

Boulder Creek Fire Protection District

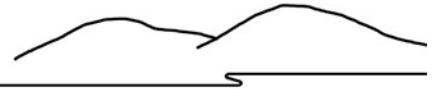
FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2020

and

June 30, 2021



March 29, 2023

Boulder Creek Fire Protection District

Boulder Creek, CA 95006

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

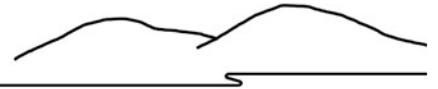
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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 Boulder Creek 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

The District has not presented Management’s Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require 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.

A handwritten signature in black ink, appearing to read 'Z. Pehling'.

Zach Pehling, CPA

Boulder Creek Fire Protection District

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

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Boulder Creek Fire Protection District

Balance Sheet

	2021		2020	
	<u>General Fund</u>	<u>Measure N</u>	<u>General Fund</u>	<u>Measure N</u>
<u>ASSETS</u>				
<u>Assets:</u>				
Cash	\$ 1,717,099	\$ 379,568	\$ 1,325,399	\$ 190,398
Accounts Receivable	-	-	-	-
Deposits & Prepaid Expenses	-	-	-	-
TOTAL ASSETS	<u>1,717,099</u>	<u>379,568</u>	<u>1,325,399</u>	<u>190,398</u>
<u>LIABILITIES, DEFERRED INFLOWS & FUND BALANCES</u>				
<u>Liabilities:</u>				
Accounts Payable	6,216	-	4,927	-
Accrued Payroll	2,891	-	1,794	-
TOTAL LIABILITIES	<u>9,107</u>	<u>-</u>	<u>6,721</u>	<u>-</u>
<u>Deferred Inflows</u>				
Unavailable Revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>9,107</u>	<u>-</u>	<u>6,721</u>	<u>-</u>
<u>Fund Balances:</u>				
Unassigned	1,707,892	-	1,318,578	-
Unspendable	100	-	100	-
Restricted	-	379,568	-	190,398
Total Fund Balance	<u>1,707,992</u>	<u>379,568</u>	<u>1,318,678</u>	<u>190,398</u>
<u>TOTAL LIABILITIES & FUND BALANCE</u>	<u>\$ 1,717,099</u>	<u>\$ 379,568</u>	<u>\$ 1,325,399</u>	<u>\$ 190,398</u>

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

Boulder Creek Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance For the Year Ended

<u>REVENUE</u>	2021		2020	
	<u>General Fund</u>	<u>Measure N</u>	<u>General Fund</u>	<u>Measure N</u>
Tax Revenue	\$ 1,095,260	\$ -	\$ 1,053,945	\$ -
Charges for Service	171,077	-	42,967	-
Interest & Investment Earnings	8,943	1,643	19,986	1,747
Assessment	-	187,527	-	190,006
Grants & Contributions	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUE	1,275,280	189,170	1,116,898	191,753
<u>EXPENDITURES</u>				
Capital Assets	542	-	101,952	219,903
Debt Service:				
Principle	-	-	-	-
Interest	-	-	-	-
Professional Fees	48,920	-	57,883	-
Salaries and Employee Benefits	517,862	-	514,335	-
Repairs and Maintenance	69,479	-	63,860	-
Insurance	25,292	-	23,526	-
Services, Supplies and Refunds	223,871	-	173,099	-
TOTAL EXPENDITURES	885,966	-	934,655	219,903
Excess (Deficit) Revenues over Expenditures	389,314	189,170	182,243	(28,150)
Transfer In/(Out)	-	-	-	-
<u>CHANGE IN FUND BALANCE</u>	389,314	189,170	182,243	(28,150)
<u>FUND BALANCE, BEGINNING OF YEAR</u>	1,318,678	190,398	1,136,435	218,548
<u>FUND BALANCE, END OF YEAR</u>	\$ 1,707,992	\$ 379,568	\$ 1,318,678	\$ 190,398

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Boulder Creek Fire Protection District

