

Aptos/La Selva Fire Protection District

Basic Financial Statements and Independent Auditors'
Report

For the Year Ended June 30, 2020

Aptos/La Selva Fire Protection District

Table of Contents

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet	9
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities.....	12
Notes to Basic Financial Statements	13
Required Supplementary Information:	
Budgetary Comparison Schedule:	
Budget and Actual - General Fund.....	38
Pension RSI:	
Schedule of Proportionate Share of Net Pension Liability and Related Ratios	41
Schedule of Employer Contributions for Pension.....	42
OPEB RSI:	
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	43
Schedule of Employer Contributions for OPEB	44
Supplementary Information:	
Budgetary Comparison Schedule:	
Budget and Actual - Capital Project Fund.....	45



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Aptos/ La Selva Fire Protection District
Aptos, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Aptos/ La Selva Fire Protection District (District), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the 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

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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 District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the Aptos/ La Selva Fire Protection District
Aptos, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, OPEB information, and budgetary comparison information on pages 3-6 and 38-45 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

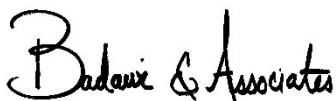
Report on Summarized Comparative Information

We have previously audited the District's 2019 financial statements, and our report dated August 10, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule for the Capital Project Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison schedule for the Capital Project Fund is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to the prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule for the Capital Project Fund is fairly stated in all material respects in relation to the basic financial statements as a whole.



Badawi and Associates, CPAs
Berkeley, California
July 17, 2021

Aptos/La Selva Fire Protection District

Management Discussion and Analysis

For the Year Ended June 30, 2020

The District provides fire protection and emergency medical services for the Aptos and La Selva Beach areas. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020.

Description of the Basic Financial Statements

The financial statements consist of the following parts: Management's discussion and analysis; the basic financial statements, government-wide and governmental fund financial statements; notes to the financial statements, and required supplementary information (budgetary comparison schedules, Pension schedules, and OPEB schedules) and supplementary information (Organization Structure and other budgetary comparison schedules).

The basic government-wide and governmental fund financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position and Statement of Activities. The Statement of Net Position reports all assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the long term financial position of the District is improving or deteriorating. The Statement of Activities presents information on how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is paid or received.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. The required financial statements are: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

The government-wide and governmental funds financial statements show the results of the following funds:

General Fund - Most of the District's basic services are accounted for in this fund.

Capital Project Fund - Accounts for funds set aside for capital projects and acquisitions.

Aptos/La Selva Fire Protection District
Management Discussion and Analysis
For the Year Ended June 30, 2020

Condensed government-wide financial data

	<u>2020</u>	<u>2019</u>
Current assets	\$ 11,040,353	\$ 8,849,117
Deferred outflow of resources	4,684,080	4,409,147
Station and equipment, net of accumulated depreciation	<u>5,237,172</u>	<u>5,465,362</u>
Total assets and deferred outflows of resources	<u>\$ 20,961,605</u>	<u>\$ 18,723,626</u>
Current liabilities	\$ 910,079	\$ 385,789
Non current liabilities	23,120,828	19,180,694
Deferred inflow of resources	<u>1,464,852</u>	<u>971,100</u>
Total liabilities and deferred inflows of resources	<u>25,495,759</u>	<u>20,537,583</u>
Net position		
Net investment in capital assets	5,237,172	5,465,362
Unrestricted	<u>(9,771,326)</u>	<u>(7,279,319)</u>
Total net position	<u>(4,534,154)</u>	<u>(1,813,957)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 20,961,605</u>	<u>\$ 18,723,626</u>
	<u>2020</u>	<u>2019</u>
Expenditures, net of program revenue	<u>\$ 15,762,262</u>	<u>\$ 12,128,731</u>
General revenues		
Property tax	12,679,688	12,216,110
Other taxes - fire protection tax	131,438	132,443
Use of money and property (interest income)	141,367	116,648
Aid from other government agencies	69,033	69,058
Other revenue	<u>20,539</u>	<u>100,238</u>
Change in net position	<u>\$ (2,720,197)</u>	<u>\$ 505,766</u>

Aptos/La Selva Fire Protection District

Management Discussion and Analysis

For the Year Ended June 30, 2020

Financial Analysis of the District as a Whole

Net Position. The District's net position decreased by \$2,720,197 for the fiscal year ended June 30, 2020 (compared to an increase of \$505,766 in 2019). The significant decrease in the current year is mainly due to the District offering additional OPEB benefits (contributions to retiree CALGOVEBA accounts) that contributed to an increase in OPEB expense of \$1.8 million, increase in the District's pension expense of approximately \$0.7 million, and increases in compensated absences of approximately \$0.6 million.

Financial Analysis of the District's General Fund

General fund balance increased by \$1,367,470 compared to \$1,086,563 in 2019- The difference was mainly due to lower expenditures of approximately \$0.7 million. The decrease in expenditures was mainly due to lower capital outlay expenditures compared to 2019. In 2019, expenditures included an acquisition of a new fire engine.

Budgetary Highlights

Each budget includes multi-year forecasts. Contact the District to obtain copies.

Capital Assets

As of June 30, 2020, the District had invested \$5,237,172 in a broad range of capital assets including land, structures and improvements, and equipment. Refer to Note 4 for more information.

This year's major capital asset additions included the following:

Water tender	\$ 340,325
--------------	------------

Aptos/La Selva Fire Protection District

Management Discussion and Analysis

For the Year Ended June 30, 2020

Long-Term Liabilities

Other than compensated absences, District's net pension liability and net OPEB liability, the District did not have any other long-term liabilities.

Economic Factors and Next Year's Budget

The District's main source of revenue is property taxes. The District expects property tax revenue to increase 4% for the fiscal year ending June 30, 2021 compared to 2020 actual.

