Branciforte Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2019
and
June 30, 2020

Branciforte Fire Protection District

Branciforte, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Branciforte Fire Protection District as of and for the year-ended June 30, 2019 and June 30, 2020, 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.

Pehling's PnPCPA
1 E Liberty St, Ste 600 | Reno, NV 89501 | Phone: 707-279-4259 | Zach@PehlingCPA.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Branciforte Fire Protection District as of June 30, 2019 and June 30, 2020, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Zach Pehling, CPA, MBA

Pehling's PnPCPA
1 E Liberty St, Ste 600 | Reno, NV 89501 | Phone: 707-279-4259 | Zach@PehlingCPA.com

Branciforte Fire Protection District

Audit Report
June 30, 2019
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BRANCIFORTE FIRE PROTECTION DISTRICT
2711 Branciforte Drive, Santa Cruz, California 95065-9731 * 831.423.8856 * Fax 831.423.8859

Ron Whittle
Fire Chief

Management's Discussion and Analysis
Fiscal Years Ended June 30, 2019 and June 30, 2020

As management of the Branciforte Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2019 and June 30, 2020, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2018-2019 and FY 2019-2020. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by $906,149 (net position) at the close of fiscal June 30, 2019. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $350,229 at June 30, 2019.

- The assets of the District exceeded its liabilities by $871,291 (net position) at the close of fiscal June 30, 2020. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $347,257 at June 30, 2020.

- The District's total net position increased by $198,746 and decreased by $(34,858) for 2019 and 2020 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) decreased $(17,833). The District's long-term liabilities decreased $(11,011) (pension and OPEB).

Using This Annual Report - Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

Budget vs Actual

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

General Fund - This fund is used to finance the operations of the District. Tax revenues are placed in the General Fund and regular operating expenses are charged here.

Measure 'T' – This fund is used for Vehicle Replacement, Building Maintenance, Construction and Contingency Funds. Special Fire Protection Tax revenues are placed in the Measure T Fund and capital purchases are charged here.

Capital Assets

At the end of fiscal year 2019, the District had $1,555,405 invested in a range of capital assets, including land, structures, vehicles and equipment.

At the end of fiscal year 2020, the District had $1,599,282 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2019-2020 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2019-2020 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

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

CalPERS Retirement Program

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

The Unfunded Accrued Liability (UAL) for the District plans, including side funds, as of the following measurement dates, are:

2017	$754,955
2018	$791,453
2019	$732,310
2020	$716,809

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

The contribution methodology for 2015-16 and thereafter changed. The required contribution consists of two components; 1) a contribution rate based on payroll, and 2) a fixed dollar amount. The purpose of the change is to insure the unfunded pension liability is funded as classic members reach retirement age.

In 2017, CalPERS reduced the discount rate from 7.50% to 7.00%, implementing over a three- year period. Although this did not increase pension costs for the fiscal year 2017-18, it did increase the unfunded pension liability as of June 30, 2016, as seen on the prior table. The decrease in the discount rate will steadily increase the contribution rate and unfunded pension liability payments in the fiscal year 2018-19, and thereafter.

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

Other Fiscal Matters

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

Requests for Information

This financial report is designed to provide a general overview of the Branciforte Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fire Chief, Branciforte Fire Protection District, 7 Erba Ln, Scotts Valley, CA 95066

GOVERNMENT FUNDS FINANCIAL STATEMENTS

Branciforte Fire Protection District

Balance Sheet
June 30, 2019
and
June 30, 2020

	2019		2020	
	General Fund	**Capital Fund**	**General Fund**	**Capital Fund**
ASSETS				
Assets:				
Cash	$ 748,509	$ 197,966	$ 646,074	$ 305,039
Accounts Receivable	-	-	-	-
Deposits & Prepaid Expenses	-	-	-	-
TOTAL ASSETS	748,509	197,966	646,074	305,039
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts Payable	2,234	68	603	708
Accrued Payroll	12,775	-	1,818	-
TOTAL LIABILIITES	15,009	68	2,421	708
Fund Balances:				
Unassigned	733,400	197,898	643,553	304,331
Unspendable	100	-	100	-
Committed	-	-	-	-
Total Fund Balance	733,500	197,898	643,653	304,331
TOTAL LIABILITIES & FUND BALANCE	$ 748,509	$ 197,966	$ 646,074	$ 305,039

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

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

	June 30, 2019	June 30, 2020
Total Fund Balances - Governmental Funds	$ 931,398	$ 947,984
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	1,555,406	1,599,282
Less: Accumulated Depreciation	(999,486)	(1,075,249)
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	-	-
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.	(16,581)	(10,695)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	310,691	299,468
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(48,517)	(73,748)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(826,762)	(815,751)
Net Position	$ 906,149	$ 871,291

