation District for \$1.00 for a period of twenty-five years beginning in June 2019. The Boulder Creek Recreation District can exercise the option to purchase the recreation hall from the District for the sum of \$1.00 in the event the District is merged into another entity, abolished, named in bankruptcy proceedings, or otherwise controlled by persons or entities outside the Boulder Creek area.

Note 6 PENSION PLAN

A. General Information About the Plan

Plan Description: The District's defined benefit pension plan, the Safety Plan of Boulder Creek Fire Protection District, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Plan of Boulder Creek Fire Protection District is part 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 State statutes within the Public Employees' Retirement Law. 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, California 95814.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

Funding Policy: The District makes contributions required as the employer. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of plan are established and may be amended by CalPERS. Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 6 PENSION PLAN (continued)

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

As of June 30, 2019, the District reported net pension liabilities of \$118,970.

The District's net pension liability for its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2018 using standard update procedures.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2019 was as follows:

Safety Plan	0.00203%
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At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 11,673	\$ 1,575
Differences between expected and actual experience	2,556	10
Difference between projected and actual investment earnings	805	-
Differences between District contributions and proportionate share of contributions	18,836	-
Changes in District's proportion	22,598	1,948
Pension contributions subsequent to the measurement date	<u>37,056</u>	<u>-</u>
Totals	<u>\$ 93,524</u>	<u>\$ 3,533</u>

\$33,302 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized as pension expense as follows:

Year Ended <u>June 30, .</u>	
2020	29,025
2021	22,068
2022	2,666
2023	(824)
Thereafter	-

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 6 PENSION PLAN (continued)

C. Actuarial Assumptions

The total pension liability for this plan in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% ¹

¹ Net of pension plan investment expenses, including inflation

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Safety Plan. 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2019. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2019-19 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 6 PENSION PLAN (continued)

D. Discount Rate (continued)

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Discount Rate – 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 204,097	\$ 118,970	\$ 49,224

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. GENERAL INFORMATION ABOUT THE PLAN

Plan Description

Plan administration. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Benefits provided. Retiree benefits are offered on a case by case basis. Currently, lifetime benefits are not available to employees. There is one employee who is not eligible for benefits upon retirement. He has not been included in the valuation. There is one retiree who is receiving the full premium in benefits for the retiree and spouse, for lifetime. He has been included in the valuation. Finally, there is another retiree who is receiving benefits but reimburses the District 100% of the costs. She has not been included in the valuation. Survivor benefits are available. The District also pays the CalPERS administrative fee of 0.33% of premium (0.23% for 2019/19). The District does not offer vision, dental, or life benefits for retirees.

Employees Covered – As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees electing coverage	0
Active employees waiving coverage	0
Retirees receiving benefits	<u>1</u>
Total	<u><u>1</u></u>

B. ACTUARIAL ASSUMPTIONS

The total OPEB liability, measure as of June 30, 2019, was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Measurement date	June 30, 2018
Contribution policy	Pay-as-you-go method under which contributions to the plan are generally made at the same time and in the same amount as retiree benefits and expenses become due.
Discount rate	3.62% at June 30, 2018 (20-year municipal bond rate)
Expected long-term rate of return on investment	N/A
Inflation rate	3.00% per annum
Mortality	Pre-retirement based on the RP-2014 Employee Mortality Tables. Post-retirement based on the RP-2014 Health Annuitant Mortality Tables.
Salary increase	3.00%
Health care cost trend rate	5.00% for fiscal year 2018 and later years.
Age adjustment factor	3.00%

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

C. DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 3.62%. This discount rate is the 20-year municipal bond rate.

D. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019:

Plan's Total OPEB Liability		
Discount Rate -1% (2.62%)	Current Discount Rate (3.62%)	Discount Rate + 1% (4.62%)
\$ 354,520	\$ 328,656	\$ 305,769

E. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019:

Plan's Total OPEB Liability		
Rate -1%	Healthcare Cost Trend Rate	Rate -1%
\$ 304,415	\$ 328,656	\$ 355,552