On February 4, 2021, Aptos/La Selva Fire Protection District and Central Fire Protection District of Santa Cruz County officially consolidated into one District (Central Fire District of Santa Cruz County). The consolidation resulted in the transfer of assets and liabilities from both agencies into the newly formed entity, and the creation of one Board.

Contacting the District's Financial Management

This financial statement is designed to provide a general overview of the District's finances. If you have questions about this financial statement or need additional financial information, contact the District's office at 930 17th Avenue, Santa Cruz, CA 95062.

Aptos/La Selva Fire Protection District
Statement of Net Position
June 30, 2020 (With Comparative Totals for 2019)

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash in county treasury	\$ 11,017,708	\$ 8,671,091
Accounts receivable	22,645	56,730
Prepaid expenses	-	121,296
Total current assets	<u>11,040,353</u>	<u>8,849,117</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable - Land	45,953	45,953
Depreciable - Structures and improvements	4,207,235	4,730,251
Depreciable - Equipment	4,484,391	4,484,391
Total depreciable	<u>8,691,626</u>	<u>9,214,642</u>
Less accumulated depreciation	(3,500,407)	(3,795,233)
Total capital assets, net	<u>5,237,172</u>	<u>5,465,362</u>
Total assets	<u>16,277,525</u>	<u>14,314,479</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflow of resources		
Contributions to CalPERS pension plan in current fiscal year	1,941,754	1,694,658
Deferred outflows - pension actuarial	2,451,111	2,541,868
Deferred outflows - OPEB	291,215	172,621
Total deferred outflow of resources	<u>4,684,080</u>	<u>4,409,147</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 717,777	\$ 60,027
Accrued salaries and benefits	56,742	255,194
Accrued compensated absences	135,560	70,568
Total current liabilities	<u>910,079</u>	<u>385,789</u>
Noncurrent liabilities		
Accrued compensated absences	1,219,944	635,110
Net pension liability	18,429,607	16,833,268
Net OPEB liability	3,471,277	1,712,316
Total noncurrent liabilities	<u>23,120,828</u>	<u>19,180,694</u>
Total liabilities	<u>24,030,907</u>	<u>19,566,483</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflow of resources		
Deferred inflows - pension actuarial	1,371,310	950,464
Deferred inflows - OPEB	93,542	20,636
Total deferred inflow of resources	<u>1,464,852</u>	<u>971,100</u>
<u>NET POSITION</u>		
Net position		
Investment in capital assets	5,237,172	5,465,362
Unrestricted net position	(9,771,326)	(7,279,319)
Total net position	<u>\$ (4,534,154)</u>	<u>\$ (1,813,957)</u>

Aptos/La Selva Fire Protection District
Statement of Activities
For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

	Program Revenues			2020 Total	2019 Total
	Expenses	Charges for Services	Operating Grants and Contributions		
Expenses					
Fire protection	\$ 16,453,799	\$ 523,381	\$ 168,156	\$ 15,762,262	\$ 12,128,731
Total governmental activities	<u>\$ 16,453,799</u>	<u>\$ 523,381</u>	<u>\$ 168,156</u>	<u>15,762,262</u>	<u>12,128,731</u>
General revenues					
Property tax				12,679,688	12,216,110
Other taxes - fire protection tax				131,438	132,443
Use of money and property				141,367	116,648
Aid From other government agencies:					
State homeowners' property tax relief				69,033	69,058
Other revenue					
Other revenue				<u>20,539</u>	<u>100,238</u>
Total general revenues				<u>13,042,065</u>	<u>12,634,497</u>
Change in net position				(2,720,197)	505,766
Net position					
Beginning of the year				<u>(1,813,957)</u>	<u>(2,319,723)</u>
End of the year				<u>\$ (4,534,154)</u>	<u>\$ (1,813,957)</u>

Aptos/La Selva Fire Protection District
Balance Sheet - Governmental Funds
June 30, 2020 (With Comparative Totals for 2019)

	General Fund	Capital Projects	Total Governmental Funds	2019 Total
<u>ASSETS</u>				
Cash - cash in county treasury	\$ 10,667,890	\$ 349,818	\$ 11,017,708	\$ 8,671,091
Accounts receivable	7,995	14,650	22,645	56,730
Prepaid expenses	-	-	-	121,296
Total assets	<u>\$ 10,675,885</u>	<u>\$ 364,468</u>	<u>\$ 11,040,353</u>	<u>\$ 8,849,117</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 717,777	\$ -	\$ 717,777	\$ 60,027
Accrued salaries and benefits	56,742	-	56,742	255,194
Total liabilities	<u>774,519</u>	<u>-</u>	<u>774,519</u>	<u>315,221</u>
Fund balance				
Nonspendable	-	-	-	121,296
Committed for capital	-	364,468	364,468	-
Unassigned	9,901,366	-	9,901,366	8,412,600
Total fund balance	<u>9,901,366</u>	<u>364,468</u>	<u>10,265,834</u>	<u>8,533,896</u>
Total liabilities and fund balance	<u>\$ 10,675,885</u>	<u>\$ 364,468</u>	<u>\$ 11,040,353</u>	<u>\$ 8,849,117</u>

Aptos/La Selva Fire Protection District
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2020 (With Comparative Totals for 2019)