The accompanying notes are an integral part of these financial statemnets

Branciforte Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2019
and
June 30, 2020

	2019		2020	
REVENUE	**General Fund**	**Capital Fund**	**General Fund**	**Capital Fund**
Tax Revenue	$ 771,898	$ -	$ 805,803	$ -
Fire Protection Tax	-	165,196	-	166,889
Charges for Service	321,894	-	-	-
Interest & Investment Earnings	9,202	2,919	10,399	4,146
License & Permits	3,841	-	2,738	-
Grants & Contributions	-	19,342	-	44,450
Miscellaneous	4,603	-	587	-
TOTAL REVENUE	1,111,438	187,457	819,527	215,485
EXPENDITURES				
Capital Assets	-	45,465	-	43,877
Debt Service:				
Principle	-	-	-	-
Interest	-	-	-	-
Salaries and Employee Benefits	741,378	-	669,510	-
Repairs and Maintenance	28,003	-	37,902	12,808
Services, Supplies and Refunds	148,980	38,857	201,962	52,367
TOTAL EXPENDITURES	918,361	84,322	909,374	109,052
Excess (Deficit) Revenues over Expenditures	193,077	103,135	(89,847)	106,433
Transfer in/(out)	-	-	-	-
CHANGE IN FUND BALANCE	193,077	103,135	(89,847)	106,433
FUND BALANCE, BEGINNING OF YEAR	540,423	94,763	733,500	197,898
FUND BALANCE, END OF YEAR	$ 733,500	$ 197,898	$ 643,653	$ 304,331

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

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

	June 30, 2019	June 30, 2020
Net Change in Fund Balances - Total Governmental Funds	296,212	16,586
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	46,396	44,293
Less: Current Year Depreciation Expense	(75,888)	(75,763)
In the Governmental Funds CalPers and OPEB 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	(68,461)	(25,859)
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 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	487	5,885
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	-	-
Change in Net Position of Governmental Activities	$ 198,746	$ (34,858)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Branciforte Fire Protection District

Statement of Net Position
June 30, 2019
and
June 30, 2020

ASSETS	2019	2020
Current Assets:		
Cash	$ 946,475	$ 951,113
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
Total Current Assets	946,475	951,113
Capital Assets:		
Land	3,731	3,731
Buildings & Improvements	193,013	193,013
Firefighting Equipment	1,206,087	1,206,087
Construction in Progess	152,574	196,451
Less: Accumulated Depreciation	(999,485)	(1,075,248)
Total Capital Assets	555,920	524,034
TOTAL ASSETS	1,502,395	1,475,147
DEFERRED OUTFLOW		
GASB 74/75	-	-
GASB 68 Pension	310,691	299,468
TOTAL DEFERRED OUTFLOW	310,691	299,468
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,813,086	1,774,615
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,302	1,311
Accrued Payroll Liabilities	12,775	1,818
Accrued Compensated Absences	16,581	10,696
Total Current Liabilities	31,658	13,825
Long-term Liabilities:		
OPEB	94,452	98,942
Net Pension Liability	732,310	716,809
Total Long-term Liabilities	826,762	815,751
TOTAL LIABILITIES	858,420	829,576
DEFERRED INFLOWS		
GASB 74/75	-	-
GASB 68 Pension	48,517	73,748
TOTAL DEFERRED INFLOWS	48,517	73,748
TOTAL LIABILITIES AND DEFERRED INFLOWS	906,937	903,324
NET POSITION		
Net Investment in Capital Assets	555,920	524,034
Unrestricted	350,229	347,257
TOTAL NET POSITION	$ 906,149	$ 871,291

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

Branciforte Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2019
and
June 30, 2020

2019

		Operating Revenues		
	Expenses	Charges for Services	Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities				
Public Protection	$ 1,024,262	$ 321,894	$ 19,342	$ (683,026)
Depreciation (Unallocated)	75,888	-	-	(75,888)
Total Governmental Activites				(758,914)
General Revenues:				
Tax Revenue				771,898
Fire Fee				165,197
Interest & Investment Earnings				12,121
License, Permits & Rents				3,841
Miscellaneous				4,603
Total General Revenues				957,660
NET CHANGE IN NET POSITION				198,746
NET POSITION, BEGINNING OF YEAR				801,855
Prior-Period Adjustment(note 12)				(94,452)
NET POSITION, END OF YEAR				$ 906,149