F. CHANGE IN TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at June 30, 2018	\$ 357,198
Changes recognized for the measurement period:	
Service cost	-
Interest on total OPEB liability	10,761
Changes in assumptions	(12,272)
Changes in benefit terms	-
Contribution from the employer	-
Net investment income	-
Benefit payments	(27,031)
Administrative expenses	-
Net changes during July 1, 2018 to June 30, 2019	(28,542)
Balance at June 30, 2019	\$ 328,656

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 7 OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

G. CONTRIBUTIONS

The contribution requirements of plan members and the District is established and may be amended by the Board of Directors. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due).

H. OPEB EXPENSE

For the year ended June 30, 2019, OPEB expense in the amount of \$(1,511) is included in the statement of activities.

The OPEB expense is as follows:

Interest cost	\$ 10,761
Change in assumptions	<u>(12,272)</u>
Total	<u>\$ (1,511)</u>

Note 8 RISK MANAGEMENT

The District is exposed to various risks or loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Workers' Compensation Coverage

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) a 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 CPEIA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicated on the decision of CSAC-EIA to restructure their Bylaws and JPA agreements discontinuing the operation of CPEIA and allowing its members to become full participants in the CSAC-EIA programs. Being a 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 CSAC-EIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency 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 an annual budget.

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 8 RISK MANAGEMENT (continued)

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 policy.

Excess Worker's Compensation

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

Insurance coverage at June 30, 2019, consisted of the following:

	Deductible	Limits
Property:		
Buildings and contents - Blanket	\$ 500	\$ 4,115,679
Pollutant cleanup and removal	500	250,000
Personal effects of insured	None	25,000
Personal effects of patients & fire victims	None	5,000
Recertification of equipment and vehicles	None	50,000
Trees, shrubs, and landscaping planting	None	25,000
Fire department service charge	None	5,000
Towing and transportation expenses	None	5,000
Liability:		
General Liability		
Bodily injury and property damage, personal injury and advertising injury, professional liability, wrongful acts	None	1,000,000 Occurrence / 10,000,000 Aggregate
- Fire damage limit	None	1,000,000
- Medical	None	10,000
Line of Duty – Accidental Death Benefit	None	10,000
Public officials and management liability	1,000	1,000,000 / 10,000,000 Aggregate
Auto Liability		
Uninsured motorists liability	None	1,000,000
Medical payments	None	10,000
Legal expense reimbursement		5,000
Excess Liability	None	4,000,000
Crime:		
Employee dishonesty	500	250,000
Forgery or alteration	None	250,000
Computer fraud	None	10,000
Theft, disappearance and destruction	None	25,000
Other:		
Workers' compensation insurance	Joint powers authority – statutory	
Group health and accident	PERS	

BOULDER CREEK FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 9 FUND BALANCE

The District has the following items committed/restricted fund balance:

	<u>June 30,</u> <u>2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30,</u> <u>2019</u>
Committed:				
Workers' compensation	\$ 200,000	\$ 50,000	\$ -	\$ 250,000
Structure upgrades or repairs	4,498	-	-	4,498
Mobile equipment	1,042,400	-	(863,559)	178,841
Large clothing	34,630	-	-	34,630
Restricted:				
Measure N	176,592	183,750	(145,872)	214,470

Note 10 SUBSEQUENT EVENTS

Management of the District has evaluated the events subsequent to June 30, 2019 for disclosure and has determined that as of October 13, 2021 there are no material subsequent events that should be disclosed. If events requiring disclosure have occurred between the balance sheet date and the date the financial statements were available to be issued they would be disclosed here.