	2020	2019
Total fund balances - governmental funds	\$ 10,265,834	\$ 8,533,896
<p>Capital assets used in governmental funds are not financial resources and therefore, are not reported as assets in the governmental funds.</p>		
Total historical cost of capital assets	8,737,579	9,260,595
Less accumulated depreciation	(3,500,407)	(3,795,233)
<p>In the government wide financial statements, employer contributions made subsequent to the measurement date for pension and OPEB, certain differences between actuarial amounts and actual results for pension are deferred and amortized or applied to the net pension liability or net OPEB liability in future periods, however these items do not impact the governmental funds balance sheet:</p>		
Deferred outflows of resources - pension	4,392,865	4,236,526
Deferred outflows of resources - OPEB	291,215	172,621
Deferred inflows of resources - pension	(1,371,310)	(950,464)
Deferred inflows of resources - OPEB	(93,542)	(20,636)
Compensated absences are reported in the government-wide statement of net position, but they do not require the use of current financial resources. Therefore, the liability is not reported in the governmental funds.	(1,355,504)	(705,678)
<p>Net pension liability and net OPEB liability are reported on the government wide financial statements; as the liabilities will be paid out of future resources the amounts are not shown on the government fund financial statements. Total pension and net OPEB liabilities as of June 30:</p>		
Net OPEB liability	(3,471,277)	(1,712,316)
Net pension liability	(18,429,607)	(16,833,268)
Net position	\$ (4,534,154)	\$ (1,813,957)

Aptos/La Selva Fire Protection District

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

	General Fund	Capital Projects	Total Governmental Funds	2019 Total
Revenues				
Property taxes	\$ 12,679,688	\$ -	\$ 12,679,688	\$ 12,216,110
Other taxes	131,438	-	131,438	132,443
Use of money and property	141,367	-	141,367	116,648
Aid from other government agencies	237,189	-	237,189	524,369
Other revenue	20,539	-	20,539	100,238
Current services	523,381	-	523,381	349,007
Total revenues	<u>13,733,602</u>	<u>-</u>	<u>13,733,602</u>	<u>13,438,815</u>
Expenditures				
Current:				
Salaries and employee benefits	9,695,409	-	9,695,409	9,817,520
Services and supplies	1,897,189	-	1,897,189	1,406,681
Other charges	16,331	-	16,331	90,435
Capital outlay	7,203	420,182	427,385	1,037,616
Total expenditures	<u>11,616,132</u>	<u>420,182</u>	<u>12,036,314</u>	<u>12,352,252</u>
Excess (deficiency) of revenues over expenditures	2,117,470	(420,182)	1,697,288	1,086,563
Other financing sources (uses)				
Transfers in	-	750,000	750,000	-
Transfers out	(750,000)	-	(750,000)	-
Proceeds from sale of capital assets	-	34,650	34,650	-
Total other financing sources (uses)	<u>(750,000)</u>	<u>784,650</u>	<u>34,650</u>	<u>-</u>
Change in fund balance	1,367,470	364,468	1,731,938	1,086,563
Beginning fund balance	8,533,896	-	8,533,896	7,447,333
Ending fund balance	<u>\$ 9,901,366</u>	<u>\$ 364,468</u>	<u>\$ 10,265,834</u>	<u>\$ 8,533,896</u>

Aptos/La Selva 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 Year Ended June 30, 2020 (With Comparative Totals for 2019)

	2020	2019
Net Change in Fund Balances - Total Governmental Funds	\$ 1,731,938	\$ 1,086,563

Amounts reported for governmental activities in the Statement of Activities are different as follows:

Government 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	430,771	1,018,770
Less: Current Year Depreciation Expense	(388,437)	(354,075)

In the governmental funds, compensated absences (sick pay and vacations) 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. This is the net change in compensated absences for the period.

(649,826)	(34,395)
-----------	----------

In the government funds, pension expense is measured by the amount of financial resources used which are the amounts actually paid to CalPERS based on a percentage of payroll. In the government-wide Statement of Activities pension expense is recognized as calculated under the guidance of GASB 68. This is the difference between the two amounts.

(1,860,846)	(1,118,601)
-------------	-------------

In the government funds, OPEB expense is measured by the amount of financial resources used which are the amounts actually paid to the plan. In the government-wide Statement of Activities OPEB expense is recognized as calculated under the guidance of GASB 75. This is the difference between the two amounts.

(1,713,273)	(7,331)
-------------	---------

In the governmental funds sales and disposals of capital assets are measured by the amount of financial resources provided, which is the amounts actually received in cash. In the government-wide Statement of Activities sales and disposals of capital assets are measured by the amount received less the basis in the assets sold or disposed of during the year.

(270,524)	(85,165)
-----------	----------

Change in Net Position of Governmental Activities

\$ (2,720,197)	\$ 505,766
----------------	------------

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

1. GENERAL INFORMATION

A. Organization

The Aptos/La Selva Fire Protection District was organized July 1, 1986, from the consolidation of the Aptos Fire Protection District and the La Selva Fire Protection District, under the authority Section 56000 et seq of the California Government Code. The District operates under the provisions of the Fire Protection District Law of 1987 (beginning with Health and Safety Code Section 13800), and provides fire protection services to the land areas covered by the former Aptos Fire Protection District and the La Selva Fire Protection District.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether it exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters). The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District’s financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

B. District Officers

The District is governed by an elected board of five directors. The following were in office at June 30, 2020:

	Term Expires
George Lucchesi, President	<u>November</u> 2020
John Scanlon, Vice President	2022
Orbrad Darbo, Director	2022
Joe Foster, Director	2020
Bob Spisak, Director	2020

The other officials of the Aptos/La Selva Fire Protection District at June 30, 2020 were:

Aaron Lowe, Fire Chief

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

1. GENERAL INFORMATION, Continued

C. Accounting Records

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

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. Budgetary procedure

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The District's financial statements are prepared in conformance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

B. New Accounting Guidance

In 2020, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* - The objective of this statement is to provide temporary relief to government and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later. There was no impact on the District's financial statements as a result of implementing this statement.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The District uses a chart of accounts based on the uniform accounting system prescribed by the State Controller.

D. Summarized Financial Information

The financial statements include certain prior-year summarized, comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

E. Financial Statement Presentation

Government-wide financial statements

The District's 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 activities for the District.

The basic Government-Wide Financial 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 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 the liability is incurred. The District's governmental-wide net position is classified in the following categories:

Net investment in capital assets - Includes amount of the net position that is invested in capital assets net of accumulated depreciation and 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.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Financial Statement Presentation, Continued

Governmental fund financial statements

The District's Government Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all major governmental funds and non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the Government-Wide financial statements.