2020

		Operating Revenues		
	Expenses	Charges for Services	Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities				
Public Protection	$ 994,107	$ -	$ 44,450	$ (949,657)
Depreciation (Unallocated)	75,763	-	-	(75,763)
Total Governmental Activites				(1,025,420)
General Revenues:				
Tax Revenue				805,803
Fire Fee				166,889
Interest & Investment Earnings				14,545
License, Permits & Rents				2,738
Miscellaneous				587
Total General Revenues				990,562
NET CHANGE IN NET POSITION				(34,858)
NET POSITION, BEGINNING OF YEAR				906,149
NET POSITION, END OF YEAR				$ 871,291

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2019 and June 30, 2020

Organization

The Branciforte Fire Protection District was organized January 7, 1950, under the authority of Section 56000 et. seq. of the California Government Code, in conformity with the Health and Safety Code, Sections 14001 et. seq. and was reorganized in September 1987 in conformity with the Health and Safety Code, Sections 13801 et. seq. The District provides fire protection for the area of Branciforte and vicinity.

District Officials

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

Tim Dodds
Dick Landon
Kurt Meyer
Pat O'Connell
Peter Vannerus

Steve Kovacs was the Fire Chief at June 30, 2020.

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

Basis of Accounting and Measurement Focus

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

Financial Statement Presentation

Government-Wide Financial Statements

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

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

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

> <u>Net Investment in Capital Assets</u> - Includes amount of the fund balance that is invested in capital assets net of any related debt.
>
> <u>Restricted</u> - 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.
>
> <u>Unrestricted</u> - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

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

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

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

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

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

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.

Use of Restricted/Unrestricted Net Position

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

Pooled Cash and Investments

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

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

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

Accounts Receivable

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

Prepaid Expenditures

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

Capital Assets

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

General Capital Assets	$5,000 and or a serviceable life greater than 3 years

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

Buildings	40 years
Equipment	3-20 years

Deferred Outflows/Inflows of Resources

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

Liability for Compensated Absences

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

Long-Term Obligations

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

Property Taxes

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

Special Taxes

On August 30, 2016 the voters approved an amendment to the Districts Special Tax (Meausre T). The tax is to be collected the same as property taxes. The amount to be collected below:

Category	**Amount**
Land/Parcel less than 10,000 square feet	$ 20
Land/Parcel greater than 10,000 square feet and less than 25 acres	80
Land/Parcel greater than 25 acres	120
Improved Residential per single family dwelling	120
Special Charges	
Residential Care Facility per licensed bed	100
Commercial Campground/ Trailer Park per space	25
Hotel, Motel, Hostel of Apartment per sleeping room	$ 25

Estimates

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Cash

Summary of Cash

	June 30, 2017	June 30, 2016
County Cash	$ 418,690	$ 668,565
Petty Cash	100	100
Deposits in Financial Institutions	-	-
Total	$ 418,790	$ 668,665

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 poll. 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 recoer collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2018.

Note 3 –Accounts Receivable

On June 30, 2020, the District had $0 in Accounts Receivable.
On June 30, 2019, the District had $0 in Accounts Receivable.

Note 5 – Capital Assets

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

Note 6 – Compensated Absences

On June 30, 2020, the liability for compensated absences was $17,652
On June 30, 2019, the liability for compensated absences was $18,034

Note 7 – Changes in Long-term debt

A summary of long-term debt transactions of Branciforte Fire Protection District for the year ended June 30, 2019 and 2020 is as follows:

	Balance July 1, 2016	Reductions/ Additions	Balance July 1, 2017	Reductions/ Additions	Balance June 30, 2018
Accumulated Unpaid Compensated Absences	$ 17,616	$ 418	$ 18,034	$ (382)	$ 17,652
Pierce Type III Engine	35,342	(35,342)	-	-	-
	$ 52,958		$ 18,034		$ 17,652

Note 8 - Public Employees' Retirement Plan:

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

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

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

Validation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

Validation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

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

Contribution Description

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

Actuarial Methods and Assumptions Used to determine Total Pension Liability

The total pension liability were based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. 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
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

Pension Plan Fiduciary Net Position

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

Allocation of Net Pension Liability and Pension Expense to Individual Plans

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

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2019 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	62,158	-
Differences between Expected and Actual Experience	15,675	-
Differences between Projected and Actual Investment Earnings	4,958	-
Differences between Employer's Contributions and Proportionate Share of Contributions	98,656	-
Change in Employer's Proportion	-	48,517
Pension Contributions Made Subsequent to Measurement Date	129,243	-
	310,691	48,517
Net Pension Liability as of 6/30/2019	732,310	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the **Jul 2018-Jun 2019 JE Flow** worksheet