Statement of Net Position

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u>		
Cash	\$ 2,096,667	\$ 1,515,797
Accounts Receivable	-	-
Deposits & Prepaid Expenses	8,356	7,230
Total Current Assets	<u>2,105,023</u>	<u>1,523,027</u>
<u>Capital Assets:</u>		
Land	300,295	300,295
Buildings & Improvements	1,502,144	1,502,144
Firefighting Equipment	2,880,131	2,880,131
Construction in Progress	-	-
Less: Accumulated Depreciation	<u>(2,442,342)</u>	<u>(2,293,120)</u>
Total Capital Assets	<u>2,240,228</u>	<u>2,389,450</u>
TOTAL ASSETS	<u>4,345,251</u>	<u>3,912,477</u>
<u>DEFERRED OUTFLOW</u>		
GASB 75	18,296	-
GASB 68 Pension	87,073	100,120
TOTAL DEFERRED OUTFLOW	<u>105,369</u>	<u>100,120</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>4,450,620</u>	<u>4,012,597</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	6,216	4,927
Accrued Payroll Liabilities	2,891	1,794
Accrued Compensated Absences	9,532	8,431
Total Current Liabilities	<u>18,639</u>	<u>15,152</u>
<u>Long-term Liabilities:</u>		
OPEB	221,213	205,240
Net Pension Liability	168,616	147,079
Total Long-term Liabilities	<u>389,829</u>	<u>352,319</u>
TOTAL LIABILITIES	<u>408,468</u>	<u>367,471</u>
<u>DEFERRED INFLOWS</u>		
GASB 75	57,884	83,053
GASB 68 Pension	562	2,023
TOTAL DEFERRED INFLOWS	<u>58,446</u>	<u>85,076</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>466,914</u>	<u>452,547</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	2,240,228	2,389,450
Restricted Measure N	379,568	190,398
Unrestricted	<u>1,363,910</u>	<u>980,202</u>
TOTAL NET POSITION	<u>\$ 3,983,706</u>	<u>\$ 3,560,050</u>

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

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

	2021	2020
Total Fund Balances - Governmental Funds	\$ 2,087,560	\$ 1,509,076
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.		
Total Historical Cost of Capital Assets	4,682,570	4,682,570
Less: Accumulated Depreciation	(2,442,342)	(2,293,120)
Some assets are not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. Asets at June 30 was:		
	8,356	7,230
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 and GASB 75 Outflows. Deferred Outflows at June 30 was:		
	105,369	100,120
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.		
	(9,532)	(8,431)
Some 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 and GASB 75 Inflows. Net Deferred Inflows at June 30 was:		
	(58,446)	(85,076)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.		
	(389,829)	(352,319)
Net Position	\$ 3,983,706	\$ 3,560,050

The accompanying notes are an integral part of these financial statemnets

Boulder Creek Fire Protection District
Statement of Activities
For the Year-Ended

2021				
Operating Revenues				
	Expenses	Charges for Services	Grants and Contributions	Excess of Revenues/(Expenses)
<u>Governmental Activities</u>				
Public Protection	\$ 892,499	\$ 171,077	\$ -	\$ (721,422)
Depreciation (Unallocated)	149,222	-	-	(149,222)
Total Governmental Activities				(870,644)
 General Revenues:				
Tax Revenue				1,096,187
Interest & Investment Earnings				10,586
Assessment				187,527
License, Permits & Rents				-
Miscellaneous				-
Total General Revenues				1,294,300
NET CHANGE IN NET POSITION				423,656
NET POSITION, BEGINNING OF YEAR				3,560,050
NET POSITION, END OF YEAR				\$ 3,983,706
2020				
Operating Revenues				
	Expenses	Charges for Services	Grants and Contributions	Excess of Revenues/(Expenses)
<u>Governmental Activities</u>				
Public Protection	\$ 824,341	\$ 43,008	\$ -	\$ (781,333)
Depreciation (Unallocated)	162,217	-	-	(162,217)
Total Governmental Activities				(943,550)
 General Revenues:				
Tax Revenue				1,053,945
Assessment				190,006
Interest & Investment Earnings				21,733
License, Permits & Rents				-
Miscellaneous				-
Total General Revenues				1,265,684
NET CHANGE IN NET POSITION				322,134
NET POSITION, BEGINNING OF YEAR				3,237,916
NET POSITION, END OF YEAR				\$ 3,560,050