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 Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents 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. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Reconciliation of the Fund financial statements to the Government-Wide Financial Statements is provided to explain the differences created by the different measurement focus and basis of accounting.

The District reports two major governmental funds:

General Fund – This is the District's main operating fund and accounts for resources traditionally associated with governmental functions that are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Fund – This fund accounts for monies committed by the Board for capital projects and capital acquisitions.

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

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 taking the same formal action that imposed the constraint originally.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Financial Statement Presentation, Continued

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 the authority.

Unassigned

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

F. Property tax

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 January 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. Cash in county treasury

The District's cash is held in the County of Santa Cruz Treasury Pool and are considered cash. See Note 3 to the financial statements for information regarding the Pools investments, interest rate risk, concentration of credit risk and custodial credit risk.

H. Accounts receivable

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

I. 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.

J. Prepaid items

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

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Liability for compensated absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. On June 30, 2020, the liability for compensated absences was \$705,678. None of the liability for compensated absences is expected to be liquidated with expendable available financial resources; accordingly, compensated absences are accrued as a liability only in the government-wide financial statements.

L. Long-term debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position.

M. 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 acquisition value on the date donated. Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains and losses from sales or retirements of fixed assets are included in operations. The District has set capitalization thresholds for reporting capital assets at the following:

General Capital Assets	<u>\$2,000</u>
------------------------	----------------

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:

Buildings	40 years
Equipment	5 - 20 years

N. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Services and supplies expense

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

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. 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.

R. 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) plan and additions to/deductions from the Plan's 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.

S. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2019 to June 30, 2020

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

3. POOLED CASH AND INVESTMENTS

The District maintains cash and investments as summarized below:

	Total
Petty cash	\$ 200
County of Santa Cruz Investment Pool	11,017,508
Total cash and investments	\$ 11,017,708

A. Investment with Santa Cruz County Investment Pool

\$11,017,508 at June 30, 2020 is part of the common investment pool of the Santa Cruz County Investment Pool. It is the policy of the Treasurer-Tax Collector of Santa Cruz County to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands, or liquidity needs of the treasury pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. In addition, it is the Treasurer-Tax Collectors’ policy to invest all funds in strict conformance with all state statutes governing the investment of public monies.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District’s investment in the Santa Cruz County Investment Pool was not subject to the levelling disclosure.

B. 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 is to changes in market interest rates. One of the ways that an agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

3. POOLED CASH AND INVESTMENTS, Continued

B. Interest Rate Risk, Continued

At June 30, 2020, the District had the following investment maturities.

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2- 3 years	3 - 4 years	5 years or More
Santa Cruz County Investment Pool	\$ 11,017,508	\$ 11,017,508	\$ -	\$ -	\$ -	\$ -
Total	\$ 11,017,508	\$ 11,017,508	\$ -	\$ -	\$ -	\$ -

C. Concentration of Credit Risk

The District does not have an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Excluding external investment pools, the District did not have any investments in any one issuer that represent 5% or more of the total District investments for the year ended June 30, 2020.

4. CAPITAL ASSETS

Capital assets at June 30, 2020, consisted of the following:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets not being depreciated:				
Land	\$ 45,953	\$ -	\$ -	\$ 45,953
Total capital assets not being depreciated	45,953	-	-	45,953
Capital Assets being depreciated:				
Equipment	4,730,251	430,771	(953,787)	4,207,235
Structures and improvements	4,484,391	-	-	4,484,391
Total capital assets being depreciated	9,214,642	430,771	(953,787)	8,691,626
Less accumulated depreciation	(3,795,233)	(388,437)	683,263	(3,500,407)
Total capital assets, being depreciated, net	5,419,409	42,334	(270,524)	5,191,219
Total capital assets, net	\$ 5,465,362	\$ 42,334	(270,524)	\$ 5,237,172

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

5. COMPENSATED ABSENCES

A summary of long-term debt transactions of Aptos/La Selva Fire Protection District for the year ended June 30, 2020 follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Accumulated Unpaid				
Compensated Absences				
Current	\$ 70,568	\$ 135,560	\$ (70,568)	\$ 135,560
Long Term	635,110	881,799	(296,965)	1,219,944
Accumulated Unpaid				
Compensated Absences	<u>\$ 705,678</u>	<u>\$ 1,017,359</u>	<u>\$ (367,533)</u>	<u>\$ 1,355,504</u>

6. DEFINED BENEFIT PENSION PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. 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 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee’s Retirement Law.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

B. Benefits Provided, Continued

The rate plan provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Prior to 1/1/2013	On or after 1/1/2013
	<u>Misc Tier 1</u>	<u>Misc Tier 2</u>
Benefit formula	3% @ 60	2% @ 62
Benefit vesting schedule	5 year's service	5 year's service
Benefit payment	monthly for life	monthly for life
Retirement age	60	62
Monthly benefits as of % of eligible compensation	3%	2%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	14.398%	6.985%
Required UAL payment	\$ 33,596	\$ 3,065
	<u>Safety Tier 1</u>	<u>Safety Tier 2</u>
Benefit formula	3% @ 55	2.7% @ 55
Benefit vesting schedule	5 year's service	5 year's service
Benefit payment	monthly for life	monthly for life
Retirement age	55	57
Monthly benefits as of % of eligible compensation	3%	2.7%
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates	20.073%	13.034%
Required UAL payment	\$ 1,057,185	\$ 7,076

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 actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan 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.

The District’s contributions to the Plan for the measurement period ended June 30, 2019 were \$1,694,659. The District’s contributions to the Plan for the fiscal year ended June 30, 2020 were \$1,941,754.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

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

As of June 30, 2020, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$18,429,607.