Branciforte Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2019 and June 30, 2020

Pension Expense as of June 30, 2019	197,705

At 6/30/2019, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	732,310
Total	**732,310**
	-

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2018 and 6/30/2019:

	Miscellaneous	Safety	Total
Proportion - June 30, 2018	0.00000%	0.01325%	0.00798%
Proportion - June 30, 2019	0.00000%	0.01248%	0.00760%
Change - Increase/(Decrease)	0.00000%	-0.00076%	-0.00038%

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
2020	$ -	$ 97,448	$ 97,448
2021	-	60,754	60,754
2022	-	(20,198)	(20,198)
2023	-	(5,072)	(5,072)
2024	-	-	-
Thereafter	-	-	-
	-	132,931	$ 132,931

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

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	1,080,722	732,310	446,849
Employer's Net Pension Liability/(Asset) - **Total**	1,080,722	732,310	446,849
	-	-	-

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2020 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	23,647	-
Differences between Expected and Actual Experience	46,801	-
Differences between Projected and Actual Investment Earnings	-	9,861
Differences between Employer's Contributions and Proportionate Share of Contributions	77,366	-
Change in Employer's Proportion	-	63,887
Pension Contributions Made Subsequent to Measurement Date	151,654	-
	299,468	73,748
Net Pension Liability as of 6/30/2020	716,809	

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

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

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	716,809
Total	**716,809**
	-

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

	Miscellaneous	Safety	Total
Proportion - June 30, 2019	0.00000%	0.01248%	0.00760%
Proportion - June 30, 2020	0.00000%	0.01148%	0.00700%
Change - Increase/(Decrease)	0.00000%	-0.00100%	-0.00060%

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

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

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2021	$ -	$ 70,973	$ 70,973
2022	-	(5,269)	(5,269)
2023	-	6,443	6,443
2024	-	1,919	1,919
2025	-	-	-
Thereafter	-	-	-
	-	74,066	$ 74,066

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

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	1,083,047	716,809	416,552
Employer's Net Pension Liability/(Asset) - **Total**	1,083,047	716,809	416,552
	-	-	-

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2019 and June 30, 2020

SAFETY	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.011480%	0.012480%	0.013250%	0.01458%	0.01680%	0.00185%
Proportionate share of the net pension liability	$ 716,809	$ 732,310	$ 791,453	$ 754,955	$ 693,300	$ 693,956
Covered - employee payroll - measurement period	$ 349,568	$ 488,410	$ 321,171	$ 287,713	$ 237,760	$ 237,760
Proportionate share of the net pension liability as a percentage of covered payroll	205.06%	149.94%	246.43%	262.40%	291.60%	291.87%
Plan fiduciary net position as a percentage of the total pension liability	73.17%	71.02%	77.54%	82.21%	66.88%	63.52%
	2019	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$ 151,654	$ 129,243	$ 133,954	$ 139,004	$ 140,460	$ 140,467
Contributions in relation to the actuarially determined contributions	151,654	129,243	133,954	139,004	140,460	140,467
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 320,008	$ 349,568	$ 488,410	$ 321,171	$ 287,713	$ 237,760
Contributions as a percentage of covered - employee payroll	47.39%	36.97%	27.43%	43.28%	48.82%	59.08%
Notes to Schedule:						
Valuation date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Note 9 – 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. During the year ended June 30, 2020, expenditures of approximately $70,605 were paid for post-employment benefits other than pension benefit. During the fiscal-year the District setup a trust to pay for OPEB benefits.

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, 2017 valuation.

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.

Changes in Net OPEB Liability as of June 30, 2020

	TOL	*FNP*	*NOL*
Roll-back balance at June 30, 2019	$94,452	$0	$94,452
Service Cost	$4,037	$0	$4,037
Interest on TOL	$2,103	$0	$2,103
Employer Contributions	$0	$1,650	($1,650)
Employee Contributions	$0	$0	$0
Actual Investment Income	$0	$0	$0
Administrative Expense	$0	$0	$0
Benefit Payments	($1,650)	($1,650)	$0
Other	$0	$0	$0
Net Change during 2019-20	$4,490	$0	$4,490
Balance at June 30, 2020 *	$98,942	$0	$98,942

* May include a slight rounding error.