REQUIRED SUPPLEMENTARY INFORMATION

BOULDER CREEK FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. BUDGETARY INFORMATION

The following is the budget comparison schedule for the District.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Property taxes:				
Current secured	\$ 955,714	\$ 955,714	\$ 963,217	\$ 7,503
Current unsecured	-	-	19,397	19,397
Prior year unsecured	-	-	1,666	1,666
Penalties for delinquent taxes	-	-	57	57
Redemption penalties	-	-	90	90
Current supplemental	-	-	22,256	22,256
Current supplemental unsecured	-	-	985	985
Prior year supplemental secured	-	-	393	393
Prior year supplemental unsecured	-	-	245	245
Total property taxes	<u>955,714</u>	<u>955,714</u>	<u>1,008,306</u>	<u>52,592</u>
Assessments – Measure N	<u>185,818</u>	<u>185,818</u>	<u>183,750</u>	<u>(2,068)</u>
Use of money and property:				
Interest	<u>8,000</u>	<u>8,000</u>	<u>31,855</u>	<u>23,855</u>
Total use of money and property	<u>8,000</u>	<u>8,000</u>	<u>31,855</u>	<u>23,855</u>
Aid from other government agencies:				
Homeowner’s property tax relief	-	-	5,679	5,679
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total aid from other government agencies	<u>-</u>	<u>-</u>	<u>5,679</u>	<u>5,679</u>
Charges for services:				
Inspection fees	<u>8,000</u>	<u>8,000</u>	<u>15,058</u>	<u>7,058</u>
Total charges for services	<u>8,000</u>	<u>8,000</u>	<u>15,058</u>	<u>7,058</u>
Miscellaneous:				
Other revenue	42,600	42,600	44,109	1,509
Unclaimed money – escheated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total miscellaneous	<u>42,600</u>	<u>42,600</u>	<u>44,109</u>	<u>1,509</u>
Total revenues	<u>1,200,132</u>	<u>1,200,132</u>	<u>1,288,757</u>	<u>88,625</u>

BOULDER CREEK FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. BUDGETARY INFORMATION (continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures:				
Salaries and employee benefits:				
Regular pay – permanent	241,082	241,082	204,538	36,544
Overtime pay – permanent	-	-	-	-
Regular pay – extra help	29,915	29,915	46,398	(16,483)
Regular pay – sick leave	-	-	-	-
Regular pay – call back	85,000	85,000	54,690	30,310
OASDI	16,000	16,000	12,851	3,149
PERS	36,700	36,700	37,056	(356)
Employee group insurance	44,880	44,880	44,585	295
Unemployment insurance	4,000	4,000	2,217	1,783
Workers' compensation insurance	<u>14,500</u>	<u>14,500</u>	<u>14,074</u>	<u>426</u>
Total salaries and employee benefits	<u>472,077</u>	<u>472,077</u>	<u>416,409</u>	<u>55,668</u>
Services and supplies:				
Clothing & personal supplies	46,350	46,350	37,296	9,054
Radio	16,400	16,400	15,311	1,089
Telephone	15,100	15,100	12,896	2,204
Food	1,000	1,000	1,024	(24)
Other insurance	25,500	25,500	20,515	4,985
Maintenance – mobile equipment	84,200	84,200	51,934	32,266
Maintenance – office equipment	3,200	3,200	2,707	493
Maintenance – other equipment	12,900	12,900	4,034	8,866
Maintenance – structure & grounds	20,128	20,128	32,334	(12,206)
Employee certificates	2,000	2,000	1,753	247
Memberships	2,730	2,730	2,230	500
Miscellaneous	100	100	-	100
Duplicating services	1,800	1,800	3,035	(1,235)
Photo copy/printer supplies	300	300	155	145
Postage	400	400	409	(9)
Subscriptions and periodicals	200	200	237	(37)
Supplies	7,000	7,000	7,406	(406)
Non-PC software	6,800	6,800	6,172	628
Accounting and auditing	4,300	4,300	14,575	(10,275)
Admin. services by other County depts.	14,790	14,790	10,711	4,079
Computer professional services	9,600	9,600	8,800	800
Directors' fees	2,400	2,400	2,400	-
911 dispatch services	28,900	28,900	28,003	897
Laundry services	1,800	1,800	1,264	536
Legal services	5,000	5,000	-	5,000
Medical services – other	12,000	12,000	9,113	2,887
Professional and special services	7,600	7,600	6,435	1,165
Legal notices	500	500	163	337
Field equipment	5,340	5,340	2,681	2,659
Special district expense	25,605	25,605	48,943	(23,338)
Education and training	19,600	19,600	11,684	7,891
Gas, oil, fuel	15,000	15,000	14,735	265
Utilities	<u>13,000</u>	<u>13,000</u>	<u>8,561</u>	<u>4,439</u>
Total services and supplies	<u>411,543</u>	<u>411,543</u>	<u>367,541</u>	<u>44,002</u>