The District’s net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District’s proportionate share of the net pension liability was based on the District’s plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The District’s proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2018 and 2019 were as follows:

Proportion - June 30, 2018	0.17469%
Proportion - June 30, 2019	0.17985%
Change - Increase (Decrease)	0.00516%

For the year ended June 30, 2020, the District recognized pension expense of \$3,802,601 in the government wide statement of activities. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,941,754	\$ -
Changes of assumptions	759,195	152,466
Differences between expected and actual experience	1,202,596	-
Changes in employer's proportion	406,877	8,317
Differences between the employer's contribution and the employer's proportionate share of contributions	82,443	954,883
Net differences between projected and actual earnings on plan investments	-	255,644
Total	\$ 4,392,865	\$ 1,371,310

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

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

The \$1,941,754 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year		
Ending June 30:		
2021	\$	1,159,294
2022		(275,193)
2023		145,887
2024		49,813

Actuarial assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.15%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan administrative expenses

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.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

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

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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.

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.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

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

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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the District for each Plan, calculated using the discount rate for each Plan, as well as what the District's 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:

1% Decrease	6.15%
Net Pension Liability	\$ 28,560,232
Current Discount Rate	7.15%
Net Pension Liability	\$ 18,429,607
1% Increase	8.15%
Net Pension Liability	\$ 10,122,036

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

6. DEFINED BENEFIT PENSION PLAN, Continued

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

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2020 the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

7. RISK MANAGEMENT

The District is exposed to various risks of 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.

A. 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 County 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.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

7. RISK MANAGEMENT, Continued

A. Workers' Compensation Coverage, Continued

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 CSACEIA 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. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting an annual budget.

B. 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 a purchased stop loss insurance policy.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

7. RISK MANAGEMENT, Continued

C. Excess Workers' Compensation

Insurance coverage at June 30, 2020 is as follows:

	<u>Deductible</u>	<u>Amount</u>
Property:		
Property (buildings)	\$ 1,000	Guaranteed Repl Cost
Repl cost subject to scheduled limit		
Business personal property (including theft)	\$ 1,000	Repl Cost
Earthquake:		
Buildings		Guaranteed Repl Cost
Business personal property		Repl Cost
Deductible		5% per Building and BPP
Flood:		
Buildings		Guaranteed Repl Cost
Business personal property		Repl Cost
Deductible		\$1000 per premises
Portable equipment insurance		
Blanket portable equipment		Guaranteed Repl Cost
Business personal property		\$50,000
General liability:		
General aggregate		\$10,000,000
Personal injury		\$1,000,000
Each occurrence		\$1,000,000
Auto - liability		\$1,000,000 (Each Accident)
Auto - uninsured motorist		\$1,000,000 (Each Accident)
Auto - physical damage (comprehensive)		Agreed value, actual cash value, or cost of repairs, whichever is less minus \$1,000 deductible
Auto - physical damage (collision)		Agreed value, actual cash value, or cost of repairs, whichever is less minus \$1,000 deductible
Management practices liability insurance:		
General aggregate		\$10,000,000
Each wrongful act		\$1,000,000

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

8. COMMITMENTS AND CONTINGENCIES

The District is party to legal proceedings and litigation arising in the ordinary course of business. Management is of the opinion that any liability or loss in excess of insurance coverage resulting from such litigation will not have a material adverse effect on the financial statements.

9. OTHER POST EMPLOYMENT BENEFITS

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

A. Plan Description

Plan description The Aptos/La Selva Fire Protection District's post-retirement welfare benefit plan is a defined benefit healthcare plan, which is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. In addition the District contributes a fixed monthly amount to an eligible retiree's California Government Voluntary Employee Beneficiary Association (CALGOVEBA) account.

Significant plan provisions are as follows:

<u>Retirement Eligibility</u>	The retiree must be eligible for benefits from CalPERS. The eligibility requirement under PEMHCA is as follows
PEMHCA Benefits:	Age 50 with 5 years of service (age 52 for Miscellaneous PEPPRA).
<u>Explicit Benefits</u>	
Retiree Tier One	For employees that retired before January 1, 2020, the District will contribute \$350 per month to the retiree's CALGOVEBA account until the earlier of the retirees' age 65 or death.
Retiree Tier Two	For employees hired before January 1, 2020, the District will contribute \$1,800 per month to the retiree's CALGOVEBA account until the retiree's age 65. After age 65, this amount is reduced to \$900 per month.
Retiree Tier Three	For employees hired after December 31, 2019, the District will contribute \$900 per month to the retiree's CALGOVEBA account until the retiree's age 65. After age 65, this amount is reduced to \$450 per month.
PEMHCA Benefit Amount	The District pays the minimum employer contribution for health coverage set by PEMHCA. For 2020, the minimum is \$139 per month.
Survivor Benefit	Surviving spouses are eligible for the minimum employer contribution for health coverage set by PEMHCA.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST EMPLOYMENT BENEFITS, Continued

A. Plan Description, Continued

In addition to the explicit benefits for eligible retirees, continued medical coverage is offered to the District’s eligible retirees and their spouses and dependents. The active premium rate (whether paid by the District or by the retiree) still applies. However, in some cases the premium itself does not represent the full cost of covering these retirees (since they are older than the active population, retirees can be expected to generate higher medical claims and therefore higher premiums for the active population). This additional cost is called the “implied subsidy” and is reflected in the District’s net OPEB liability.