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

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

	2021	2020
Net Change in Fund Balances - Total Governmental Funds	\$ 578,484	\$ 154,093
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	-	305,093
Less: Current Year Depreciation Expense	(149,222)	(162,217)
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	-	-
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	(33,122)	(23,024)
In the Governmental Funds OPEB expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, OPEB expenditures are measured by the amounts expensed during the year	27,492	40,363
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	(1,102)	13,666
In the Governmental Funds prepaid expenses are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, prepaid expenses are measured by the amounts earned during the year	1,126	(5,840)
Change in Net Position of Governmental Activities	\$ 423,656	\$ 322,134

The accompanying notes are an integral part of these financial statements

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

Organization

The Boulder Creek Fire Protection 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 surrounding area.

Accounting Records

The official accounting records of the District are maintained in the office of the Auditor-Controller of the County of Santa Cruz. 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.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the Boulder Creek 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 Budget 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.

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

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-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,

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

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.

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.

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.

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.

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

Capital Assets

Capital assets, which include land, buildings, improvements, and equipment are reported in the Government-Wide financial statements. Capital Assets are recorded at historical cost or estimated historical cost, if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District had set capitalization thresholds for reporting capital assets at the following:

Structures	\$10,000
Equipment	5,000
Improvements	5,000 or 20% of cost of existing asset (lesser of)

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Station and Improvements	15-40 years
Equipment	5-20 years

Inventory, Materials, and Supplies

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

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.

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".

Unrealized Gains and Losses

Governmental Accounting Standards Board (GASB) has established GASB-31 which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of June 30, 2020 and 2021 the unrealized gains for Boulder Creek Fire Protection District were not considered to be material to the financial statements taken as a whole, and accordingly, has not been reflected in the financial statements.

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.

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

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 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.

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. This special tax shall terminate on June 30, 2048.

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.

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

Note 2 – Cash

Summary of Cash

	<u>June 30, 2020</u>	<u>June 30, 2021</u>
County Cash	\$ 2,809,616	\$ 3,596,771
Petty Cash	100	100
Total	<u>\$ 2,809,716</u>	<u>\$ 3,596,871</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.

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

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

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, 2020.

Note 3 –Accounts Receivable

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

Note 4 – 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 5 – Compensated Absences

The liability for compensated absences was \$8,431 and 9,352 for 2020 and 2021 respectively.

Note 6 - Changes in Long-term debt

A summary of long-term debt transactions of Boulder Creek Fire Protection District for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Reductions/ Additions	Reductions/ Additions	Balance June 30, 2021
Accumulated Unpaid Compensated Absences	\$ 8,431	\$ 1,101	\$ -	\$ 9,532
Net Other Post Employment Benefits Obligation	\$ 205,240	\$ 15,973	\$ -	\$ 221,213
CalPERS Side Fund Liability Payment Long-Term Debt	\$ 147,079	\$ 21,537	\$ -	\$ 168,616

Note 7 – Lease Commitments

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

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.

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 8 - Public Employees' retirement Plan:

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists a safety pool (referred to as "risk pools"), which are comprised of individual employer safety rate plans, respectively, including those of the Boulder Creek Fire Protection District. The Boulder Creek Fire Protection District employer rate plans in the safety risk pool include the Safety plan (Safety) and the PEPRA Safety Fire plan (PEPRA Fire).