OPEB Expense Fiscal Year Ending June 30, 2020

	Total
Service Cost	$4,037
Interest on Total OPEB Liability (TOL)	$2,103
Employee Contributions	$0
Recognized Experience Gains/Losses	$0
Recognized Assumption Changes	$0
Actual Investment Income	$0
Recognized Investment Gains/Losses	$0
Contributions After Measurement Date*	$0
Changes in Benefit Terms	$0
Administrative Expense	$0
OPEB Expense**	$6,140

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The APVPBP and present value of future service costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Branciforte Fire Protection District regarding practices with respect to employer and employee contributions and other relevant factors.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2019 and June 30, 2020

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 2.75% 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 2.2% per year net of expenses. This is based on the Bond Buyer 20 Bond Index.

TREND: We assumed 4% 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), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Branciforte Fire Protection District.

Fiduciary Net Position as of June 30, 2020

	06/30/2019	*06/30/2020*
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

Information about the OPEB Plan

Most of the information about the OPEB plan should be supplied by Branciforte Fire Protection District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Receiving Benefits	1
Inactive Employees Entitled to But Not Receiving Benefits*	0
Participating Active Employees	2
Total Number of participants	3

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

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	$119,856	$98,942	$82,641

Note 10 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSAC0EIA is not a component unit of the Group for reporting purposes.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 2019 and June 30, 2020

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%.

Insurance coverage as of June 30, 2019and 2020 is as follows:

Property	Deductible	Limits
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
Electronic Data Processing		
Business - Personal Property Included	$500	$250,000
Equipment	$500	$250,000
Software	$500	$250,000

Emergency Services	Deductible	Limits
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater: Miscellaneous Portable Equipment	$250	Guaranteed Replacement Cost (Unlimited)
Public Employee Dishonesty/Fidelity Bond		$250,000
Employee Benefits Liability		$1,000,000
Automobile Comprehensive	$250/1,000	Agreed Value or ACV
Automobile Collision	$250/1,000	Agreed Value or ACV
Liability		
Commercial/General Liability Each Occurrence		$1,000,000
General Aggregate Limit		$10,000,000
Automobile Coverage -		
Combined Single Limit		$1,000,000
Uninsured/Underinsured Motorists		$1,000,000
Excess Liability Coverage -		
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
Personnel:				
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 11 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2020 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through , the date the financial statements because available to be issued. The entity has not evaluated subsequent events after .

Note 12 – Prior-Period Adjustment

The District adopted GASB 74/75 by setting-up a trust to prefund retiree healthcare benefits. This required a prior-period adjustment for 2019 to realize the cost of the plan.

Branciforte Fire Protection District

Supplemental Information

June 30, 2020

Branciforte Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2019

REVENUE	Final Budget	Total Funds	Variance
Tax Revenue	$ 733,738	$ 771,898	$ 38,160
Fire Protection Tax	165,000	165,196	196
Charges for Service	150,000	321,894	171,894
License & Permits	2,500	12,121	9,621
Interest & Investment Earnings	2,300	3,841	1,541
Grants & Contributions	-	19,342	19,342
Miscellaneous	35,000	4,603	(30,397)
TOTAL REVENUE	1,088,538	1,298,895	210,357
EXPENDITURES			
Capital Assets	203,213	45,465	157,748
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	776,122	741,378	34,744
Repairs and Maintenance	42,650	28,003	14,647
Services, Supplies and Refunds	306,825	187,837	118,988
Total Expenditures	1,328,810	1,002,683	326,127
CHANGE IN FUND BALANCE	(240,272)	296,212	
FUND BALANCE, BEGINNING OF YEAR	635,186	635,186	
FUND BALANCE, END OF YEAR	$ 394,914	$ 931,398	

Branciforte Fire Protection District

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

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 799,090	$ 805,803	$ 6,713
Fire Protection Tax	165,000	166,889	1,889
Charges for Service	150,000	-	(150,000)
License & Permits	2,500	2,738	238
Interest & Investment Earnings	8,000	14,545	6,545
Grants & Contributions	-	44,450	44,450
Miscellaneous	40,000	587	(39,413)
TOTAL REVENUE	1,164,590	1,035,012	(129,578)
EXPENDITURES			
Capital Assets	87,250	43,877	43,373
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	804,054	669,510	134,544
Repairs and Maintenance	51,850	50,709	1,141
Services, Supplies and Refunds	359,835	254,330	105,505
Total Expenditures	1,302,989	1,018,426	284,563
CHANGE IN FUND BALANCE	(138,399)	16,586	
FUND BALANCE, BEGINNING OF YEAR	931,398	931,398	
FUND BALANCE, END OF YEAR	$ 792,999	$ 947,984	