Implicit Medical Benefit

Eligible Class of Employee	All classes of employee are eligible to continue coverage upon retirement.
Dependent Eligibility	Qualified spouses, domestic partners, and children may qualify for coverage.
Benefit Amount	There is an implicit subsidy with respect to pre-Medicare retired employees because the medical premium rates charged for coverage typically are less than actual expected retiree claims costs. This is due to medical premium rates being determined by blending both active employee and pre-Medicare retiree experience.
Current Premiums	Monthly medical premiums were blended to align with the valuation date, June 30, 2019
	The CalPERS Region 1 blended medical premiums are as follows:
	Region 1 Basic: Varies from \$531.74 to \$2,944.27
	Region 1 Medicare: Varies from \$313.20 to \$1,169.42

B. Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plan:

Active employees	40
Inactive employees currently receiving benefits	<u>28</u>
Total	68

C. Contributions

The District primarily finances the plan on a pay-as-you-go basis. The annual contribution is based on the actuarially determined contribution. For the measurement period ended June 30, 2019, the District contributed \$172,621.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST EMPLOYMENT BENEFITS, Continued

D. Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that, was based on the following actuarial methods and assumptions:

Actuarial Assumption	
Contribution Policy	District contributes full actuarially determined contribution (ADC)
Discount Rate and Long Term Expected Rate of Return on Assets	6.75% Expected District contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS Experience Study December 2017
Salary Increases	Aggregate - 2.75% Merit - CalPERS Experience Study December 2017
Healthcare Trend	6.0% for 2020, decreasing to an ultimate rate of 4.5% in 2037 and later years
Participation	100% of actives eligible for District-paid health benefits
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled. Future eligible retirees that are not currently enrolled in coverage are assumed to elect PERS Choice Region 1.

Changes since prior valuation - The plan participation assumption and premium increase rates were modified to reflect anticipated experience. Demographic and economic assumptions, such as mortality, withdrawal, retirement, inflation, payroll growth, and the salary merit scale were revised to match (as closely as possible) those developed in the most recent experience study for CalPERS.

Also, the District provided additional health benefits to employees and retirees (refer to plan description), to contribute a fixed monthly amount to an eligible retiree’s CALGOVEBA account.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST EMPLOYMENT BENEFITS, Continued

D. Net OPEB Liability, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation CERBT-Strategy 1	Expected Real Rate of Return
Global Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST EMPLOYMENT BENEFITS, Continued

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Beginning balance	\$ 2,472,913	\$ 760,597	\$ 1,712,316
Change in the year:			
Service cost	70,281	-	70,281
Interest on the total OPEB liability	165,840	-	165,840
Changes of benefit terms	1,830,035	-	1,830,035
Changes in assumptions	(77,573)	-	(77,573)
Differences between expected and actual experience	(10,167)	-	(10,167)
Contribution - employer	-	172,621	(172,621)
Contribution - employee	-	-	-
Net Investment income	-	47,482	(47,482)
Benefit payments, including refunds	(172,621)	(172,621)	-
Administrative expenses	-	(648)	648
Net Changes	1,805,795	46,834	1,758,961
Ending at June 30, 2020 (measurement date June, 30, 2019)	\$ 4,278,708	\$ 807,431	\$ 3,471,277

G. Sensitivity of the Net OPEB Liability to Changes in Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 3,887,979	\$ 3,471,277	\$ 3,112,652

Aptos/La Selva Fire Protection District
Notes to Basic Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST EMPLOYMENT BENEFITS, Continued

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

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

	1% Decrease (5.0% - 3.5%)	Current Healthcare Trend Rate (6.0% - 4.5%)	1% Increase (7.0% - 5.5%)
Net OPEB liability	\$ 3,237,684	\$ 3,471,277	\$ 3,751,554

I. Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$2,004,488. For the fiscal year ended June 30, 2020, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 68,954
Changes in assumptions	-	9,037
Net difference between projected and actual earnings on plan investments	-	15,551
Employer contributions made subsequent to the measurement date	291,215	-
Total	\$ 291,215	\$ 93,542

**Aptos/La Selva Fire Protection District
 Notes to Basic Financial Statements
 For the Year Ended June 30, 2020**

9. OTHER POST EMPLOYMENT BENEFITS, Continued

J. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, Continued

The \$291,215 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:		
2021	\$	(16,802)
2022		(15,802)
2023		(11,802)
2024		(10,141)
2025		(9,749)
Thereafter		(29,246)

10. SUBSEQUENT EVENTS

COVID-19 Pandemic

In March 2020, measures taken to contain the spread of the COVID-19 outbreak in the United States, including travel bans, quarantines, social distancing, and closures, triggered significant business disruption. While expected to be temporary, there is considerable uncertainty regarding the duration of the disruption.

Consolidation of Aptos/La Selva Fire Protection District

On February 4, 2021, Aptos/La Selva Fire Protection District and Central Fire Protection District of Santa Cruz County officially consolidated into one District (Central Fire District of Santa Cruz County). The consolidation resulted in the transfer of assets and liabilities from both agencies into the newly formed entity, and the creation of one Board.

Aptos/La Selva Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	2020 Final budget	2020 Amended final budget	2020 Actual	Variance favorable (unfavorable)
Revenues				
Property taxes				
Current secured	\$ 12,189,156	\$ 12,189,156	\$ 12,215,765	\$ 26,609
Current unsecured - general	246,354	246,354	240,003	(6,351)
Prior unsecured - general	15,000	15,000	24,245	9,245
Penalties for delinquent taxes	-	-	1,701	1,701
Redemption penalties for delinquent taxes	-	-	1,610	1,610
Supplemental - current secured	200,000	200,000	176,269	(23,731)
Supplemental - current unsecured	7,000	7,000	2,311	(4,689)
Supplemental - prior	5,500	5,500	17,784	12,284
Total property taxes	<u>12,663,010</u>	<u>12,663,010</u>	<u>12,679,688</u>	<u>16,678</u>
Other taxes				
Fire protection tax	130,912	130,912	130,987	75
In-lieu taxes other	-	-	451	451
Total other taxes	<u>130,912</u>	<u>130,912</u>	<u>131,438</u>	<u>526</u>
Use of money and property				
Interest	<u>70,000</u>	<u>70,000</u>	<u>141,367</u>	<u>71,367</u>
Aid from other government agencies				
Homeowner's property tax relief	72,166	72,166	69,033	(3,133)
State - other	-	-	168,156	168,156
Total aid from other government agencies	<u>72,166</u>	<u>72,166</u>	<u>237,189</u>	<u>165,023</u>
Other revenue				
Insurance proceeds	-	-	11,899	11,899
Other revenue	-	-	8,640	8,640
Total other revenue	<u>-</u>	<u>-</u>	<u>20,539</u>	<u>20,539</u>
Current services				
Emergency response recovery	285,000	285,000	271,089	(13,911)
Other charges current services	285,368	285,368	238,338	(47,030)
Weeds/lot clearing	13,000	13,000	13,954	954
Total current services	<u>583,368</u>	<u>583,368</u>	<u>523,381</u>	<u>(59,987)</u>
Total Revenue	<u>13,519,456</u>	<u>13,519,456</u>	<u>13,733,602</u>	<u>214,146</u>