Benefits Provided

The Plan 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. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect, are summarized as follows:

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021 Employer Rate Plans in the Safety Risk Pool

Employer rate plan	Safety	PEPRA Fire
Hire Date	Prior to January 01, 2013	On or after January 01, 2013
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as of % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%

Contributions

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 CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Boulder Creek Fire Protection District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

The Boulder Creek Fire Protection District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date. Each employer rate plan's fiduciary net position was subtracted from its total pension

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

liability to obtain its net pension liability as of the valuation date. The Boulder Creek Fire Protection District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Boulder Creek Fire Protection District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Boulder Creek Fire Protection District's proportionate share of the net pension liability as of June 30, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2020, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2020, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2020, was calculated by applying Boulder Creek Fire Protection District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2020, to obtain the total pension liability and fiduciary net position as of June 30, 2020. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

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	4,852	-
Differences between Expected and Actual Experience	9,603	-
Differences between Projected and Actual Investment Earnings	-	2,023
Differences between Employer's Contributions and Proportionate Share of Contributions	17,674	-
Change in Employer's Proportion	24,804	-
Pension Contributions Made Subsequent to Measurement Date	43,186	-
	<u>100,120</u>	<u>2,023</u>
Net Pension Liability as of 6/30/2020	<u>147,079</u>	

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

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-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	-	562
Differences between Expected and Actual Experience	13,075	-
Differences between Projected and Actual Investment Earnings	3,665	-
Differences between Employer's Contributions and Proportionate Share of Contributions	13,171	-
Change in Employer's Proportion	18,019	-
Pension Contributions Made Subsequent to Measurement Date	<u>39,143</u>	-
	<u>87,073</u>	<u>562</u>
Net Pension Liability as of 6/30/2021	<u>168,616</u>	

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

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

Pension Expense as of June 30, 2020 63,190

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

	<u>Proportionate Share of Net Pension Liability/(Asset)</u>
Miscellaneous	-
Safety	147,079
Total	147,079
	-

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2019	0.00000%	0.00203%	0.00123%
Proportion - June 30, 2020	0.00000%	0.00236%	0.00144%
Change - Increase/(Decrease)	0.00000%	0.00033%	0.00020%

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:

<u>Fiscal Year Ending June 30:</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2021	\$ -	\$ 33,872	\$ 33,872
2022	-	12,920	12,920
2023	-	7,725	7,725
2024	-	394	394
2025	-	-	-
Thereafter	-	-	-
	<u>-</u>	<u>54,910</u>	<u>\$ 54,910</u>

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

	<u>Discount Rate -1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate +1%</u>
	<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
Employer's Net Pension Liability/(Asset) - Miscellaneous	-	-	-
Employer's Net Pension Liability/(Asset) - Safety	246,670	147,079	65,431
Employer's Net Pension Liability/(Asset) - Total	246,670	147,079	65,431
	-	-	-

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

Pension Expense as of June 30, 2021 72,264			
At 6/30/2021, proportionate shares of Net Pension Liability/(Asset) by plan(s):			
	Proportionate Share of Net Pension Liability/(Asset)		
Miscellaneous	-		
Safety	168,616		
Total	168,616		
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%	0.00236%	0.00144%
Proportion - June 30, 2021	0.00000%	0.00253%	0.00155%
Change - Increase/(Decrease)	0.00000%	0.00017%	0.00011%
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	\$ -	\$ 21,463	\$ 21,463
2023	-	16,422	16,422
2024	-	7,647	7,647
2025	-	1,836	1,836
2026	-	-	-
Thereafter	-	-	-
	-	47,369	\$ 47,369
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	286,747	168,616	71,678
Employer's Net Pension Liability/(Asset) - Total	286,747	168,616	71,678
	-	-	-

Actuarial Assumptions

The total pension liabilities in the June 30, actuarial valuations were determined using the following actuarial assumptions:

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Post-retirement benefit increase	

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the CalPERS Board voted to lower the funding discount rates used for the PERF. In making its decision, the CalPERS Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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. 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 Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

(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 the Plan. 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 geometric rates of return are net of administrative expenses.