BOULDER CREEK FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

1. BUDGETARY INFORMATION (continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures (continued):				
Capital outlay:				
Buildings and improvements	99,511	99,511	99,511	-
Equipment	-	-	-	-
Mobile equipment	<u>137,153</u>	<u>770,725</u>	<u>770,725</u>	-
Total capital outlay	<u>236,664</u>	<u>870,236</u>	<u>870,236</u>	-
Total expenditures	<u>1,120,284</u>	<u>1,753,856</u>	<u>1,654,186</u>	<u>99,670</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 79,848</u>	<u>\$ (553,724)</u>	<u>\$ (365,429)</u>	<u>\$ 188,295</u>

BOULDER CREEK FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2. DEFINED PENSION PLAN

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00203%	0.00194%	0.00183%	0.00172%	0.00111%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$118,970	\$116,190	\$94,674	\$68,820	\$68,877
Plan's Covered-Employee Payroll	\$160,000	\$143,741	\$143,741	\$139,554	\$143,857
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	74.36%	80.83%	65.86%	49.31%	47.88%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.73%	79.11%	79.54%	82.25%	81.42%

The proportion (percentage) of the collective net pension liability represents the District's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the District's share of the cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Plan Contributions

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially Determined Contribution	<u>\$ 37,056</u>	<u>\$ 33,302</u>	<u>\$ 30,798</u>	<u>\$ 26,266</u>	<u>\$ 31,146</u>
Contributions in Relation to the Actuarially Determined Contribution	<u>(37,056)</u>	<u>(33,302)</u>	<u>(30,798)</u>	<u>(26,266)</u>	<u>(31,146)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-Employee Payroll	\$160,000	\$143,741	\$143,741	\$139,554	\$143,857
Contributions as a Percentage of Covered-Employee Payroll	23.16%	23.17%	21.43%	18.82%	21.65%

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

BOULDER CREEK FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

3. OTHER POST EMPLOYMENT BENEFITS

	2019	2018
Total OPEB Liability		
Balance at June 30, 2017		\$ -
Restatement		<u>374,744</u>
Balance at June 30,	\$ 357,198	374,744
Changes recognized for the measurement period:		-
Service cost	-	11,281
Interest on total OPEB liability	10,761	-
Changes in assumptions	(12,272)	-
Changes in benefit terms	-	-
Contribution from the employer	-	-
Net investment income	-	-
Benefit payments	(27,031)	(28,827)
Administrative expenses	<u>-</u>	<u>-</u>
Net changes during fiscal year	<u>(28,542)</u>	<u>(17,546)</u>
Balance at June 30,	<u>\$ 328,656</u>	<u>\$ 357,198</u>
	2019	2018
Plan Fiduciary Net Position		
Balance at June 30,	\$ -	\$ -
Changes recognized for the measurement period:		
Service cost	-	-
Interest on total OPEB liability	-	-
Difference between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in benefit terms	-	-
Contribution from the employer	27,031	28,827
Net investment income	-	-
Benefit payments	(27,031)	(28,827)
Administrative expenses	<u>-</u>	<u>-</u>
Net changes during July 1, 2018 to June 30, 2019	<u>-</u>	<u>-</u>
Balance at June 30,	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	\$ 328,656	\$ 357,198
Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%
Covered Payroll	\$ 160,000	\$ 143,741
Net OPEB Liability as a % of Payroll	205.41%	248.50%