Aptos/La Selva Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	2020 Final budget	2020 Amended final budget	2020 Actual	Variance favorable (unfavorable)
Expenditures				
Salaries and employee benefits				
Regular pay - permanent	4,896,665	4,896,665	4,787,383	\$ 109,282
Overtime pay - permanent	944,350	944,350	761,349	183,001
Regular pay - extra help	15,000	15,000	34,769	(19,769)
Regular pay - call back	14,000	14,000	84,483	(70,483)
Regular pay - holiday	385,332	385,332	364,723	20,609
Regular pay - differential	15,000	15,000	14,062	938
OASDI	89,926	89,926	93,083	(3,157)
Retirement (PERS)	2,016,511	2,016,511	1,931,381	85,130
Employee group insurance	1,050,422	1,050,422	782,589	267,833
Workers' compensation insurance	623,305	623,305	623,305	-
Sick leave reserve	212,938	212,938	218,282	(5,344)
Total salaries and employee Benefits	<u>10,263,449</u>	<u>10,263,449</u>	<u>9,695,409</u>	<u>568,040</u>
Services and supplies				
Clothing and personal supplies	214,127	239,127	221,072	18,055
Radio	-	-	-	-
Telephone and telegraph	33,000	33,000	26,404	6,596
Food	10,300	10,300	4,081	6,219
Inventoriable items	128,894	128,894	67,298	61,596
Other household expense	15,952	15,952	15,483	469
Other insurance	51,514	51,514	44,245	7,269
Maintenance - mobile equipment	104,090	104,090	198,133	(94,043)
Maintenance - office equipment	300	300	190	110
Maintenance - other equipment services	51,680	51,680	14,439	37,241
Maintenance - Radio	6,000	6,000	-	6,000
Maintenance - Grds other svc	50,120	50,120	24,358	25,762
Medical, dental and lab supplies	23,016	23,016	8,518	14,498
Employee certificates and licenses	13,200	13,200	4,288	8,912
Memberships	5,108	5,108	3,503	1,605
PC software purchases	27,399	27,399	28,371	(972)
Postage	3,150	3,150	927	2,223
Supplies	80,696	80,696	65,281	15,415
Accounting and auditing	148,600	148,600	109,669	38,931
Directors' fees	13,892	13,892	26,546	(12,654)

Aptos/La Selva Fire Protection District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	2020 Final budget	2020 Amended final budget	2020 Actual	Variance favorable (unfavorable)
Expenditures (continued)				
Services and supplies (continued)				
911 dispatch services	\$ 96,940	\$ 96,940	\$ 68,792	\$ 28,148
Legal services	90,000	90,000	46,388	43,612
Medical services - other	20,000	20,000	12,263	7,737
Personnel services	616,536	616,536	608,969	7,567
Professional and special services	200,230	199,342	134,387	64,955
Legal notices	3,000	3,000	3,612	(612)
Equipment lease and rent	7,100	7,100	2,602	4,498
Small tools and instruments	14,400	14,400	6,889	7,511
Education and/or training	149,750	149,750	67,310	82,440
Special district expense	29,720	29,720	5,918	23,802
Subscriptions books and ed materials	6,245	6,245	3,166	3,079
Gas, oil, fuel	34,175	34,175	43,086	(8,911)
Travel - other	3,000	3,000	1,535	1,465
Utilities	25,100	25,100	29,466	(4,366)
Total services and supplies	<u>2,277,234</u>	<u>2,301,346</u>	<u>1,897,189</u>	<u>404,157</u>
Other charges				
Contribution to other agencies	15,444	16,332	16,331	1
Total other charges	<u>15,444</u>	<u>16,332</u>	<u>16,331</u>	<u>1</u>
Capital outlay				
Buildings and improvements	40,000	40,000	7,203	32,797
Equipment/mobile equipment	17,360	17,360	-	17,360
Total capital outlay	<u>57,360</u>	<u>57,360</u>	<u>7,203</u>	<u>50,157</u>
Appropriations for contingencies	<u>100,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total expenditures general fund	<u>12,713,487</u>	<u>12,713,487</u>	<u>11,616,132</u>	<u>1,097,355</u>
Revenues over (under) expenditures	805,969	805,969	2,117,470	1,311,501
Other financing sources (uses):				
Transfers out	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
Total financing sources (uses)	<u>(750,000)</u>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 55,969</u>	<u>\$ 55,969</u>	<u>1,367,470</u>	<u>\$ 1,311,501</u>
Fund Balance:				
Beginning of year			<u>8,533,896</u>	
End of year			<u>\$ 9,901,366</u>	

Aptos/La Selva Fire Protection District
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015*
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.17985%	0.17469%	0.17676%	0.18426%	0.18718%	0.27052%
Proportionate share of the net pension liability	\$ 18,429,607	\$ 16,833,268	\$ 17,530,076	\$ 15,944,406	\$ 12,848,067	\$ 16,833,268
Covered payroll	\$ 5,208,632	\$ 4,880,300	\$ 5,208,644	\$ 4,219,669	\$ 4,667,442	\$ 4,531,497
Proportionate share of the net pension liability as a percentage of covered payroll	353.83%	344.92%	336.56%	377.86%	275.27%	371.47%
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to schedule