The expected real rates of return by asset class are as followed:

<i>Asset class¹</i>	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11 + ³
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY**

LAST TEN YEARS*

SAFETY	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.002530%	0.002360%	0.002030%	0.001940%	0.001830%	0.001720%	0.00111%
Proportionate share of the net pension liability	\$ 168,616	\$ 147,079	\$ 118,970	\$ 116,190	\$ 94,674	\$ 68,820	\$ 68,877
Covered - employee payroll - measurement period	\$ 135,800	\$ 149,198	\$ 160,000	\$ 143,741	\$ 143,741	\$ 139,554	\$ 143,857
Proportionate share of the net pension liability as a percentage of covered payroll	124.16%	98.58%	74.36%	80.83%	65.86%	49.31%	47.88%
Plan fiduciary net position as a percentage of the total pension liability	74.14%	74.95%	80.73%	79.11%	79.54%	82.25%	81.42%
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	39,143	43,186	37,056	33,302	30,798	26,266	31,146
Contributions in relation to the actuarially determined contributions	39,143	43,186	37,056	33,302	30,798	26,266	31,146
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	140,000	\$ 135,800	\$ 149,198	\$ 143,741	\$ 143,741	\$ 139,554	\$ 143,857
Contributions as a percentage of covered - employee payroll	27.96%	31.80%	24.84%	23.17%	21.43%	18.82%	21.65%
Notes to Schedule:							
Valuation date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Notes to Schedule:

Changes of benefit terms – There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in assumptions – In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Note 8 – Post Retirement Benefits:

In addition to the pension benefits described in Note 6, Employees' Retirement Plan, the District provides medical insurance to some retired employees. The scope of the benefits provided depends on the memorandum of understanding between the District and the various employee groups.

Plan Description

The District provides contributions for post retirement health, dental, and life to some retired employees. The scope of the benefits provided depends on the memorandum of understanding between the District and the various employees.

Current Accounting and Funding Policy of the Plan

The District had previously financed the plan on a pay-as-you-go basis and the expenditures for post-retirement benefits other than pension benefits are recognized as payments are made.

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. The actuarial assumptions included (a) Demographic assumptions affected by mortality, turnover, disability, and retirement based on the June 30, valuations.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern on sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective on the calculations.

B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 2.21% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Boulder Creek FPD.

Fiduciary Net Position as of June 30, 2020

	<u>06/30/2019</u>	<u>06/30/2020</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$0	\$0
Capital Assets	\$0	\$0
Total Assets	\$0	\$0
Benefits Payable	\$0	\$0
Fiduciary Net Position	\$0	\$0

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

B. ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.50% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 3.51% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.

TREND: We assumed 4.00% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), this assumption is only used to determine the accrual pattern of the Actuarial Present Value of Projected Benefit Payments.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Boulder Creek FPD.

Fiduciary Net Position as of June 30, 2019

	<u>06/30/2018</u>	<u>06/30/2019</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$0	\$0
Capital Assets	\$0	\$0
Total Assets	<u>\$0</u>	<u>\$0</u>
Benefits Payable	<u>\$0</u>	<u>\$0</u>
Fiduciary Net Position	<u>\$0</u>	<u>\$0</u>

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: **Information about the OPEB Plan**

Most of the information about the OPEB plan should be supplied by Boulder Creek FPD. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	3
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	<u>1</u>
Total Number of participants	4

*We were not provided with information about any terminated, vested employees

Paragraph 51: **Significant Assumptions and Other Inputs**

Shown in Part III.

Paragraph 52: **Information Related to Assumptions and Other Inputs**

The following information is intended to assist Boulder Creek FPD in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2017 CalPERS Mortality for Safety Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Mortality for Safety Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020,AND June 30, 2021**

Mortality Table	2017 CalPERS Retiree Mortality for Safety Employees
Disclosure	The mortality assumptions are based on the 2017 CalPERS Retiree Mortality for Safety Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2017 CalPERS 2.7%@57 Rates for Fire Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.7%@57 Rates for Fire Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2017 CalPERS Turnover for Fire Employees
Disclosure	The turnover assumptions are based on the 2017 CalPERS Turnover for Fire Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

52.e: NOL using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$190,501	\$205,240	\$222,196

Paragraph 53:

Discount Rate

The following information is intended to assist Boulder Creek FPD to comply with Paragraph 53 requirements.

53.a: A discount rate of 3.51% was used in the valuation. The interest rate used in the prior valuation was 3.62%.

53.b: We assumed that all contributions are from the employer.