* Fiscal year 2014-2015 was the 1st year of implementation; therefore only four years are shown. Additional years will be presented as they become available.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

Aptos/La Selva Fire Protection District
Required Supplementary Information
Schedule of Employer Contributions for Pension
For the Year Ended June 30, 2020

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 1,941,794	\$ 1,694,658	\$ 1,424,686	\$ 2,164,221	\$ 2,080,361	\$ 1,785,932
Contributions in relation to the actuarially determined contributions	(1,941,794)	(1,694,658)	(1,424,686)	(2,164,221)	(2,080,361)	(1,785,932)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,906,639	\$ 5,208,632	\$ 4,880,300	\$ 5,208,644	\$ 4,219,669	\$ 4,667,442
Contributions as a percentage of covered payroll	39.57%	32.54%	29.19%	41.55%	49.30%	38.26%

Notes to Schedule

* Fiscal year 2014-2015 was the 1st year of implementation; therefore only four years are shown. Additional years will be presented as they become available.

Methods and assumptions used to determine contribution rates:

Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed

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

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

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

Aptos/La Selva Fire Protection District
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Fiscal Year:	2019/20	2018/19	2017/18
Measurement period	FY 2018/19	FY 2017/18	FY 2016/17
Total OPEB Liability			
Service cost	\$ 70,281	\$ 68,234	\$ 66,000
Interest	165,840	161,679	157,000
Actual versus expected experience	(77,573)	-	-
Assumption changes	(10,167)	-	-
Benefit payments	(172,621)	(168,000)	(157,000)
Changes in benefit terms	1,830,035	-	-
Net changes	1,805,795	61,913	66,000
Total OPEB liability - beginning of year	2,472,913	2,411,000	2,345,000
Total OPEB liability - end of year	\$ 4,278,708	\$ 2,472,913	\$ 2,411,000
Changes in Plan Fiduciary Net Position			
Contributions - employer	\$ 172,621	\$ 171,000	\$ 160,000
Net investment income	47,482	55,906	67,000
Benefit payments	(172,621)	(168,000)	(157,000)
Administrative expenses	(648)	(4,309)	(3,000)
Other changes	-	-	-
Net changes	46,834	54,597	67,000
Plan fiduciary net position - beginning of year	760,597	706,000	639,000
Plan fiduciary net position - end of year	\$ 807,431	\$ 760,597	\$ 706,000
Net OPEB liability/(Asset)	\$ 3,471,277	\$ 1,712,316	\$ 1,705,000
Fiduciary net position as a percentage of the total OPEB liability	30.8%	30.8%	29.3%
Covered employee payroll	6,485,563	\$ 6,088,000	\$ 5,752,000
Net OPEB liability as a percentage of covered employee payroll	53.5%	28.1%	29.6%

* Fiscal year 2017-2018 was the 1st year of implementation; therefore only one year is shown. Additional years will be presented as they become available.

In fiscal year 2018-19, there were changes in benefits offered by the District to make additional contributions to a retiree's CALGOVEBA account.

Aptos/La Selva Fire Protection District
Required Supplementary Information
Schedule of Employer Contributions for OPEB
For the Year Ended June 30, 2020

Fiscal Year:	2019/20	2018/19	2017/18
Actuarially Determined Contributions (ADC)	\$ 526,991	\$ 204,000	\$ 199,000
Contributions in relation to the actuarially determined contribution**	291,215	172,621	171,000
Contribution deficiency/(excess)	\$ 235,776	\$ 31,379	\$ 28,000
Covered employee payroll***	6,874,299	6,485,563	6,088,000
Contributions as a percentage of covered employee payroll	4.24%	2.66%	2.80%

* Fiscal year 2017-2018 was the 1st year of implementation; therefore only one year is shown. Additional years will be presented as they become available.

** Actual employer OPEB contribution

*** For the 12 month period ending June 30 (fiscal year-end).

Methods and assumptions used to determine ADC:

Valuation date:	6/30/2019	6/30/2017	6/30/2017
Actuarial cost method:	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method:	Market Value	G/L Spread over 5 Years	G/L Spread over 5 Years
Amortization method:	Level % of Pay	Level % of Pay	Level % of Pay
Amortization period:	18 years	19 years	20 years
Discount rate:	6.75%	6.75%	6.75%
Amortization growth rate:	2.75%	3.00%	3.00%
Inflation:	2.50%	2.75%	2.75%

Aptos/La Selva Fire Protection District
Supplementary Information
Budgetary Comparison Schedule - Capital Project Fund
For the Year Ended June 30, 2020

	2020 Final budget	2020 Amended final budget	2020 Actual	Variance favorable (unfavorable)
Expenditures				
Capital outlay				
Buildings and improvements	96,667	96,667	50,558	46,109
Equipment/mobile equipment	520,512	520,512	369,624	150,888
Total capital outlay	<u>617,179</u>	<u>617,179</u>	<u>420,182</u>	<u>196,997</u>
Total expenditures	<u>617,179</u>	<u>617,179</u>	<u>420,182</u>	<u>196,997</u>
Revenues over (under) expenditures	(617,179)	(617,179)	(420,182)	196,997
Other financing sources (uses):				
Transfers in	750,000	750,000	750,000	-
Proceeds from sale of capital assets	10,500	10,500	34,650	24,150
Total financing sources (uses)	<u>760,500</u>	<u>760,500</u>	<u>784,650</u>	<u>24,150</u>
Net change in fund balance	<u>\$ 143,321</u>	<u>\$ 143,321</u>	364,468	<u>\$ 221,147</u>
Fund Balance:				
Beginning of year			-	
End of year			<u>\$ 364,468</u>	