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2018 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2019 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2018	\$328,656	\$0	\$328,656
Service Cost	\$0	\$0	\$0
Interest on Total OPEB Liability	\$11,408	\$0	\$11,408
Expected Investment Income	\$0	\$0	\$0
Administrative Expenses	\$0	\$0	\$0
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments	\$0	\$26,602	(\$26,602)
Actual Benefit Payments from Trust	\$0	\$0	\$0
Actual Benefit Payments from Employer	(\$26,602)	(\$26,602)	\$0
Expected Minus Actual Benefit Payments**	\$0	\$0	\$0
Expected Balance at June 30, 2019	\$313,462	\$0	\$313,462
Experience (Gains)/Losses	(\$100,073)	\$0	(\$100,073)
Changes in Assumptions	(\$8,149)	\$0	(\$8,149)
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$0	\$0
Other	\$0	\$0	\$0
Net Change during 2019	(\$123,416)	\$0	(\$123,416)
Actual Balance at June 30, 2019*	\$205,240	\$0	\$205,240

* May include a slight rounding error.

** Deferrable as an Experience Gain or Loss.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Boulder Creek FPD is shown beginning on page 23. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2020

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	\$0	(\$100,073)	\$23,273	(\$76,800)
Assumption Changes	\$0	(\$8,149)	\$1,896	(\$6,253)
Investment (Gains)/Losses	\$0	\$0	\$0	\$0
Deferred Balances	\$0	(\$108,222)	\$25,169	(\$83,053)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2020

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$328,656	\$205,240	(\$123,416)
Deferred Balances	\$0	(\$83,053)	(\$83,053)
Net Position	\$328,656	\$288,293	(\$40,363)
Adjust Out Employer Contributions			\$26,602
OPEB Expense			(\$13,761)

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021**

G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2019 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2020 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2019	\$205,240	\$0	\$205,240
Service Cost	\$3,194	\$0	\$3,194
Interest on Total OPEB Liability	\$6,944	\$0	\$6,944
Expected Investment Income	\$0	\$0	\$0
Administrative Expenses	\$0	\$0	\$0
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$0	\$0
Employer Contributions as Benefit Payments**	\$0	\$18,006	(\$18,006)
Benefit Payments from Trust	\$0	\$0	\$0
Expected Benefit Payments from Employer**	(\$18,006)	(\$18,006)	\$0
Expected Balance at June 30, 2020	\$197,372	\$0	\$197,372
Experience (Gains)/Losses	\$0	\$0	\$0
Changes in Assumptions	\$23,841	\$0	\$23,841
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	\$0	\$0
Other	\$0	\$0	\$0
Net Change during 2020	\$15,973	\$0	\$15,973
Actual Balance at June 30, 2020*	\$221,213	\$0	\$221,213

* May include a slight rounding error.

** Includes \$7,630 due to implied rate subsidy.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Boulder Creek FPD is shown beginning on page 23. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2021

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$76,800)	\$0	\$23,273	(\$53,527)
Assumption Changes	(\$6,253)	\$23,841	(\$3,649)	\$13,939
Investment (Gains)/Losses	\$0	\$0	\$0	\$0
Deferred Balances	(\$83,053)	\$23,841	\$19,624	(\$39,588)

The following table shows the reconciliation of Net Position (NOL less the balance of any deferred inflows or outflows). When adjusted for contributions, the change in Net Position is equal to the OPEB expense shown previously on page 3.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2021

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$205,240	\$221,213	\$15,973
Deferred Balances	(\$83,053)	(\$39,588)	\$43,465
Net Position	\$288,293	\$260,801	(\$27,492)
Adjust Out Employer Contributions			\$18,006
OPEB Expense			(\$9,486)

Boulder Creek Fire Protection District

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEARS-ENDED June 30, 2020, AND June 30, 2021

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 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 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 (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 notice 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 in. 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%.

Property and Liability Insurance coverage as of June 30, 2022 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

Boulder Creek Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
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<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 Liability	\$250/1,000	
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
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, 2022 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **March 29, 2023**, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after **March 29, 2023**.